



GUIDELINES ON INCOME TAX EXEMPTION FOR RELIGIOUS INSTITUTION OR ORGANIZATION UNDER THE INCOME TAX (EXEMPTION) ORDER 2017 [*P.U. (A) 52/2017*]

1. INTRODUCTION

- 1.1 The Minister of Finance has issued an order under paragraph 127(3)(b) of the Income Tax Act 1967 (ITA) to exempt tax payments on all income received by any religious institution or organization.
- 1.2 This guideline aims to explain the meaning of a religious institution or organization and the conditions that entitle the religious institution or organization to obtain income tax exemption under subparagraph 13(1)(b) of Schedule 6 to the ITA pursuant to the Income Tax (Exemption) Order 2017 [*P.U.(A) 52/2017*].

2. OBJECTIVES

Any religious institution or organization which fulfills the requirements stated under P.U. (A) 52/2017 shall be entitled to enjoy the income tax exemption automatically and shall not have to obtain the approval of the Director General of Inland Revenue.

3. RELIGIOUS INSTITUTION OR ORGANIZATION

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-
 - (i) the Registrar of Societies Malaysia; or
 - (ii) under any written law governing such religious institution or organization as specified in the Table below:

NO.	RELIGIONS	HEAD OF RELIGIOUS ORGANIZATION
1.	Islam (mosque/surau)	State Islamic Religious Council
2.	Buddha (temple)	a) Malaysian Buddhist Association (MBA) b) Buddhist Missionary Society Malaysia (BMSM)
3.	Christian (church)	Christian Federation of Malaysia (CFM) [Incorporating the Catholic Bishops Conference Of Malaysia (CBCM), Council Of Churches Of Malaysia (CCM) and National Evangelical Christian Fellowship (NECF)]

NO.	RELIGIONS	HEAD OF RELIGIOUS ORGANIZATION
4.	Hindu (temples)	Malaysia Hindu Sangam (MHS)
5.	Sikh (gurdwara)	a) Malaysian Gurdwaras Council (MGC) b) Khalsa Diwan Malaysia (KDM)
6.	Tao (temple)	Federation Of Taoist Associations Malaysia (FTAM)
7.	Others	Letter of confirmation by the– a) Head of Religious Organization; or b) Department of National Unity and Integration under the purview of the Prime Minister's Department

4. OTHERS

4.1 A religious institution or organization which is eligible for this tax exemption is exempted from submitting the Income Tax Return Form under section 77 of the ITA from the year of assessment 2017 onwards. This exemption applies to all existing or new religious institution or organization.

4.2 However, a religious institution or organization is still subject to other provisions under the ITA other than section 77 of the ITA such as submitting Form E (Employer) to the IRBM on a designated

date, if the religious institution or organization pays salaries to the workers.

- 4.3 In addition, the religious institution or organization is still subject to all other provisions such as sections 78, 80, 81 and 82 under the ITA. Therefore, the institution or organization shall, for each year, keep the institution registration documents, activities list and prepare audited accounts. All these documents need to be kept by the religious institution or organization in an orderly manner.
- 4.4 A religious institution or organization should also ensure that it does not operate or carry out any profit-oriented activities.

5. NON-APPLICATION

- 5.1 This exemption shall not apply to any religious institution or organization registered under the Companies Act 2016 [*Act 777*].
- 5.2 This exemption also does not preclude the IRBM with the direction of the Ministry of Finance to conduct an audit review and to request the religious institution or organization to submit audited financial reports, the description of religious activities conducted or to submit any other necessary information from time to time.

INLAND REVENUE BOARD OF MALAYSIA

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