

A BILL

i n t i t u l e d

An Act to amend the Inland Revenue Board of Malaysia Act 1995.

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ENACTED by the Parliament of Malaysia as follows:

Short title

1. This Act may be cited as the Inland Revenue Board of Malaysia (Amendment) Act 2014.

Amendment of section 6

2. The Inland Revenue Board of Malaysia Act 1995 [*Act 533*], which is referred to as the “principal Act” in this Act, is amended in subsection 6(1)—

(a) by inserting after paragraph (c) the following paragraph:

“(ca) the chief executive officer;” and

(b) in paragraph (e), by substituting for the word “two” the word “three”.

Amendment of section 23

3. Section 23 of the principal Act is amended—

- (a) in paragraph 2(d), by substituting for the word “Board” the words “Investment Panel”; and
- (b) by inserting after subsection (2) the following subsection:

“(3) The Fund shall be expended for the purposes of—

- (a) meeting all payments required to be made under this Act;
- (b) subject to section 28, any investment;
- (c) paying any other expenses, costs or expenditure properly incurred or accepted by the Board in the performance of its functions and the exercise of its powers; and
- (d) generally paying any expenses for carrying into effect the provisions of this Act and in connection with the administration of the Fund.”.

Substitution of section 24

4. The principal Act is amended by substituting for section 24 the following section:

“Annual estimates

24. (1) The chief executive officer shall, not later than one month before the commencement of each financial year, in a meeting of the Board, lay before the Board an estimate of the expenditure of the Board (including capital expenditure) for the ensuing year in such detail and form as the Board may determine.

(2) A copy of the estimates referred to in subsection (1) shall be sent to each member of the Board not less than fourteen days before the estimates are laid.”.

New section 27A

5. The principal Act is amended by inserting after section 27 the following section:

“Investment Panel

27A. (1) There shall be established an Investment Panel responsible for matters pertaining to the investment of the Fund which shall consist of the following members:

- (a) any person to be appointed by the Minister, who shall be the Chairman of the Investment Panel;
- (b) the Governor of the Central Bank of Malaysia or his representative;
- (c) a representative from the Ministry of Finance;
- (d) the chief executive officer, who shall be the secretary; and
- (e) three other persons who shall have experience in finance, business or other relevant experience, to be appointed by the Minister.

(2) The Investment Panel shall be subject to such directions as to general policy issued by the Board and approved by the Minister from time to time.

(3) The Investment Panel shall report its activities to the Board in such form and manner as the Board may determine.

(4) There may be paid to the members of the Investment Panel such allowances out of the Fund as the Board may, with the approval of the Minister, determine.

(5) The provisions of the Fourth Schedule shall apply to the members of the Investment Panel.”.

Substitution of section 28

6. The principal Act is amended by substituting for section 28 the following section:

“28. (1) The Investment Panel shall, subject to any direction issued under subsection 27A(2), invest moneys of the Fund in the following manner:

(a) by depositing—

- (i) in the Central Bank of Malaysia;
- (ii) in a licensed bank or a licensed investment bank duly licensed under the Financial Services Act 2013 [*Act 758*];
- (iii) in a licensed Islamic bank duly licensed under the Islamic Financial Services Act 2013 [*Act 759*]; or
- (iv) in any financial institution established by or under any written law;

(b) by investing—

- (i) in shares offered pursuant to an initial public offering that has been approved under the Capital Markets and Services Act 2007 [*Act 671*] or shares listed on a stock exchange which is approved under the Capital Markets and Services Act 2007; or
- (ii) in debentures, including debenture stock, bonds, notes and any other securities of a public company whether constituting a charge on the assets of the public company or not;

(c) in bonds or the purchasing of mortgage papers, commercial notes, banker's acceptances, money market papers, certificates of deposits, private debt securities, promissory notes and bills of exchange within the meaning of the Bills of Exchange Act 1949 [*Act 204*] and other negotiable instruments of a similar nature;

(d) in accordance with the provisions of the Trustee Act 1949 [*Act 208*];

- (e) in the provision of loans to the Federal Government;
or
- (f) in any other form of investment with the approval of the Minister.

(2) In relation to an investment in accordance with the provision of the Trustee Act 1949, where the Investment Panel invests in or upon titles to immovable property in Malaysia in accordance with paragraph 4(1)(c) of the Trustee Act 1949, such immovable property may or may not yield any income at the time of such investment.”.

New section 28A

7. The principal Act is amended by inserting after section 28 the following section:

“Power to establish companies

28A. The Board may, with the approval of the Minister, establish companies under the Companies Act 1965 [*Act 125*] to carry out and have the charge on or engage in any project, scheme or enterprise which has been planned or undertaken by the Board in the performance of its functions or the exercise of its powers under this Act.”.

New Fourth Schedule

8. The principal Act is amended by inserting after the Third Schedule the following Schedule:

“FOURTH SCHEDULE
[Subsection 27A(5)]

PROCEEDINGS OF THE INVESTMENT PANEL

Meetings of the Investment Panel

1. (1) The Investment Panel shall meet as and when required.

(2) The Chairman of the Investment Panel and two other members of the Investment Panel shall form a quorum at all meetings of the Investment Panel.

(3) The Chairman of the Investment Panel or, in his absence, the member elected by the members present shall preside over the meetings of the Investment Panel and such elected member shall exercise all powers of the Chairman of the Investment Panel in respect of that meeting.

(4) If the votes on any question are equal, the Chairman of the Investment Panel shall have the casting vote in addition to his original vote.

(5) The chief executive officer being the Secretary of the Investment Panel shall have no right to vote at all meetings of the Investment Panel.

(6) The Investment Panel shall cause minutes of all its meetings to be maintained and kept in a proper form.

(7) Any minute of meeting of the Investment Panel made shall, if duly signed, be admissible as evidence of the facts stated therein in any legal proceedings and every meeting in respect of which minute has been so made shall be deemed to have been duly convened and held and all members thereat to have been duly qualified to act.

Disclosure of interest by members

2. Every member of the Investment Panel who has direct or indirect interest in any matter which is under the deliberation of the Investment Panel shall disclose the nature of his interest to the Investment Panel and such disclosure shall be recorded in the minute of meeting of the Investment Panel; and such member shall not be present in the Investment Panel meeting where such matter is being deliberated by the Investment Panel.

Vacation of office

3. The office of a member of the Investment Panel shall be vacated if—
- (a) he dies;
 - (b) he has been convicted on a charge in respect of—
 - (i) an offence involving fraud or dishonesty;
 - (ii) an offence under any law relating to corruption; or
 - (iii) any other offences punishable with imprisonment (in itself only or in addition to or in lieu of a fine) for a term of not less than one year;
 - (c) he becomes bankrupt;
 - (d) he is of unsound mind or is otherwise incapable of discharging his duties; or
 - (e) he absents himself from three consecutive meetings without leave of the Chairman of the Investment Panel.”.

EXPLANATORY STATEMENT

This Bill seeks to amend the Inland Revenue Board of Malaysia Act 1995 (“Act 533”).

2. *Clause 1* seeks to provide for the short title of the proposed Act.
3. *Clause 2* seeks to amend subsection 6(1) of Act 533 to include the chief executive officer as a member of the Board and to increase the number of persons to be appointed by the Minister under paragraph 6(1)(e) from two persons to three persons.
4. *Clause 3* seeks to amend section 23 of Act 533 by inserting a new subsection (3) to provide for the expenditure of the Fund.
5. *Clause 4* seeks to amend section 24 of Act 533 to require the chief executive officer, not later than one month before the commencement of each financial year, to lay before the Board, in a meeting of the Board, an estimate of the expenditure of the Board (including capital expenditure) for the ensuing year. Such estimates shall be sent to each member of the Board not less than fourteen days before the estimates are laid.
6. *Clause 5* seeks to introduce a new section 27A into Act 533 for the establishment of an Investment Panel. This *clause* provides that the Investment Panel is subject to such directions as to general policy issued by the Board and approved by the Minister and the Investment Panel shall report its activities to the Board. This *clause* further provides that the provisions of the Fourth Schedule shall apply to the members of the Investment Panel.
7. *Clause 6* seeks to amend section 28 of Act 533 to expand the scope of investment of the Fund that may be made by the Investment Panel.
8. *Clause 7* seeks to introduce a new section 28A into Act 533 to empower the Board, with the approval of the Minister, to establish companies for the purpose of carrying out any project, scheme or enterprise in the performance of its functions or the exercise of its powers under Act 533.
9. *Clause 8* seeks to introduce a new Fourth Schedule into Act 533 relating to the conduct of proceedings of the Investment Panel referred to in subsection 27A(5).

FINANCIAL IMPLICATIONS

This Bill will not involve the Government in any extra financial expenditure.

[PN(U)2915]