

**Business Income  
VS  
Interest Income**

**营业收入 VS 利息收入**

**THE TAX ALGORITHM IS VERY DIFFERENT!!!**

**税务算法大不同!!!**





## Interest Income Is Assessed As Business Income If:

1. The debenture, mortgage or other source to which the interest relates forms part of the stock in trade of a person
2. The interest is receivable by a person in the course of **carrying on a business of lending money** and that business is licensed under any written law.

合法放贷所得利息被视为**营业所得**而非利息收入 税务算法将会以**营业收入**来计算 赚取营业收入所产生的费用都能拿来扣税





## Interest Income Is Not Treated As Business Income If:

It is taxable as Interest Income Pursuant to  
Paragraph 4 (c) of the ITA



1. Interest charged due to delay in payment of trade debt
2. Interest from an easy payment plan
3. Interest from Housing Development Account
4. Interest from fixed deposit placed as security
5. Interest arising from the excess of cash from working capital placed in the short term or long term investments .
6. Interest received by a person from loan given to employees
7. Interest received by an estate administrator after the death of a money lender





As interest income is not the company's operating income, the tax algorithm for interest income must be calculated separately from operating income

因为**利息收入**不是公司的营业收入，利息收入的税务算法必须和营业收入**分开计算**

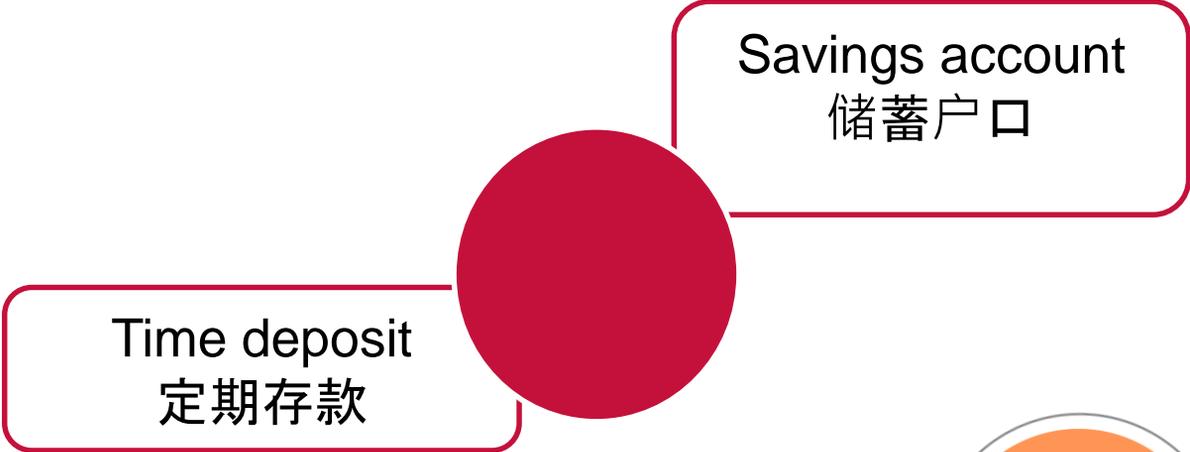
It will be taxed directly! All operating expenses cannot be used to deduct interest income tax

因为**利息收入**会直接课税！所有的营业支出不能用来扣利息收入的税务



# Sources of Interest Income 利息收入来源

1. Financial deposit product, including **FIXED DEPOSIT**  
and **SAVINGS ACCOUNTS**



Savings account  
储蓄户口

Time deposit  
定期存款



## 2. Negotiable Instruments of Deposit (NDI)

1. Certificate issued by financial institutions, stated the total savings amount, the **fixed** interest rate and the repayment date
2. It can be **traded** and may be **sold** by the original holder to any party in the secondary market before it matures

**Negotiable certificate of deposit**  
可转让定期存单



**Can be bought and sold**  
可以买卖



### 3. Repurchase Agreements (Repo)

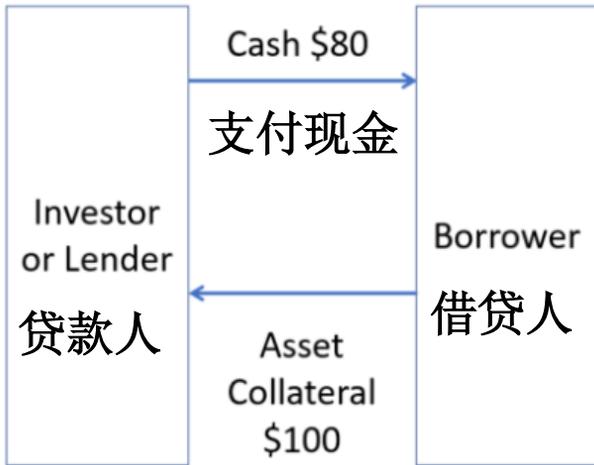
An **agreement of sales** of negotiable security by one party (example: financial institution) to another party (example: investor) with an agreement to **buy it back** at a specified and agreed date and price in the future

**Buyback agreement**

附买回协议

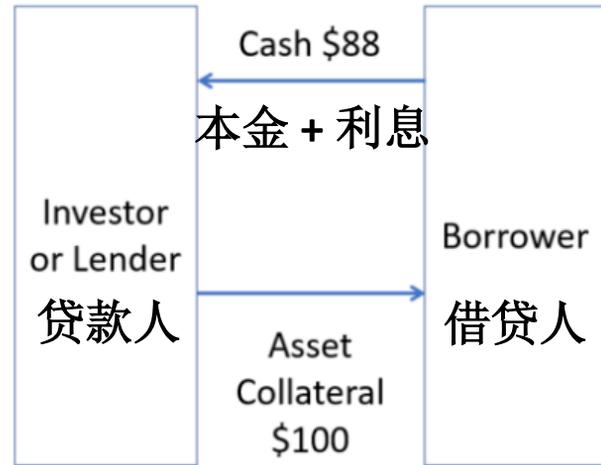


**Step One: Sale**



卖出债券

**Step Two: Buyback**



卖出债券

Source: Gary Gorton (Yale Economist): "Securitized Banking and the Run on Repo" (August 2009)



## 4(a) Debentures 债权证

- Medium- to long-term **debt instrument** usually used by large company to borrow money at a fixed rate of interest
- Interest on debenture normally accrues on a **specified date**
- Can be **acquired and disposed off** in the same manner as stocks
- Interest source income is deemed to commence on the date it **first accrued**



## 4(b) Mortgage & loan 抵押和贷款

- Private contracts between a lender and a borrower
- Lender cannot transfer the debt without the borrower's consent
- Payment date of interest on advances is stated in every agreement between the lender and the borrower.
- Income will accrue only on the **specified date for interest payment**



## 5. Gains Or Profits From Savings Accounts And Investments With Islamic Banks

According to the Syariah Law, concept of **interest does not exist** in Islamic banking.

However, **gains or profits received** and expenses incurred **in lieu of interest**, in transactions conducted in accordance with the Syariah principle shall apply the **taxation** on interest

伊斯兰(回教)银虽然不存在“利息”的概念，可一切替代“利息”的所得还是必须有与利息相同的税收待遇



For more clarification, please contact us!  
欲了解更多详情，赶快与我们联系吧！

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