



What's New?

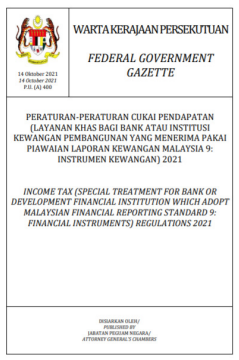
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Income Tax (Special Treatment for Bank or Development Financial Institution which Adopt Malaysian Financial Reporting Standard 9: Financial Instruments) Regulations 2021

Special treatment for Banks or Development Financial Institutions adopting MFRS 9: Financial Instrument

- IN exercise of the powers conferred by subsection 36(1) of the Income Tax Act 1967 [Act 53], the Minister makes these Regulations, which was gazetted on 14 October 2021.
- These Regulations are deemed to have effect from—
 - the year of assessment 2018 in respect of a bank or development financial institution with accounting period ending on 31 December; and
 - the year of assessment 2019 in respect of a bank or development financial institution with accounting period ending on a day other than 31 December.



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Special treatment for Banks or Development Financial Institutions adopting MFRS 9: Financial Instrument 

- With effect from 1 January 2018, the "Malaysian Financial Reporting Standard 9 Financial Instruments" replaced the "Malaysian Financial Reporting Standard 139 Financial Instruments: Recognition and Measurement."
- The MFRS 9 provides revised recommendations on financial instrument recognition and measurement.



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Special treatment for Banks or Development Financial Institutions adopting MFRS 9: Financial Instrument 

- The Income Tax (Special Treatment for Bank or Development Financial Institution which Adopt Malaysian Financial Reporting Standard 9: Financial Instruments) Regulations 2021 [P.U.(A) 400] were gazetted on October 14, 2021, as a result of the foregoing.
- Any contract that creates a financial asset for one entity and a financial obligation or equity instrument for another is referred to as a financial instrument.



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Special treatment for Banks or Development Financial Institutions adopting MFRS 9: Financial Instrument




- Special consideration will be granted to banks or development financial institutions who apply the Malaysian Financial Reporting Standard 9: Financial Instruments (MFRS 9) in the following areas:
 - financial assets on capital account
 - financial asset impairment loss
 - financial asset reversal of asset impairment loss
 - transaction expenses
 - gain or loss on hedging instrument
 - gain or loss on financial instrument originating from foreign exchange transactions




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Special treatment for Banks or Development Financial Institutions adopting MFRS 9: Financial Instrument




- The kind of profits to be recognised as the gross revenue of the bank or development financial institution from the business in a year of assessment in respect of a financial instrument has been specified by the Regulations in the case of a financial asset and a financial liability.
- The Regulation also specifies the types of losses related to a financial asset and financial liability that can be deducted when calculating a bank's or a development financial institution's adjusted revenue from a financial instrument's operation.



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