

## **FREQUENTLY ASKED QUESTIONS**

### **APPLICATION FOR CERTIFICATION OF ISLAMIC FUND IN RESPECT OF TAX EXEMPTION**

(Date of Issuance: 1 December 2022)

- 1. Since the *Guidelines on Islamic Fund Management (GIFM)* has been superseded by the *Guidelines on Islamic Capital Market Products and Services (ICMPS Guidelines)*, will this affect the application for certification of Islamic fund in respect of the tax exemption?**

No. The provisions of the GIFM have been consolidated into the ICMPS Guidelines including those relating to the certification of Islamic fund in respect of the tax exemption. The relevant provisions can be found in Part A, Section II, Subsection B of the ICMPS Guidelines.

- 2. What are the tax exemptions available for a fund management company that manages an Islamic fund?**

The tax exemption available is an income tax exemption in respect of statutory income derived from a business of providing fund management services of managing an Islamic fund. The tax orders are set out in Appendix 5 of the ICMPS Guidelines as follow:

- (a) Income Tax (Exemption) (No. 6) Order 2021 – P.U. (A) 282/2021;
- (b) Income Tax (Exemption) (No. 7) Order 2021 – P.U. (A) 283/2021; and
- (c) Income Tax (Exemption) (No. 8) Order 2021 – P.U. (A) 284/2021.

The fund management company must fulfill the conditions as set out in the relevant tax orders in order to be eligible for the tax exemption.

- 3. What are the types of Islamic fund that would qualify for the tax exemption?**

The types of Islamic fund that qualify for the tax exemption are unit trust fund, exchange-traded fund, wholesale fund, closed-end fund, real estate investment trust, business trust, private retirement scheme and private mandate of which the fund management services were conducted in Malaysia.

**4. Who can apply for the certification of Islamic fund in respect of the tax exemption?**

A fund management company undertaking Islamic fund management business, which complies with the requirements as set out in Part A, Section II, Subsection B of the ICMPS Guidelines is eligible to apply for the tax exemption.

**5. What is the procedure to apply for the certification?**

All applications must be made to the SC by submitting all documents as provided in Appendix 6 of the ICMPS Guidelines which can also be [downloaded here](#).

The documents must be submitted in the format as stated in Chapter 20 of the ICMPS Guidelines.

**6. When can the application for certification be made?**

The application may be submitted by the applicant at the end of its financial year and after the submission of the audited financial statements through the SC Common Reporting Platform (ComRep) or the Electronic Application System (EASy).

**7. How long will it take, from the point of application, for the SC to grant the certification?**

The SC will issue the certification letter within 14 business days upon receipt of the complete and accurate information and documents including information submitted through the SC ComRep or the EASy system. This includes ensuring that the figures in the audited financial statements via ComRep are consistent (either at the level of each element or in total) with the auditor's report via the EASy system.

**8. Can the fund management company apply to the SC for certification of the same Islamic fund, in respect of both the Islamic fund and Shariah-compliant SRI fund tax exemptions<sup>1</sup>, concurrently?**

No, only one application can be made to the SC for a given financial year to certify an Islamic fund, in respect of either the tax exemption on the management fee for Islamic funds or the tax exemption on the management fee for Shariah-compliant SRI funds, as these tax exemptions are mutually exclusive.

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<sup>1</sup> The certification of the SRI Fund in respect of Tax Exemption under *Guidelines on Sustainable and Responsible Investment Funds*.

In the case of multiple funds under management, separate applications to the SC can be made for either tax exemption for each individual fund.

*Please note that this certification is not a certification on the fees earned by the fund management company but is a certification of the Islamic funds in respect of tax exemption.*

Should there be any inquiries, please contact any of the following:

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