

Tajuk : 60 . Insurance business.

Tarikh Kuatkuasa :

Tarikh Tamat :

Kuatkuasa :

Kategori : Rujukan Perundangan\Akta Cukai Pendapatan 1967 - Seksyen\PART III - ASCERTAINMENT OF CHARGEABLE INCOME\Chapter 8 - Special cases\

## Rencana

### Akta Cukai Pendapatan 1967

(Akta 53)

### Pindaan Sehingga Akta 742 Tahun 2012

Tarikh Keluaran :

Title : Income Tax Act

Part : PART III - ASCERTAINMENT OF CHARGEABLE INCOME

Chapter : Chapter 8 - Special cases

Section : 60 . Insurance business.

60. (1) This section shall apply for ascertaining the adjusted income for the basis period for a year of assessment from the insurance business of an insurer.

(2) For the purposes of this section-

(a) subject to paragraph (b), where an insurer carries on life business in conjunction with general business, the life business and the general business shall be treated as separate insurance businesses;

(b) (i) where an insurer carries on inward reinsurance business, the inward reinsurance business and the general business (excluding the inward reinsurance business and offshore insurance business) shall be treated as separate general businesses;

(ii) where an insurer carries on offshore insurance business, the offshore insurance business and the general business (excluding the offshore insurance business and inward reinsurance business) shall be treated as separate general businesses;

*Insurance  
business.  
[Am. Act  
264;  
Act 328;  
Act 337;  
Act 476  
Act 591  
Act 644.]*

## History

*Subparagraph 60(2)(b)(ii) amended by Act 531 of 1995 s12(a), by substituting for the full stop at the end of subparagraph (2)*

(b)(ii) a semicolon, shall have effect for the year of assessment 1995 and subsequent years of assessment.

(c) where an insurer carries on life business, the income of the life fund shall be treated as a separate source of income from the income of the shareholders' fund in respect of the life business:

#### History

Paragraph (2)( c ) amended by Act 578 of 1998 s13(a), by substituting for the full stop at the end of paragraph (2)(c) a colon, shall have effect for the year of assessment 1998 and subsequent years of assessment.

Provided that -

(i) where the insurer also carries on life re-insurance business, the life re-insurance business shall be a separate source from life business and shall be treated as a general business; or

(ii) where the insurer also carries on inward life re-insurance business, the inward life re-insurance business shall be a separate source from life business and shall be treated as a general business;

#### History

Proviso to paragraph (2)( c ) inserted by Act 578 of 1998 s13 (b), shall have effect for the year of assessment 1998 and subsequent years of assessment.

Paragraph 60(2)(c ) inserted by Act 531 of 1995 s12(a), shall have effect for the year of assessment 1995 and subsequent years of assessment.

(d) where an insurer carries on only life re-insurance business, the life re-insurance business shall be treated as a general business.

#### History

Paragraph (2)(d) inserted by Act 578 of 1998 s13( c ), shall have effect for the year of assessment 1998 and subsequent years of assessment.

(3) The adjusted income of the life fund other than

income arising from life re-insurance business for the basis period for a year of assessment of an insurer resident for the basis year for that year of assessment shall be ascertained by

## History

Subsection (3) amended by Act 578 of 1998 s13(d), by inserting after the words "life fund" the words ", other than income arising from life re-insurance business,", shall have effect for the year of assessment 1998 and subsequent years of assessment.

(a) taking the aggregate of -

(i) the amount of gross income for that period from the investments made out of any of the insurer's life funds; and

(ii) the amount of any gross proceeds (whether or not of an income nature) which are not gross income to which subparagraph (i) applies and which are first receivable in that period in connection with the realisation of those investments or any rights arising from them; and

(b) deducting from that aggregate where paragraph (a) (ii) is applicable for that period to gross proceeds receivable in connection with any investments or rights, the cost of acquiring and realizing those investments or rights.

## History

Subsection 60(3) substituted by Act 531 of 1995 s12(b), shall have effect for the year of assessment 1995 and subsequent years of assessment.

Subsection 60(3) formerly read:

" 60 (3) The adjusted income for the basis period for a year of assessment from the life business of an insurer resident for the basis year for that year of assessment shall consist of an amount arrived at by-

(a) taking the aggregate of-

(i) the amount of gross income for that period from the investments made out of any of the insurer's life funds; and

(ii) the amount of any gross proceeds

(whether or not of an income nature) which are not gross income to which subparagraph (i) applies and which are first receivable in that period in connection with the realisation of those investments or any rights arising from them; and

(b) deducting from that aggregate-

(i) where paragraph (a) (ii) is applicable for that period to gross proceeds receivable in connection with any investments or rights, the cost of acquiring and realising those investments or rights;

(ii) an amount bearing the same proportion to the management expenses incurred during that period in connection with his life business as the aggregate mentioned in paragraph (a) bears to the total of that aggregate and the amount of gross premiums received by him during that period on account of all life policies in force at the end of that period;

(iii) commissions paid in that period in connection with that business; and

(iv) an amount equivalent to two per cent of the balance of revenue account as at the last day of the basis period for that year of assessment, but not exceeding the total commissions paid in that period in connection with that business:

Provided that no deduction under this subparagraph shall be made for any year of assessment for which a deduction is made in respect of commissions paid in connection with that business pursuant to subparagraph (iii)."

(3A) The adjusted income of the shareholders' fund for the basis period for a year of assessment of an insurer resident for the basis year for that year of assessment shall be ascertained by -

(a) taking the aggregate of -

(i) the amount of gross income for that period from the investments made out of any of the shareholders' fund; and

(ii) the amount of any gross proceeds (whether or not of an income nature) which are not gross income to which subparagraph (i) applies and which are first receivable in that period in connection with the realisation of those investments or any rights arising from them; and

(iii) the amount of the actuarial surplus from the life fund that is transferred to the shareholder's fund; and

## History

Subparagraph (3A)(a)(iii) substituted by Act 591 of 1998 s8(a), shall have effect for the year of assessment 1999 and subsequent years of assessment.

Subparagraph (3A)(a)(iii) formerly read:

"(iii) the amount of the actuarial surplus (subject to any adjustment as the Director General may think fit to make in accordance with the provisions of this Act) for that period arising from the life fund, other than the surplus from life re-insurance business, as is apportioned to the shareholders' fund; and "

Subparagraph (3A)(a)(iii) amended by Act 578 of 1998 s13(e), by inserting after the words "life fund" the words ", other than the surplus from life re-insurance business", shall have effect for the year of assessment 1998 and subsequent years of assessment.

(b) deducting from that aggregate-

(i) where paragraph (a) (ii) is applicable for that period to gross proceeds receivable in connection with any investments or rights, the cost of acquiring and realising those investments or rights; and

(ii) so much of the amount transferred from the shareholders' fund as is equal to the actuarial deficit (subject to any adjustment as the Director General may think fit to make in accordance with the provisions of this Act) for that period arising from the life fund, other than the deficit from life re-insurance business;

## History

Subsection 60(3A)(b)(ii) amended by Act 644 of 2005 by

deleting the words "(subject to any adjustment as the Director General may think fit to make in accordance with the provisions of this Act)" after the word "to the actuarial deficit". shall have effect for the year assessment 2006 and subsequent years of assessment.

Subparagraph (3A)(b)(ii) amended by Act 578 of 1998 s13(f), by inserting after the words "life fund" the words ", other than the deficit from life re-insurance business", shall have effect for the year of assessment 1998 and subsequent years of assessment.

Paragraph 60(3A)(b) substituted by Act 544 of 1996 s10(a), shall have effect for the year of assessment 1995 and subsequent years of assessment.

Paragraph 60(3A)(b) formerly read:

"(b) deducting from that aggregate where paragraph (a) (ii) is applicable for that period to gross proceeds receivable in connection with any investments or rights, the costs of acquiring and realising those investments or rights."

Subsection 60(3A) inserted by Act 531 of 1995 s12(b), shall have effect for the year of assessment 1995 and subsequent years of assessment.

(4) The adjusted income of the life fund, other than income arising from life re-insurance business, of an insurer not resident for the basis year for that year of assessment shall where that business is wholly or partly carried on in Malaysia be ascertained by-

#### History

Subsection (4) amended by Act 578 of 1998 s13(g), by inserting after the words "life fund" the words ", other than income arising from life re-insurance business", shall have effect for the year of assessment 1998 and subsequent years of assessment.

(a) taking the aggregate of -

(i) the amount of gross income for that period from investments made (in Malaysia or elsewhere) out of the insurer's Malaysian life fund; and

(ii) the amount of any gross proceeds (whether or not of an income nature) which are not gross income to which sub-paragraph (i) applies and which are first receivable in that period in

connection with the realisation of those investments or any rights arising from them; and

(b) deducting from that aggregate where paragraph (a)(ii) is applicable for that period to gross proceeds receivable in connection with any investments or rights, the cost of acquiring and realising those investments or rights.

## History

Subsection 60(4) substituted by Act 531 of 1995 s12(c), shall have effect for the year of assessment 1995 and subsequent years of assessment.

Subsection 60(4) formerly read:

" 60 (4) The adjusted for the basis period for a year of assessment from the life business of an insurer non resident for the basis year for that year of assessment shall where that business is wholly or partly carried on in Malaysia consist of an amount arrived at by-

(a) taking the aggregate of-

(i) the amount of the gross income for that period from the investments made (in Malaysia or elsewhere) out of insurer's Malaysian life fund; and

(ii) the amount of any gross proceeds (whether or not of an income nature) which are not gross income to which subparagraph (i) applies and which are first receivable in that period in connection with the realisation of those investments or any rights arising from them; and

(b) deducting from that aggregate, where paragraph (a) (ii) is applicable for that period to gross proceeds receivable in connection with any investments or rights, the cost of acquiring and realising those investments or rights, and in any case-

(i) an amount bearing the same proportion to the management expenses incurred during that period in connection with the insurer's Malaysian life fund or in connection with that part of his life business which is carried on in Malaysia as the aggregate mentioned in paragraph (a) bears to the total of that aggregate and the amount of gross

premiums received by him during that period on account of Malaysian life policies in force at the end of that period;

(ii) an amount bearing the same proportion to the head office expenses of the insurer incurred during that period in connection with his life business as the aggregate mentioned in paragraph (a) bears to the aggregate of the amount of the gross income for that period from the investments out of the insurer's life fund, the amount of gross proceeds receivable in that period in connection with the realisation of those investments or any rights arising from them and the amount of gross premiums received by him during that period on account of all life policies in force at the end of that period;

(iii) commissions paid in that period in connection with the insurer's life business which is carried on in Malaysia; and

(iv) an amount equivalent to two per cent of the balance of revenue account as at the last day of the basis period for that year of assessment, but not exceeding the total commissions paid in that period in connection with that business:

Provided that no deduction under this subparagraph shall be made for any year of assessment for which a deduction is made in respect of commissions paid in connection with that business pursuant to subparagraph (iii).".

(4A) The adjusted income of the shareholders' fund for the basis period for a year of assessment of an insurer not resident for the basis year for that year of assessment shall, where that business is wholly or partly carried on in Malaysia, be ascertained by -

(a) taking the aggregate of -



(i) the amount of gross income for that period from investments made out of any of the shareholders' fund; and

(ii) the amount of any gross proceeds (whether or not of an income nature) which are not gross income to which subparagraph (i) applies and which are first receivable in that period in connection with the realisation of those investments or any rights arising from them; and

(iii) the amount of the actuarial surplus from the life fund that is transferred to the shareholders' fund; and

## History

Subparagraph (4A)(a)(iii) substituted by Act 591 of 1998 s8(b), shall have effect for the year of assessment 1999 and subsequent years of assessment.

Subparagraph (4A)(a)(iii) formerly read:

"(iii) the amount of the actuarial surplus (subject to any adjustment as the Director General may think fit to make in accordance with the provisions of this Act) for that period arising from the life fund, other than the surplus from life re-insurance business, as is apportioned to the shareholders' fund; and "

Subparagraph (4A)(a)(iii) amended by Act 578 of 1998 s13(h), by inserting after the words "life fund" the words ", other than the surplus from life re-insurance business", shall have effect for the year of assessment 1998 and subsequent years of assessment.

(b) deducting from that aggregate -

(i) Where paragraph (a)(ii) is applicable for that period to gross proceeds receivable in connection with any investments or rights, the cost of acquiring and realising those investments or rights; and

(ii) So much of the amount transferred from the shareholders' fund as is equal to the actuarial deficit (subject to any adjustment as the Director General may think fit to make in accordance with the provisions of this Act) for that period arising from the life fund, other than the deficit from life re-insurance business.

## History

Subsection 60(4A)(b)(ii) amended by Act 644 of 2005 by deleting the words "(subject to any adjustment as the Director General may think fit to make in accordance with the provisions of this Act)" after the word "to the actuarial deficit" shall have effect for the year of assessment 2006 and subsequent years of assessment.

Subparagraph (4A)(b)(ii) amended by Act 578 of 1998 s13(i), by inserting after the words "life fund" the words ", other than the deficit from life re-insurance business", shall have effect for the year of assessment 1998 and subsequent years of assessment.

Paragraph 60(4A)(b) substituted by Act 544 of 1996 s10(b), shall have effect for the year of assessment 1995 and subsequent years of assessment.

Paragraph 60(4A)(b) formerly read:

"(b) deducting from that aggregate where paragraph (a) (ii) is applicable for that period to gross proceeds receivable in connection with any investments or rights, the costs of acquiring and realising those investments or rights."

Subsection 60(4A) inserted by Act 531 of 1995 s12(c), shall have effect for the year of assessment 1995 and subsequent years of assessment.

(4B) The adjusted income as ascertained under subsections (3A) and (4A) shall be deemed to be the statutory income from that source.

## History

Subsection 60(4B) inserted by Act 531 of 1995 s12(c), shall have effect for the year of assessment 1995 and subsequent years of assessment.

(5) The adjusted income for the basis period for a year of assessment from the general business of an insurer resident for the basis year for that year of assessment shall consist of an amount arrived at by-

(a) taking the aggregate of-

(i) the amount of the gross premiums first receivable in that period in respect of general

policies issued by him (less the amount of any premiums received at any time in respect of any such general policies and returned by him during that period);

(ii) the amount of any other gross income for that period from the general business of the insurer (including any commissions and any interest or other income from investments held in connection with that business);

(iii) the amount of any gross proceeds (whether or not of an income nature) which are not gross income to which sub-paragraph (ii) applies and which are first receivable in that period in connection with the realisation of those investments or any rights arising from them;

(iv) any amounts recovered or recoverable by him in that period under re-insurance contracts made in connection with that business; and

## History

Subparagraph 60(5)(a)(iv) amended by Act 531 of 1995 s12(d) (i), by inserting after the word " recovered" the words "or recoverable", shall have effect for the year of assessment 1995 and subsequent years of assessment.

(v) the amount of his reserve fund for unexpired risks at the end of the immediately preceding basis period; and

(b) subject to subsection (7), deducting from that aggregate the amount of-

(i) claims incurred in that period in connection with his general policies;

## History

Subparagraph 60(5)(b)(i) substituted by Act 531 of 1995 s12 (d)(ii), shall have effect for the year of assessment 1995 and subsequent years of assessment.

Subparagraph 60(5)(b)(i) formerly read:

"(i) claims admitted in that period (being claims made against him under general policies issued by him);".

(ii) re-insurance premiums payable by him in that

period in connection with that business;

(iii) commissions payable and discounts allowed by him in that period in connection with that business;

(iv) management expenses incurred by him in that period in connection with that business;

(v) his reserve fund for unexpired risks at the end of that period; and

(vi) where paragraph (a) (iii) is applicable for that period to gross proceeds receivable in connection with any investments or rights, the cost of acquiring and realising those investments or rights.

(5A) The adjusted income for the basis period for a year of assessment from the inward re-insurance business of an insurer resident for the basis year for that year of assessment shall consist of an amount arrived at by applying subsection ( 5) as if references therein to "general business" and "general policies" were references to "inward re-insurance business" and "inward re-insurance contracts" respectively.

(5B) The adjusted income for the basis period for a year of assessment from the off-shore insurance business of an insurer resident for that basis year for that year of assessment shall consist of an amount arrived at by applying subsection ( 5) as if references therein to "general business" and "general policies" were references to "off-shore insurance business" and "off-shore insurance policies" respectively.

(5C) The adjusted income for the basis period for a year of assessment from the life re-insurance business of a life insurer resident for the basis year for that year of assessment shall consist of an amount arrived at by applying subsection ( 5) as if references therein to-

(a) "general business of an insurer" were references to "life re-insurance business of a life insurer";

(b) "general policies" were references to "life re-insurance policies"; and

(c) "reserve fund for unexpired risks" were references to "actuarial valuation reserve".

History

Subsection (5C) inserted by Act 578 of 1998 s13( j ), shall

have effect for the year of assessment 1998 and subsequent years of assessment.

(6) The adjusted income for the basis period for a year of assessment from the general business of an insurer not resident for the basis year for that year of assessment shall where that business is wholly or partly carried on in Malaysia consist of an amount arrived at by-

(a) taking the aggregate of-

(i) the amount of the gross premiums first receivable in that period in respect of Malaysian general policies issued by him (less any premiums received at any time on account of any such Malaysian general policies returned by him in that period);

(ii) the amount of any other gross income for that period derived from Malaysia from that business (including gross income consisting of commissions and gross income from investments, wherever made, held in connection with that business);

(iii) the amount of any gross proceeds (whether or not of an income nature) which are not gross income to which sub-paragraph (ii) applies and which are first receivable in that period in connection with that realisation of those investments or any rights arising from them;

(iv) any amounts recovered or recoverable by him in that period under re-insurance contracts made in connection with Malaysian general policies of that business; and

## History

Subparagraph 60(6)(a)(iv) amended by Act 531 of 1995 s12(e) (i), by inserting after the word " recovered" the words "or recoverable", shall have effect for the year of assessment 1995 and subsequent years of assessment.

(v) the amount of his reserve fund for unexpired risks relating to any such Malaysian general policies at the end of the immediately preceding basis period; and

(b) subject to subsection (7), deducting from that aggregate the amount of-

(i) claims incurred in that period in connection with his Malaysian general policies;

## History

Subparagraph 60(6)(b)(i) substituted by Act 531 of 1995 s12 (e)(ii), shall have effect for the year of assessment 1995 and subsequent years of assessment.

Subparagraph 60(6)(b)(i) formerly read:

"(i) claims admitted in that period (being claims made against him under Malaysian general policies issued by him);".

(ii) re-insurance premiums payable by him in that period in connection with any such Malaysian general policies;

(iii) commissions payable and discounts given by him in that period in connection with any such Malaysian general policies;

(iv) management expenses incurred by him in Malaysia in that period in connection with that business;

(v) his reserve fund for unexpired risks relating to any such Malaysian general policies at the end of that period;

(vi) a portion of the insurer's head office expenses incurred by him in that period which is fair and reasonable if, in relation to that period, regard is had to the gross premiums receivable by him in respect of Malaysian general policies issued by him in that period as compared with the total gross premiums receivable by him in respect of all general policies issued by him in that period; and

(vii) where paragraph (a) (iii) is applicable for that period to gross proceeds receivable in connection with any investments or rights, the cost of acquiring and realising those investments or rights.

(6A) The adjusted income for the basis period for a year of assessment from the inward re-insurance business of an insurer not resident for the basis year for that year of assessment shall, where that business is wholly or partly carried on in Malaysia, consist of an amount arrived at by applying subsection (6) as if references therein to "general

business" and "Malaysian general policies" were references to "inward re-insurance business" and "inward re-insurance contracts" respectively.

(6B) The adjusted income for the basis period for a year of assessment from the off-shore insurance business of an insurer not resident for the basis year for that year of assessment shall, where that business is wholly or partly carried on in Malaysia, consist of an amount arrived at by applying subsection (6) as if references therein to "general business" and "Malaysian general policies" were references to "off-shore insurance business" and "off-shore insurance policies" respectively.

(6C) The adjusted income for the basis period for a year of assessment from the life re-insurance business of a life insurer not resident for the basis year for that year of assessment shall, where that business is wholly or partly carried on in Malaysia, consist of an amount arrived at by applying subsection (6) as if references therein to-

(a) "general business of an insurer" were references to "life re-insurance business of a life insurer";

(b) "Malaysian general policies" were references to "Malaysian life re-insurance policies"; and

(c) "reserve fund for unexpired risks" were references to "actuarial valuation reserve".

## History

**Subsection (6C) inserted by Act 578 of 1998 s13( k ), shall have effect for the year of assessment 1998 and subsequent years of assessment.**

(7) Where an insurer carrying on general business has re-insured the risk or part of the risk with a re-insurer who either does not carry on the business of insuring risks of that kind in Malaysia or does not re-insure the risk through a branch in Malaysia, there may be deducted under subsection (5) (b) (ii) or (6) (b) (ii) in respect of such risks which are re-insured only ninety-five per cent of the amount which would otherwise be deductible:

Provided that in a case to which subsection (6), (6A) or (6B) applies-

(a) the insurer may elect that no deductions shall be made under subsection (6)(b)(ii); and

(b) where he does so-

(i) the election shall be irrevocable and shall apply in relation to the basis period for the year of assessment for which it is made and for the basis periods for all subsequent years of assessment; and

(ii) amounts recoverable under re-insurance contracts shall be disregarded for the purposes of subsection (6)(a)(iv).

## History

Subsection (7) substituted by Act 544 of 1996 s10( c ), shall have effect for the year of assessment 1996 and subsequent years of assessment.

Subsection (7) formerly read:

" (7) Where an insurer carrying on general business has -

(a) re-insured the risk or part of the risk with a re-insurer who either does not carry on the business of insuring risks of that kind in Malaysia or does not re-insure the risk through a branch in Malaysia; or

(b) re-insured the risk or part of the risk with an insurer licensed under the Offshore Insurance Act 1990,

there may be deducted under subsection (5) (b) (ii) or (6) (b) (ii) in respect of such risks which are re-insured only ninety-five per cent of the amount which would otherwise be deductible:

Provided that in a case to which subsection (6), (6A) or (6B) applies-

(a) the insurer may elect that no deductions shall be made under subsection (6) (b) (ii); and

(b) where he does so-

(i) the election shall be irrevocable and shall apply in relation to the basis period for the year of assessment for which it is made and for the basis periods for all subsequent years of assessment; and

(ii) amounts recoverable under re-insurance contracts shall be disregarded for the



purposes of subsection (6) (a) (iv).".

Subsection 60(7), excluding the proviso, substituted by Act 476 of 1992 s13, shall have effect for the year of assessment 1992 and subsequent years of assessment.

Subsection 60(7), excluding the proviso, formerly read:

" (7) Where an insurer carrying on general business has re-insured a risk or part of a risk with a re-insurer who either does not carry on the business of insuring risks of that kind in Malaysia or does not re-insure the risk through a branch in Malaysia, there may be deducted under subsection (5) (b) (ii) or (6) (b) (ii) in respect of such risks which are re-insured only ninety-five per cent of the amount which would otherwise be deductible:".

(8) Where an insurer in connection with his life business or his general business receives any incidental gross income (not being a premium on a policy issued in the course of carrying on that life or general business) for which subsections (3) to (7) do not provide, that income shall be treated as income of the insurer falling under section 4(f) and he shall be deemed to have a separate source in respect of it.

(9) For the purposes of this section an insurer's reserve fund for unexpired risks at the end of a basis period shall consist of-

(a) twenty-five per cent of the difference between the gross premiums first receivable by him in that period in respect of marine, aviation or transit policies issued by him and the amount deducted under subsection (5)(b)(ii) or (6)(b)(ii); and

(b) an amount calculated based on the method of computation as determined by the relevant authority regulating the insurance industry and which is consistently applied to premiums first receivable by him in that period in respect of other general policies issued by him (less the amount deducted under subsection 5(b) (ii) or 6(b)(ii)).

## History

Paragraph (9)(b) substituted by Act 608 of 2000 s14, with effect from year of assessment 2001.

Paragraph (9)(b) formerly read:

" (b) forty per cent of the difference between the gross premiums first receivable by him in that period in respect of other general policies issued by

him and the amount deducted under subsection (5) (b)(ii) or (6)(b)(ii).".

(10) Where under this section all such deductions as would be made in computing what would have been the adjusted income for the basis period for a year of assessment from the insurance business of an insurer if any such adjustment income had been ascertainable exceed the aggregate of the amounts from which those deductions would otherwise have been made, the amount of the excess shall be taken to be the amount of his adjusted loss from that business for that period.

(10A) Notwithstanding subsections (10), 43(2) and 44 (2), any adjusted loss of the life fund for the basis period for a year of assessment of an insurer shall only be available as a deduction against the statutory income of the life fund of the insurer for subsequent years of assessment until fully utilized.

#### History

Subsection 60(10A) is substituted by Act 742 of 2012 s12, has effect for the year of assessment 2012 and subsequent years of assessment. The subsection previously read:

"(10A) Notwithstanding section 43(2) and section 60(10), any unabsorbed losses of the life business shall only be available for deduction against the statutory income for the basis period for a year of assessment and subsequent years of assessment in respect of the life fund of the insurer.".

Subsection 60(10A) inserted by Act 531 of 1995 s12(f), shall have effect for the year of assessment 1995 and subsequent years of assessment.

(10B) Notwithstanding paragraph 75 of Schedule 3, any unabsorbed allowances of the life business shall only be available for deduction against the adjusted income for the basis period for a year of assessment and subsequent years of assessment in respect of the life fund of the insurer.

#### History

Subsection 60(10B) inserted by Act 531 of 1995 s12(f), shall have effect for the year of assessment 1995 and subsequent years of assessment.

(10C) Allowances under Schedule 3 shall only be available for deduction against the adjusted income of the life fund and the balance of such allowances shall not be available as a deduction against the adjusted income of the shareholders' fund.

#### History

Subsection 60(10C) inserted by Act 531 of 1995 s12(f), shall have effect for the year of assessment 1995 and subsequent years of assessment.

(10D) In arriving at the total income of an insurer for a year of assessment, the adjusted loss from a source or sources of an insurer for that year of assessment other than from a source consisting of a life fund, shall be available as deduction against the aggregate statutory income (excluding the statutory income from a source consisting of a life fund) of an insurer, and any unabsorbed loss ascertained under subsection 44(4) or (5) for that year of assessment shall not be deducted against the statutory income of the life fund of the insurer for the subsequent years of assessment.

#### History

Subsection 60(10D) is inserted by Act 742 of 2012 s 12, has effect for the year of assessment 2012 and subsequent years of assessment.

(11) In this section, sections 60A and 60B-

"general business" means all insurance business which is not life business;

"general policy" means a policy other than a life policy;

"insurer" means a person who carries on insurance business and includes a professional re-insurer;

"investments" include any accretions thereto;

"inward re-insurance" means any re-insurance of a risk under a general policy where the risk is outside Malaysia and the original policy of insurance policy-

(a) is issued by an insurer not resident in Malaysia but not issued by a branch in Malaysia of such insurer; or

(b) is issued by a branch outside Malaysia of an insurer

resident in Malaysia,

and where any risk is in transit in Malaysia it shall be deemed to be outside Malaysia;

"inward re-insurance contract" means a Malaysian policy in respect of inward re-insurance;

"life business" has the same meaning assigned thereto under section 2 of the Insurance Act 1996;

"life policy" has the same meaning assigned thereto under section 2 of the Insurance Act 1996;

"Malaysian life fund" means the fund established pursuant to section 38 of the Insurance Act 1996;

"Malaysian policy" has the same meaning assigned thereto under section 2 of the Insurance Act 1996;

"offshore insurance" means insurance of a risk under a general policy where the risk is outside Malaysia and the insurance policy is issued by an insurer resident in Malaysia or by a branch in Malaysia of an insurer not resident in Malaysia, and where any risk is in transit in Malaysia it shall be deemed to be outside Malaysia;

"offshore insurance policies" means policies issued in respect of off-shore insurance;

"policy" has the same meaning assigned thereto under section 2 of the Insurance Act 1996;

"premium" has the same meaning assigned thereto under section 2 of the Insurance Act 1996;

"re-insurance" has the same meaning assigned thereto under section 2 of the Insurance Act 1996;

"revenue account" means the revenue account lodged in respect of life business under section 87 of the Insurance Act 1996.

## History

Subsection (11) substituted by Act 578 of 1998 s13(1), shall have effect for the year of assessment 1998 and subsequent years of assessment.

Subsection (11) formerly read:

'(11) In this section, sections 60A and 60B-

"general business", "insurance business", "insurer", "life business", "life policy", "marine, aviation or transit policy" and "policy" have the same meaning as in the Insurance Act 1963, and as provided in this subsection;

"general policy" means a policy other than a life policy;

"gross premiums" receivable by an insurer which is a company or body of persons includes those so receivable from its members;

"investments" includes any accretions thereto;

"inward re-insurance" means any re-insurance of a risk under a general policy where the risk is outside Malaysia and the original policy of insurance-

(a) is issued by an insurer not resident in Malaysia but not issued by a branch in Malaysia of such insurer; or

(b) is issued by a branch outside Malaysia of an insurer resident in Malaysia,

and where any risk is in transit in Malaysia it shall be deemed to be outside Malaysia;

"inward re-insurance contract" means a Malaysian general policy in respect of inward re-insurance;

"Malaysian life fund" means the fund established pursuant to section 10 of the Insurance Act 1963, in respect of life business;

"Malaysian general policy" and "Malaysian life policy" mean a general policy or a life policy, as the case may be, which is a Federation policy within the meaning of the Insurance Act 1963, and any other than a life policy where the risk can arise elsewhere than in Malaysia or where the policy provides for the payment of policy monies elsewhere than in Malaysia;

"offshore insurance" means insurance of a risk under a general policy where the risk is outside Malaysia and the policy of insurance is issued by an insurer resident in Malaysia or by a branch in Malaysia of an insurer not resident in Malaysia, and where any risk is in transit in Malaysia it shall be deemed to be outside Malaysia;

"offshore insurance policies" means policies issued in respect of offshore insurance;

"revenue account" means the revenue account lodged in respect of life business under paragraph 1 (2) (a) of the Fourth Schedule to the Insurance Act 1963. ‘