

FINANCE (No. 2) BILL 1991

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(ESTATE DUTY) ACT 1980

45. Commencement of this Chapter.
46. Repeal of the Estate Duty Enactment 1941, etc. and saving.

A BILL

intituled

An Act to amend the Income Tax Act 1967, the Supplementary Income Tax Act 1967, the Real Property Gains Tax Act 1976, the Service Tax Act 1975 and the Stamp Act 1949, and to repeal the Estate Duty Enactment 1941, the Estate Duty Ordinance of Sabah, the Estate Duty Ordinance of Sarawak, the Finance (Estate Duty) Act 1965, the Finance (Estate Duty) Act 1971, the Finance (Estate Duty) Act 1979 and the Finance (Estate Duty) Act 1980.

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BE IT ENACTED by the Duli Yang Maha Mulia Seri Paduka Baginda Yang di-Pertuan Agong with the advice and consent of the Dewan Negara and Dewan Rakyat in Parliament assembled, and by the authority of the same, as follows:

CHAPTER I

PRELIMINARY

1. This Act may be cited as the Finance (No. 2) Act 1991. Short title.

2. (1) The Income Tax Act 1967, the Supplementary Income Tax Act 1967, the Real Property Gains Tax Act 1976, the Service Tax Act 1975 and the Stamp Act 1949 are amended in the manner specified in Chapters II, III, IV, V and VI respectively. Amendments and repeal. Act 53. Act 54. Act 378.

(2) The Estate Duty Enactment 1941, the Estate Duty Ordinance of Sabah, the Estate Duty Ordinance of Sarawak, the Finance (Estate Duty) Act 1965, the Finance (Estate Duty) Act 1971, the Finance (Estate Duty) Act 1979 and the Finance (Estate Duty) Act 1980 are repealed in the manner specified in Chapter VII. F.M.S. 7141. Sabah Cap42. Sarawak Cap. 29. Act 29/65. Act 219. Act 224. Act 309.

CHAPTER II

AMENDMENTS TO THE INCOME TAX ACT 1967

Commence-
ment of
amendments
to the Income
Tax Act 1967.

3. (1) Except for sections 6, 7, 11, 12 and 18 (a), this Chapter shall have effect for the year of assessment 1992 and subsequent years of assessment.

(2) Sections 6, 11, 12 and 18 (a) shall be deemed to have effect for the year of assessment 1991 and subsequent years of assessment.

(3) Section 7 shall be deemed to have come into force on the 1st January 1990.

Amendment
of section 18.
Act 53.

4. Section 18 of the Income Tax Act 1967, which in this Chapter is referred to as the "principal Act", is amended by inserting, immediately after the definition of "defined value", the following new definition:

⁴ "disabled person" means any individual certified in writing by the Department of Social Welfare to be a disabled person;'.
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Amendment
of section 34.

5. Section 34 of the principal Act is amended—

(a) in subsection (6)—

(i) by deleting the word "and" at the end of paragraph (c);

(ii) by substituting for the full stop at the end of paragraph (d) the word "; and"; and

(iii) by inserting, immediately after paragraph (d), the following new paragraph (e):

⁴(e) an amount equal to the amount of expenditure incurred by the relevant person in the relevant period on the provision of any equipment necessary to assist any disabled person employed by him in the production of gross income of his from the business."; and

(b) by substituting for subsection (8) the following:

"(8) Where any deduction in respect of any matter is capable of being made under this section, no deduction or allowance in respect of that matter shall be made under section 33 or Schedule 3, as the case may be."

6. Section 43 of the principal Act is amended by substituting for the words ", 4A or 4B" in paragraph (c) of subsection (1) the words "or 4A". Amendment
of section 43.

7. Section 44 of the principal Act is amended in subsection (7)— Amendment
of section 44.

(a) by deleting the word "or" at the end of paragraph (d) in the definition of the word "organisation";

(b) by substituting for the full stop at the end of paragraph (e) in the definition of the word "organisation" the word "; or"; and

(c) by inserting, immediately after paragraph (e) in the definition of the word "organisation", the following new paragraphs (f) and (g):

"(f) a Government-assisted organisation engaged solely in addressing problems relating to industrial and commercial development and promoting and enhancing the relationship between the public sector and the private sector; or

(g) a Government-assisted organisation established and maintained exclusively to administer and augment a fund established or held solely for promoting national unity."

8. Section 46 of the principal Act is amended— Amendment
of section 46.

(a) by deleting the word "and" at the end of paragraph (b);

(b) by substituting for the full stop at the end of paragraph (c) the word "; and"; and

(c) by inserting, immediately after paragraph (c), the following new paragraph (d):

"(d) an amount limited to a maximum of three thousand ringgit expended in that basis year by that individual for the purchase of any necessary basic supporting equipment for his own use, if he is a disabled person, or for the use of his wife, child (as defined in section 48 (9)) or parent, who is a disabled person."

Amendment
of section 47.

9. Section 47 of the principal Act is amended by deleting the colon and the proviso thereto in subsection (1).

Amendment
of section 48.

10. Section 48 of the principal Act is amended—

(a) in subsection (1)—

(i) by substituting for the word "sixteen" in paragraph (a) the word "eighteen";

(ii) by substituting for paragraph (d) the following:

"(d) pays (wholly or in part) in that basis year for the maintenance at any time in that basis year of an unmarried child if it is proved to the satisfaction of the Director General that the child is physically or mentally disabled,";

(b) in subsection (2), by inserting, immediately after the words "one thousand" in paragraph (b), the words "six hundred"; and

(c) in subsection (3), by substituting for the word "sixteen" in paragraph (a) the word "eighteen".

Amendment
of section 49.

11. Section 49 of the principal Act is amended—

(a) by deleting the colon and the proviso thereto in subsection (1); and

(b) by inserting, immediately after subsection (1), the following new subsection (!A):

"(U) Where section 50 (3) (b) or (c) applies, there shall be allowed for that year of assessment, in addition to the deduction allowed under subsection (1), a deduction of the aggregate amount of the payments or contributions or both made by the wife or a deduction of three thousand five hundred ringgit, whichever is the less:

Provided that where the wife has no total income the total deduction under subsection (1) and this subsection shall not exceed three thousand five hundred ringgit,"

12. Section 50 of the principal Act is amended by substituting for paragraph (b) of subsection (3) the following: Amendment of section 50

"(b) where the wife makes an election under section 45 (2) or where the wife has no total income for the year of assessment to which the relevant year relates any premium for any insurance or deferred annuity within the meaning of paragraph (a) which is paid by the wife in the relevant year shall be deemed to have been paid by the husband;"

13. Section 60 of the principal Act is amended by substituting for subsection (7) excluding the proviso the following: Amendment of section 60.

"(7) Where an insurer carrying on general business has—

(a) re-insured the risk or part of the risk with a re-insurer who either does not carry on the business of insuring risks of that kind in Malaysia or does not re-insure the risk through a branch in Malaysia; or

(b) re-insured the risk or part of the risk with an insurer licensed under the Offshore Act 444. Insurance Act 1990,

there may be deducted under subsection (5) (b) (ii) or (6) (b) (ii) in respect of such risks which are re-insured only ninety-five per cent of the amount which would otherwise be deductible:".

Amendment
of section 6D.

14. Section 60o of the principal Act is amended—

(a) by substituting for the word "two" in the proviso to subsection (1) the word "three";

(b) by substituting for subsection (3) the following:

"(3) Where a venture capital company incurs a loss on the disposal of shares in a venture company or on the liquidation of a venture company in the basis period for a year of assessment, such loss shall be allowed as a deduction under section 43 (2) or 44 (2) in computing the aggregate income or total income of the venture capital company, as the case may be."; and

(c) by substituting for the proviso to subsection (4) the following;

"Provided that where, by reason of an absence or insufficiency of such total income for that year of assessment, effect cannot be given or cannot be given in full to any deduction falling to be made to the venture capital company under this section for that year, that deduction which has not been so made shall be made to the company for any subsequent year of assessment.".

Amendment
of section
60E.

15. Section 60E of the principal Act is amended—

(a) by inserting, immediately after subsection (4), the following new subsection (4A):

"(4A) The chargeable income of an approved operational headquarters company, resident in Malaysia for the basis year for a year of assessment, in relation to the source consisting of the provision of qualifying

services, after deduction of the tax thereon, shall be credited to an account to be kept by that company (that account and that company being referred to as the "exempt account" and the "relevant company" respectively)."; and

(b) by substituting for subsection (6) the following:

"(6) Paragraphs 5 and 6 of Schedule 7A shall apply as if any reference in those paragraphs to any income exempted or which has become exempt under paragraph 3 were reference to income credited to the exempt account under subsection (4A) or income exempt under subsection (5)."

16. Section 95 of the principal Act is amended by substituting for the words "five ringgit" in subsection (1) the words "twenty-five ringgit". Amendment of section 95.

17. Schedule I to the principal Act is amended by substituting for the rates appearing in Part IV the following: Amendment of Schedule 1.

<i>"Chargeable Income</i>	<i>Rate of income tax</i>
For every ringgit of the first \$10,000	4 per cent
For every ringgit of the next \$10,000	6 per cent
For every ringgit of the next \$10,000	9 per cent
For every ringgit of the next \$10,000	12 per cent
For every ringgit of the next \$10,000	15 per cent
For every ringgit of the next \$25,000	19 per cent
For every ringgit of the next \$25,000	23 per cent
For every ringgit of the next \$50,000	27 per cent
For every ringgit of the next \$100,000	30 per cent
For every ringgit of the next \$250,000	33 per cent
For every ringgit exceeding \$500,000	35 per cent".

18. Schedule 3 to the principal Act is amended— Amendment of Schedule 3.

(a) by substituting for the figures "1975" in subparagraph (2) of paragraph 2 the figures "1991";

(b) by inserting, immediately after paragraph 2, the following new paragraphs 2A, 2s and 2c:

"2A. Subject to this Schedule, where any person had in use machinery or plant for a non-business purpose, and that machinery or plant is subsequently brought into use for the purposes of a business of his, he is deemed to have incurred qualifying plant expenditure in relation to that machinery or plant and the amount of the qualifying plant expenditure shall be taken to be the market value of the machinery or plant on the day the machinery or plant was so brought into use.

2B Subject to this Schedule, where—

(a) any person is exempt from tax by or under this Act; or

(b) any income of any person is exempt from tax by or under this Act,

and the person had in use machinery or plant for the purposes of a business of his during the exempt period and the machinery or plant continues to be used for the purposes of a business of his immediately after the exempt period, he shall be deemed to have incurred qualifying plant expenditure and the amount of the qualifying plant expenditure in respect thereof shall be taken to be the market value or the net book value, whichever is the lower, of the machinery or plant on the day the exemption ceases.

2c. Subject to this Schedule, where machinery or plant is brought into use for the purposes of a business in Malaysia by any person and prior thereto the machinery or plant had been used for the purposes of a business outside Malaysia, the person shall be deemed to have incurred qualifying plant expenditure and the amount of the qualifying plant expenditure in respect thereof shall be

taken to be the market value or the net book value of the machinery or plant, whichever is the lower, on the day the machinery or plant was so brought into use in Malaysia.";

- (c) by inserting, immediately after the word "expenditure" at the end of paragraph 10, the words, "or such other fraction as may be prescribed"; and
- (d) by inserting, immediately after paragraph 13, the following new paragraph 13A:

"13A. Notwithstanding paragraph 10, 11 or 11A no initial allowance shall be made to a person for a year of assessment in relation to an asset and a business of his referred to in paragraphs 2A, 2s or 2c, as the case may be."

19. Schedule 6 to the principal Act is amended—

Amendment
of Schedule 6.

- (a) by deleting the words "literary or" in paragraph 32;
- (b) by substituting for the word "three" in paragraph 32A the word "six";
- (c) by inserting, immediately after paragraph 32A, the following new paragraph 32B:

"32s. Income of twelve thousand ringgit for the basis year for a year of assessment derived by an individual resident in Malaysia for that basis year from royalty or payment in respect of the publication of, or the use of or the right to use, any literary work."; and
- (d) by substituting for paragraph 35 the following:

"35. Interest paid or credited to any individual—

 - (a) in respect of securities or bonds issued by the Government; or
 - (b) in respect of bonds, other than convertible loan stock, issued by public companies listed on the Kuala Lumpur Stock Exchange."

CHAPTER III

AMENDMENT TO THE SUPPLEMENTARY INCOME TAX
ACT 1967

Commence-
ment of
amendment
to the Supple-
mentary
Income Tax
Act 1967.

20. This Chapter shall have effect for the year of assessment 1992 and subsequent years of assessment.

Amendment
of section 16.
Act 54.

21. Section 16 of the Supplementary Income Tax Act 1967 is amended by substituting for the word "three" appearing after the words "rate of" in paragraphs (a) and (b) the word "two".

CHAPTER IV

AMENDMENTS TO THE REAL PROPERTY GAINS TAX
ACT 1976

Commence-
ment of
amendments
to the Real
Property
Gains Tax
Act 1976.

22. This Chapter shall be deemed to have come into force on the 1st November 1991.

Amendment
of section 16.
Act 169.

23. Section 16 of the Real Property Gains Tax Act 1976, which in this Chapter is referred to as the "principal Act", is amended—

(a) in subsection (1)—

(i) by deleting the words "and shall include in the assessment a sum equal to ten per cent of that amount, which shall be deemed to be an increase of the kind mentioned in section 21 (4)";

(ii) by inserting, immediately thereafter, the following new subsection (1A):

"(1A) Where the Director General makes an assessment on the acquirer under subsection (1) (b) there shall be included in that assessment a sum equal

to ten per cent of the tax payable by the disposer, which shall be deemed to be an increase of the kind mentioned in section 21 (4)."; and

(b) in subsection (2), by deteting the figure "(1)" in paragraph (b).

24. Section 17 of the principal Act is amended by deleting the words "subject to subsection (2)—" in paragraph (c). Amendment of section 17.

25. Section 21e of the principal Act is arnended by substituting for paragraph (a) of subsection (1) the following: Amendment of section 21B.

"(a) the acquirer shall, until he receives the Director General's certificate of clearance under section 21A, retain the whole of that money or a sum not exceeding five per cent of the total value of the consideration, whichever is the less;"

26. Schedule 2 to the principal Act is amended by substituting for the words "value of the asset for estate duty purposes" in subparagraph (3) of paragraph 19 the words "market value of the asset as at the date of the death ot that deceased person". Amendment of Schedule 2.

CHAPTER V

AMENDMENTS TO THE SERVICE TAX ACT 1975

27. This Chapter shall be deemed to have come into force on the 1st January 1992. Commencement of amendments to the Service Tax Act 1975.

28. Section 3 of the Service Tax Act 1975, which in this Chapter is referred to as the "principal Act", is amended by substituting for paragraphs (a) and (b) the following: Amendment of section 3. Act 151

"(a) any prescribed service (hereafter in this Act referred to as "taxable service") provided either by or in any prescribed professional establishment or prescribed establishment;

(b) any prescribed goods (hereafter in this Act referred to as "taxable goods") sold or provided either by or in any prescribed professional establishment or prescribed establishment."

Amendment
of section 4.

29. Section 4 of the principal Act is amended—

(a) by inserting, immediately after the words "the charge", the word ", premium";

(b) in paragraph (a)—

(i) by renumbering the existing subparagraph (ii) as subparagraph (iii);

(ii) by inserting, immediately after subparagraph (i), the following new subparagraph (ii):

"(ii) the premium for insurance coverage;"; and

(iii) by inserting, immediately after the words "no charge" and "the charge" in the renumbered subparagraph (iii), the words "or premium".

Amendment
of section 7.

30. Section 7 of the principal Act is amended by substituting for the words "in any" the words "either in any prescribed professional establishment or".

Amendment
of section 8.

31. Section 8 of the principal Act is amended by substituting for the words "in any" in subsection (1) the words "either in any prescribed professional establishment or".

CHAPTER VI

AMENDMENTS TO THE STAMP ACT 1949

Commence-
ment of
amendments
to the Stamp
Act 1949.

32. This Chapter shall be deemed to have come into force on the 1st January 1992,

33. Section 2 of the Stamp Act 1949, which in this Chapter is referred to as the "principal Act", is amended by deleting the definitions of "bank note", "bill of exchange", "bill of exchange payable on demand", "bill of lading" and "receipt". Amendment of section 2. Act 378.
34. The principal Act is amended by deleting section 34. Deletion of section 34.
35. Section 42 of the principal Act is amended by deleting the words "bill of exchange," in subsection (1). Amendment of section 42.
36. Section 43 of the principal Act is amended by deleting the words "bill of exchange," wherever they appear in subsections (1), (2), (3) and (5). Amendment of section 43.
37. Section 44 of the principal Act is amended by deleting the words "bill of exchange or" wherever they appear. Amendment of section 44.
38. Section 45 of the principal Act is amended by deleting the words "bill of exchange payable on demand or at sight or on presentation, or any" and "bill or". Amendment of section 45.
39. The principal Act is amended by substituting for section 47 the following: Substitution of section 47.
- "Stamping of instrument after execution. 47. Save where other express provision is made by this or any other Act, any unstamped or insufficiently stamped instrument not being a cheque or promissory note drawn or made within Malaysia may be stamped after execution on payment of the unpaid duty if the instrument is presented for stamping within thirty days of its execution if executed within Malaysia, or within thirty days after it has been first received in Malaysia if it has been executed out of Malaysia."
40. The principal Act is amended by deleting sections 54 and 62. Deletion of sections 54 and 62.

- Amendment of section 63. 41. Section 63 of the principal Act is amended by deleting the words "bill of exchange," in paragraph (c).
- Amendment of section 65. 42. Section 65 of the principal Act is amended—
- (a) in paragraph (a), by deleting the words "any bill of exchange or"; and
 - (b) in paragraphs (a) and (b), by deleting the words "bill or".
- Amendment of First Schedule. 43. The First Schedule to the principal Act is amended—
- (a) by deleting items 17, 18 and 19;
 - (b) by substituting for the full stop at the end of paragraph (c) of the exemptions under item 32 a semicolon and inserting, immediately thereafter, the following new paragraph (d)\
 - "(d) Transfer or assignment on sale of any copyright, trade mark, patent or any similar right";
 - (c) by substituting for item 61 the following:
 - "PROTEST OF NOTE, that is to say, any declaration in writing made by a Notary Public, or other person lawfully acting as such, attesting the dishonour of a promissory note"; and
 - (d) by deleting item 64.
- Amendment of Second Schedule. 44. The Second Schedule to the principal Act is amended—
- (a) by deleting items 2 and 3;
 - (b) by substituting for the word "BILL" in item 15 the word "NOTE"; and
 - (c) by deleting item 17.

CHAPTER VII

REPEAL OF THE ESTATE DUTY ENACTMENT 1941,
 THE ESTATE DUTY ORDINANCE OF SABAH,
 THE ESTATE DUTY ORDINANCE OF SARAWAK,
 THE FINANCE (ESTATE DUTY) ACT 1965. THE FINANCE
 (ESTATE DUTY) ACT 1971, THE FINANCE
 (ESTATE DUTY) ACT 1979 AND THE FINANCE
 (ESTATE DUTY) ACT 1980

- 45.** This Chapter shall be deemed to have come into force on the 1st November 1991. Commence-
ment of this
Chapter.
- 46.** (1) Subject to subsection (2), the Estate Duty Enactment 1941, the Estate Duty Ordinance of Sabah, the Estate Duty Ordinance of Sarawak, the Finance (Estate Duty) Act 1965, the Finance (Estate Duty) Act 1971, the Finance (Estate Duty) Act 1979 and the Finance (Estate Duty) Act 1980 are repealed. Repeal of
the Estate
Duty
Enactment
1941, etc.
and saving.
FMS 7/41.
Sabah Cap
42
Sarawak Cap
29.
Act 29/65
Act38
Act219
Act224
- (2) The repeal of the laws mentioned in subsection (1) shall not affect The operation of such laws in regard to any person dying before the coming into force of the repeal of such laws as if the repeal had not been made.

EXPLANATORY STATEMENT

This Bill seeks to amend the Income Tax Act 1967, the Supplementary Income Tax Act 1967, the Real Property Gams Tax Act 1976. the Service Tax Act 1975 and the Stamp Act 1949, and to repeal the Estate Duty Enactment 1941, the Estate Duty Ordinance of Sabah, the Estate Duty Ordinance of Sarawak, the Finance (Estate Duty) Act 1965, the Finance (Estate Duty) Act 1971, the Finance (Estate Duty) Act 1979 and the Finance (Estate Duty) Act 1980.

*Chapter II—Amendments to the Income Tax
 Act 1967*

2. *Clause 4* seeks to introduce the definition of "disabled person" to section 18. The amendment is effective from the year of assessment 1992.

3. *Clause 5 (a)* seeks to introduce a new paragraph (*e*) in section 34 to allow an employer a deduction of the whole amount of the expenditure incurred by him for the purchase of any equipment necessary to assist any disabled employee in carrymg out his

functions and duties. The amendment is effective from the year of assessment 1992.

4. *Clause 7* seeks to introduce two new paragraphs (*f*) and (*g*) in section 44 (7) to extend the meaning of the word "organisation" so as to include Government-assisted organisation engaged solely in addressing problems relating to industrial and commercial development, and organisation established and maintained exclusively to administer and augment a fund solely for promoting national unity. The amendment is deemed to have come into force on the 1st January 1990.

5. *Clause 8* seeks to introduce a new paragraph (*d*) in section 46 to grant relief to an individual up to a maximum of three thousand ringgit for the purchase of any necessary basic supporting equipment for his own use or for the use of his wife, child or parent, who is a disabled person. The amendment is effective from the year of assessment 1992.

6. *Clause 10* seeks to amend section 48 (1) to increase the age limit for the purpose of child relief from sixteen to eighteen years and to increase the amount of relief for a disabled child from one thousand ringgit to one thousand six hundred ringgit. The amendment is effective from the year of assessment 1992.

7. *Clause 12* seeks to substitute paragraph (*b*) of section 50(3) to provide that apart from the case where a wife makes an election under section 45 (2), the payment of any premium of insurance or deferred annuity by the wife is also deemed to have been paid by the husband where the wife has no total income. The amendment is effective from the year of assessment 1991.

8. *Clause 13* seeks to substitute subsection (7) of section 60 to provide the restriction of deduction to ninety five per cent of the premium paid by a general insurance business in respect of any re-insurance with an insurer licensed under the Offshore Insurance Act 1990, as in the case of re-insurance with an offshore insurer. The amendment is effective from the year of assessment 1992.

9. *Clause 14 (a)* seeks to amend subsection (1) of section 60D to extend the exemption period in respect of disposals of shares in a venture company by a venture capital company from two to three years. *Subclause (b)* seeks to amend subsection (3) of section 60D to allow losses incurred by a venture capital company on the disposal of shares in a venture company or on the liquidation of a venture company to be deducted under section 43 (2) or 44 (2). *Subclause (c)* also seeks to provide in the proviso to subsection (4) of section 60D for the unabsorbed expenses in a year of assessment to be carried forward. The amendment is effective from the year of assessment 1992.

10. *Clause 15* seeks to introduce a new subsection (4A) and to substitute subsection (6) of section 60E to permit an approved operational headquarters company resident in Malaysia to distribute dividends after payment of tax without having to deduct any tax in respect of such dividend. The amendment is effective from the year of assessment 1992.

11. *Clause 17* seeks to substitute Part IV of Schedule 1 which relates to co-operatives. The proposed amendment seeks to reduce the rates of tax on the chargeable income of co-operatives. The amendment is effective from the year of assessment 1992.

12. *Clause 18* seeks to amend Schedule 3 by introducing new paragraphs 2A, 2B, 2c and 13A. Paragraph 2A seeks to provide for qualifying plant expenditure on machinery or plant which had been in use for a non-business purpose prior to it being used for purposes of a business. The qualifying plant expenditure shall be taken to be the market value of the machinery or plant on the day it was brought into use for the purposes of a business. Paragraph 2B seeks to provide for qualifying plant expenditure in respect of plant or machinery which had been in use during an exempt period and continues to be so used in respect of that business after the exempt period. The qualifying plant expenditure shall be taken to be the market value or the net book value, whichever is the lower, on the day it was so brought into use. Paragraph 2c seeks to provide that machinery or plant which had been in use outside Malaysia and is brought into use for the purposes of a business in Malaysia shall qualify for allowances under Schedule 3. The amount of qualifying plant expenditure shall be taken to be the market value or the net book value, whichever is the lower, of the machinery or plant on the day it was brought into use in Malaysia. Paragraph 13A seeks to provide that no initial allowances shall be made in respect of machinery or plant referred to in paragraphs 2A, 2c or 2e. The amendment is effective from the year of assessment 1992.

13. *Clause 19* seeks to amend Schedule 6. By the proposed amendment the exemption from tax of income derived from the translation of books or literary work under paragraph 32A is increased from three to six thousand ringgit. The proposed paragraph 32B seeks to increase the exemption given to writers in respect of income derived from royalty or payment in respect of publication or the use of or the right to use any literary work from six thousand to twelve thousand ringgit. The amendment is effective from the year of assessment 1992.

14. All other amendments in this Chapter are minor or consequential.

Chapter III—Amendment to the Supplementary Income Act 1967

15. *Clause 21* seeks to reduce the rate of development tax from three per cent to two per cent. The amendment is effective from the year of assessment 1992.

Chapter IV—Amendments to the Real Property Gains Tax Act 1976

16. *Clause 25* seeks to substitute paragraph (a) of section 21B(1) to provide that the acquirer shall retain the whole of the money consideration or a sum not exceeding five per cent of the total value of the consideration, whichever is the less, until he receives the Director Generars certificate of clearance in respect of any disposal to which the Act applies. The amendment is deemed to have come into force on the 1st November 1991.

17. All other amendments in this Chapter are minor or consequential.

Chapter V—Amendments to the Service Tax Act 1975

18. This *Chapter* seeks to widen the scope of levying tax on services as mentioned in regulation 3 of the Second Schedule to the Service Tax Regulations 1975.

Chapter VI—Amendments to the Stamp Act 1949

19. This *Chapter* seeks to amend the Stamp Act 1949 to abolish stamp duty payable on instruments comprising of bill of exchange, bill of exchange payable on demand, bill of lading and receipts, and to exempt from stamp duty any transfer or assignment on sale of copyright, trade mark, patent or any similar right. The amendment is deemed to have come into force on the 1st January 1992.

Chapter VII—Repeal of the Estate Duty Enactment 1941, the Estate Duty Ordinance of Sabah, the Estate Duty Ordinance of Sarawak, the Finance (Estate Duty) Act 1965, the Finance (Estate Duty) Act 1971, the Finance (Estate Duty) Act 1979 and the Finance (Estate Duty) Act 1980

20. This *Chapter* seeks to abolish estate duty with effect from the 1st November 1991. The repeal, however, shall not affect the operation of the repealed laws in regard to a person dying before the 1st November 1991.

FINANCIAL IMPLICATIONS

This Bill will not involve the Government in any extra financial expenditure. [PN. (U²) 1691.]

