

## CIRCULAR

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To:	UTMC, IUTA, CUTA, PRS PROVIDER, IPRA AND CPRA (DISTRIBUTORS)		
Attn:	Authorised Representative/Chief Executive Officer		

### Exemption of Unit Trusts from Capital Gains Tax and Foreign Sourced Income Tax

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Dear Members and Distributors,

- 1.0 The purpose of this circular is to provide an update to the latest developments arising from the meeting with the Ministry of Finance (MOF), Securities Commission (SC) and Lembaga Hasil Dalam Negeri (LHDN) on December 15, 2023. As a recap, the meeting addressed the ramifications of the Finance (No.2) Bill and Foreign Sourced Income Tax (FSI). The focus was on understanding how these changes directly affect both the Unit Trust Industry and the Private Retirement Schemes industry.
- 2.0 As a result from the engagement and past discussions, we are delighted to inform the industry that the **Finance Minister II, YB Datuk Seri Amir Hamzah Azizan made an announcement on the 16 January 2024, exempting Unit Trusts from Foreign Sourced Income (FSI) tax and Capital Gains Tax (CGT).**
- 3.0 In the official statement, it was recognised that the capital market plays a significant role in driving economic growth and that the Government will continue to make capital market investments in Malaysia *rakyat-friendly*. In line with this ethos and from the various engagements with the MOF it was recognised that more than 90% of unitholders of Unit Trusts are individuals including those who have invested directly in Unit Trusts or through their Employees Provident Fund (EPF) savings.
- 4.0 The Government has taken this into consideration and announced that Unit Trusts will be exempted from the imposition of FSI from 1 January 2024 until 31 December 2026 and CGT from 1 January 2024 until 31 December 2028.

These exemptions are to ensure that the *rakyat* will continue to benefit from the gains of their hard-earned money and invest for their future.

- 5.0 Pursuing to the announcement, we anticipate that the Government will be releasing soon a subsidiary legislation to formalise these exemptions, which came into effect starting January 1, 2024. We will analyse the subsidiary legislation and engage the industry, where needed.
- 6.0 FIMM would like to extend our heartfelt gratitude to all our Members/Distributors for their support for the past two years in making these exemptions a reality. We would also like to thank the tax advisors, namely Mr Mark Chan of Deloitte Malaysia, Ms Jennifer Chang of PricewaterhouseCoopers Malaysia and Mr Ong Guan Heng of KPMG Malaysia for their advice and guidance. Overall, it has been a wonderful collective effort in securing this achievement for the Unit Trust industry.

Thank you for the support.

Yours faithfully

**FEDERATION OF INVESTMENT MANAGERS MALAYSIA**



**Kaleon Leong Rahan**  
Chief Executive Officer