



ੴ ਵਾਹਿਗੁਰੂ ਜੀ ਕੀ ਫਤਿਹ ॥
ਮਲੇਸ਼ੀਅਨ ਗੁਰਦੁਆਰਾ ਕੌਂਸਲ



MAJLIS GURDWARA MALAYSIA
MALAYSIAN GURDWARAS COUNCIL

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22th February 2017

To All Gurdwaras
The President/ Secretary
Gurdwara Sahib

.....
Waheguru Ji Ka Khalsa
Waheguru Ji Ki Fateh

Re : **Exemption from paying Tax for Religious places of worship**

The Second Minister of Finance has issued an Exemption order 2017 dated 07-02-2017 from paying tax which is as follows :

“ 2.(1) The Minister exempts religious institution or organization in the basis period for a year of assessment –

(a) from the payment of tax in respect of gross income derived from all sources ; and

(b) from furnishing a return under section 77 of the Act ”

In view of the above order, the Gurdwaras are now exempted from paying any tax on gross income derived from all sources.

Thus all income received by the Gurdwaras including donations, interest on fixed deposits, rental from premises, etc. will be tax exempt.

Further, the Gurdwaras are also exempted from furnishing returns under section 77 of the Income Tax Act 1967.

A copy of the order (Ref. P.U.(A)52) is attached for your Reference.

This order has to be presented to Parliament under Section 127(4) of the Income Tax 1967.

Background to the earlier confusion

The Parliament had in October, 2016 amended Schedule 6 NO.13(1)(b) of Income Tax Act 1967 to add following words :

“ in respect of any contribution received for charitable purposes ”.

Thus, the addition of words “ for charitable purposes”, meant that income from sources such as rental, fixed deposit interest, etc. were not eligible for exemption, since income must be for “charitable purposes”.

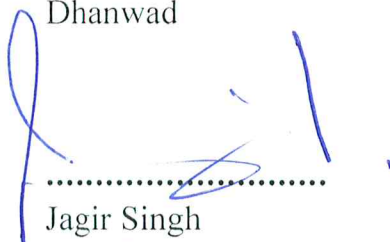
The MGC and other NGO's had protested to the Government vehemently earlier and had requested for the amendment to be withdrawn.

The Government has now accepted the objections and issued the above order so that the situation returns to what was prevalent before amendments to schedule 6 NO.13(1)(b) were made in October 2016.

Conclusion:

In the event Gurdwaras have any queries on the matter, kindly liaise with MGC.

Dhanwad



Jagir Singh
President

Malaysian Gurdwaras Council

INCOME TAX ACT 1967

INCOME TAX (EXEMPTION) ORDER 2017

IN exercise of the powers conferred by paragraph 127(3)(b) of the Income Tax Act 1967 [Act 53], the Minister makes the following order:

Citation and commencement

1. (1) This order may be cited as the **Income Tax (Exemption) Order 2017**.
- (2) This Order shall have effect from the year of assessment 2017.

Exemption

2. (1) The Minister exempts a religious institution or organization in the basis period for a year of assessment—
 - (a) from the payment of tax in respect of gross income derived from all sources; and
 - (b) from furnishing a return under section 77 of the Act.
- (2) For the purpose of this paragraph, “a religious institution or organization” means a religious institution or organization—
 - (a) which is established in Malaysia exclusively for the purpose of religious worship or the advancement of religion and is not operated or conducted primarily for profit; and
 - (b) which is registered with the Registrar of Societies Malaysia or under any written law governing such institution or organization.

Made 7 February 2017

[Perb. CR(8.09)294/6/4-18(S).5)(2016); LHDN.01/10.5-3/68-3-40; PN(PU2)80/LXXXVI]

DATUK SERI JOHARI BIN ABDUL GHANI
Second Minister of Finance

[To be laid before the Dewan Rakyat pursuant to subsection 127(4) of the Income Tax Act 1967]