



PARLIMEN MALAYSIA



BILL

Income Tax (Amendment) (No.2) 1960

D.R.45/1960

*(Presented and read a first time and ordered to be printed,
30th November, 1960.)*

A BILL

intituled

An Act to amend the Income Tax Ordinance, 1947.

[1st January, 1961.]

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 Ra'ayat in Parliament assembled, and by the authority of the same, as follows:

1. This Act may be cited as the Income Tax (Amendment) (No. 2) Act, 1960, and shall come into force on the first day of January, 1961. Short title and commencement.

2. Section 2 of the Income Tax Ordinance, 1947 (hereinafter in this Act referred to as "the principal Ordinance") is hereby amended by inserting immediately after the definition of "crops" appearing therein the following new definition: Amendment of section 2. M.U. Ord. 48 of 1947.

"'earned income' means the statutory income of an individual or Hindu Joint Family, reduced by any deduction made under paragraph (a) or (b) of sub-section (2) of section 33 of this Ordinance, from—

- (a) gains or profits from any trade, business, profession, vocation or employment on which tax is payable under sub-section (1) of section 10 of this Ordinance, where the Comptroller is satisfied that such gains or profits are immediately derived from the carrying on or exercise by such individual or Hindu Joint Family, as the case may be, of such trade, business, profession, vocation or employment;
- (b) any pension on which tax is payable under paragraph (e) of sub-section (1) of section 10 of this Ordinance given to the individual in respect of the past services of such individual or any deceased individual;"

3. Section 35 of the principal Ordinance is hereby amended— Amendment of section 35.

- (a) by substituting for sub-section (1) thereof the following new sub-section:

"(1) In the case of an individual or Hindu Joint Family resident in the Federation in the year of assessment there shall be allowed—

- (i) a deduction of two thousand dollars; and

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- (ii) a deduction equal to one-tenth of the earned income of such individual or Hindu Joint Family for such year of assessment:

Provided that such deduction shall not exceed one thousand dollars.”;

- (b) by substituting for proviso (ii) to paragraph (e) of sub-section (2) thereof the following new proviso:

“(ii) no such deduction shall be allowed in excess of three thousand dollars.”.

EXPLANATORY STATEMENT

The above Bill is designed to increase the present personal allowance of two thousand dollars allowed by section 35 (1) of the Income Tax Ordinance, 1947, to any individual or Hindu Joint Family resident in the Federation in the year of assessment. The increase is specified in *clauses 2 and 3 (a)* of the Bill: *clause 2* adding a definition of “earned income” to section 2 of the Ordinance, and *clause 3 (a)* amending section 35 (1) of the Ordinance by providing an additional deduction of one-tenth of the earned income of the individual or Hindu Joint Family arising from any trade, business, profession, vocation, employment or pension, subject to a maximum of one thousand dollars.

2. At the same time it is proposed, by *clause 3 (b)*, to delete the present limit of one-sixth of the assessable income of an individual, or four thousand dollars, whichever is the less, in respect of deductions for life insurance premiums and pension and provident fund contributions (set out in section 35 (2) (e), proviso (ii), of the Ordinance) and to provide a maximum deduction thereon of three thousand dollars.