



---

# INDIVIDUAL TAX BOOKLET

## 2024/2025



### **A. Submission of Individual Annual Tax Return (“Form BE and Form M”)**

The annual income tax return for individuals, i.e. the Form BE and Form M, for the Year of Assessment (“YA”) 2024 must be completed and submitted to the Inland Revenue Board (“IRB”) by 30 April 2025. Failure to submit the Form BE or the Form M within the statutory due date will constitute an offence under the Income Tax Act 1967 (“ITA”), which upon conviction, will be liable to a fine ranging from RM200 to RM20,000 or imprisonment for a term not exceeding 6 months or both. In addition, the IRB may impose a penalty up to 3 times the amount of tax payable.

Nevertheless, submission of the tax return may not be required, if the Monthly Tax Deduction (“MTD”) is elected as Final Tax by the taxpayer. The election is applicable only for Malaysian citizens.

Expatriates are still required to file their income tax return and apply for his or her tax clearance upon leaving the country. If the expatriate’s taxes are not cleared with the IRB, the IRB has the right to claim the outstanding tax payable from the employer. As such, employers need to ensure that expatriate employees have obtained their tax clearance before departing from Malaysia.

**B. Monthly Tax Deduction (“MTD”) (Potongan Cukai Pendapatan (“PCB”)) as Final Tax**

Although the Form BE or the Form M (for taxpayers earning employment income) must be submitted on or before 30 April each year, taxpayers have the option of not submitting the Form BE or the Form M with effect from the YA 2014. This is by deeming the MTD as the final tax. However, taxpayers must fulfil the following conditions:-

- a) Having only a single source of employment income;
- b) Benefits-In-Kind (“BIK”) and Value of Living Accommodation (“VOLA”) have been included in the MTD calculation;
- c) Employed by the same employer for 12 months in that YA;
- d) MTD is deducted according to Income Tax Rules;
- e) Taxes are not borne by the employer (unless MTD has been accurately accounted for); and
- f) Husband and wife elect for separate assessment.

The benefit of deeming the MTD as the final tax is for taxpayers to eliminate the daunting task of remembering the due date and collating the relevant documents for completing the Form BE or the Form M. Conversely, the disadvantage of deeming MTD as final tax is that taxpayers would have to forego the tax deduction claims (relief), which may result in a tax refund unless the **Form TP1** (form for claiming deductions and rebates for MTD purpose) has been submitted therefrom.

### **C. Residence Status**

The determination of a taxpayer's tax resident status in Malaysia is important as it determines the rate of tax (refer to Chapter D) and the entitlement to enjoy tax reliefs and rebates (refer to Chapter F). A taxpayer who is a non-tax resident will be taxed at a flat rate of 30% (refer to Chapter E) and will not qualify for any reliefs and rebates.

Regardless of nationality, the tax residency status of a taxpayer in Malaysia is determined based on rules as set in the ITA. A taxpayer is a tax resident in Malaysia for a particular YA if:-

- a) the taxpayer is in Malaysia on that basis year for a period or periods amounting in all to one hundred and eighty-two (182) days or more;
- b) the taxpayer is in Malaysia on that basis year for a period of less than one hundred and eighty-two (182) days and that period is linked by or to another period of one hundred and eighty-two (182) or more consecutive days throughout which he is in Malaysia in that basis year for the YA immediately preceding that particular YA or in that basis year for the YA immediately following that particular YA:-

Relaxation for temporary absence from Malaysia is provided to a taxpayer if the taxpayer was absent due to the following reasons:-

- o connected with his service in Malaysia and owing to service matters, attending conferences, seminars or study abroad;
  - o owing to ill-health involving the taxpayer or a member of his immediate family. Immediate family refers to parents, spouse and children; and
  - o in respect of social visits not exceeding fourteen days (14) days in the aggregate.
- c) the taxpayer is in Malaysia on that basis year for a period or periods amounting in all to ninety (90) days or more, having been with respect to each of any three (3) of the basis years for the four (4) YAs immediately preceding that particular YA either:-
    - o resident in Malaysia in accordance with the ITA;
    - o in Malaysia for a period or periods amounting in all to ninety (90) days or more in the basis year in question; or
  - d) the taxpayer is resident in Malaysia in accordance with the ITA for the basis year for the YA following the particular YA, having been so, resident for each of the basis years for the 3 YAs immediately preceding that particular YA.

**D. Individual Tax Rate for Tax Resident for the YA 2024 and YA 2025**

<b>Chargeable Income (RM)</b>	<b>Calculations (RM)</b>	<b>Rate %</b>	<b>YA 2024 and YA 2025 Tax Payable (RM)</b>
<b>0 - 5,000</b>	On the First 2,500	0	0
<b>5,001 - 20,000</b>	On the First 5,000	1	0
	Next 15,000		150
<b>20,001 - 35,000</b>	On the First 20,000	3	150
	Next 15,000		450
<b>35,001 - 50,000</b>	On the First 35,000	6	600
	Next 15,000		900
<b>50,001 - 70,000</b>	On the First 50,000	11	1,500
	Next 20,000		2,200
<b>70,001 - 100,000</b>	On the First 70,000	19	3,700
	Next 30,000		5,700
<b>100,001 - 250,000</b>	On the First 100,000	25	9,400
	Next 150,000		37,500
<b>250,001 - 400,000</b>	On the First 250,000	25	46,900
	Next 150,000		37,500
<b>400,001 - 600,000</b>	On the First 400,000	26	84,400
	Next 200,000		52,000
<b>600,001 - 1,000,000</b>	On the First 600,000	28	136,400
	Next 400,000		112,000
<b>1,000,001 – 2,000,000</b>	On the First 1,000,000	28	248,400
	Next 1,000,000		280,000
<b>2,000,001 and above</b>	-	30	-

**E. Individual Tax Rate for Non-Tax Resident for the YA 2024 and YA 2025**

YA 2024 and YA 2025 Tax Rate
30%

**F. Relief and Rebate**

Tax Deduction	Description (Compulsory Deduction under MTD)	YA 2024 (RM)	YA 2025 (RM)
Individual	Personal relief	9,000	9,000
Spouse	Non-working spouse	4,000	4,000
Child	Child below the age of 18 #	2,000	2,000
	<i>Disabled child (unmarried) #</i>	6,000	8,000
	<p>Child above the age of 18 receiving full-time education, diploma and degree onwards (including a disabled child) #</p> <p>**Courses and universities recognised by the Government, refer: <a href="http://www.jpa.gov.my/">http://www.jpa.gov.my/</a></p> <p># An individual will not be eligible to claim child relief if the child's total income, wherever derived or accruing, for that year exceeds the amount of the relief that would otherwise be allowed, effective from YA 2006 (Section 48(5) of the ITA).</p> <p>Deduction is applicable for an unmarried child who is over the age of 18 years and who is –</p> <p>(i) receiving full-time instruction (not including matriculation course or pre-degree or A-Level) at a university, college, or other similar educational establishment in Malaysia; or</p> <p>(ii) serving under articles or indentures with a view to qualify in a trade or profession in Malaysia; or</p> <p>(iii) receiving full-time instruction outside Malaysia in respect of a degree (including a degree at Master's or Doctorate level) or the equivalent of a degree.</p>	8,000	8,000

<i>Disabled Person</i>	<i>Additional personal deduction</i>	6,000	7,000
<i>Disabled Spouse</i>	<i>Additional spouse deduction</i>	5,000	6,000
Alimony	Alimony to former wife (mutually exclusive with spouse relief).	4,000	4,000



Tax Deduction	Description (Optional Deduction under MTD)	YA 2024 (RM)	YA 2025 (RM)
Annuity	<p>Annuity Scheme Premium / Private Retirement Scheme ("PRS").</p> <p><i>Budget 2025 : The relief will be extended for 5 years until YA 2030.</i></p>	3,000	3,000
Medical Examination	<p>The scope of relief for medical examination for taxpayer, spouse or child include:</p> <ul style="list-style-type: none"> <li>i) Complete medical examination for self / spouse / child;</li> <li>ii) COVID-19 detection tests and self-detection test kit; and</li> <li>iii) Mental health examination or consultation by a registered psychiatrist, clinical psychologist or counsellor.</li> </ul> <p><i>Effective YA 2025, relief for full medical check-up, mental health check-up or consultation and COVID-19 detection test be expanded as follows:</i></p> <ul style="list-style-type: none"> <li><i>i) Full medical check-up, mental health check-up / screening or consultation;</i></li> <li><i>ii) Purchase of self-test kit, such as COVID-19 and influenza test kit;</i></li> <li><i>iii) Purchase of self-testing medical devices such as glucometer, pulse oximeter, blood pressure monitor and thermometer; and</i></li> <li><i>iv) Fees for disease detection examination conducted at clinic or hospital, such as blood test, ultrasound, mammogram and pap smear.</i></li> </ul>	1,000	1,000
Education	<p>Education fee for technical skills/qualifications at tertiary level or postgraduate.</p> <p>The relief includes up-skilling or self-enhancement courses recognized by the Department of Skills Development, Ministry of Human Resources, which is limited to RM2,000.</p>	7,000	7,000
<i>Medical Insurance</i>	<i>Insurance premium for education or medical benefits for self/spouse/child.</i>	3,000	4,000
Employee Provident Fund	Employee Provident Fund ("EPF") contribution	4,000	4,000

Tax Deduction	Description (Optional Deduction under MTD)	YA 2024 (RM)	YA 2025 (RM)
Parent Medical	<p>Medical expenses for parents. The scope of relief includes:-</p> <p>i) expenses to care for parents, i.e. through carer, for parents who suffer from diseases, physical or mental disabilities and need regular treatment certified by a qualified medical practitioner, treatment and care at home, daycare centres or home care centres.</p> <p><i>Effective YA 2025, the expenses will be expanded to include grandparents.</i></p>	8,000	8,000
	<p>ii) Complete medical examination for parents of up to RM1,000.</p> <p><i>Effective YA 2025, the medical examination will expand to include vaccination.</i></p>	1,000	1,000
Child Education Saving	<p>Net Deposit in National Education Savings Scheme (“SSPN”) for a child.</p> <p>Effective YA 2025, new conditions for deduction:</p> <ul style="list-style-type: none"> <li>○ Relief can only be claimed by either parents regardless of the number of children;</li> <li>○ Net deposited amount is deductible up to a maximum of RM8,000; and</li> <li>○ Withdrawals excludes withdrawals to finance tertiary education.</li> </ul> <p>From YA 2025 until YA 2027.</p>	8,000	8,000
Social Security Organisation	<p>Social Security Organisation (“SOCSO”) Contribution Scheme including Employment Insurance System (“EIS”) contributed.</p>	350	350
Life Insurance	<p>Life insurance and takaful contributions for self or spouse. The tax relief for life insurance premium or takaful contribution is expanded to cover additional voluntary contribution to EPF.</p>	3,000	3,000



Tax Deduction	Description (Optional Deduction under MTD)	YA 2024 (RM)	YA 2025 (RM)
<p><i>First Residential Home</i></p>	<p><i>To encourage the purchase of a first residential home among rakyat and to increase disposable income, it is proposed that individual income tax relief be given on the interest payments for the first residential home loan (individually or jointly owned).</i></p> <p><i>Individual income tax relief on the interest payment is subject to the following conditions:</i></p> <ul style="list-style-type: none"> <li><i>i) the residential home must not be used to generate any income;</i></li> <li><i>ii) the sales and purchase agreement must be executed from 1 January 2025 until 31 December 2027;</i></li> <li><i>iii) the amount of individual income tax relief on allowable interest payments is applicable for 3 consecutive years of assessment, commencing from the first year the housing loan interest is paid; and</i></li> <li><i>iv) two or more individuals are eligible to claim tax relief on housing loan interest for the same residential home based on apportionment of the interest payment.</i></li> </ul> <p><i>For the sales and purchase agreement of the first residential home executed from 1 January 2025 until 31 December 2027.</i></p>	<p>-</p>	<p><i>House Price up to RM500,000 : 7,000</i></p> <p><i>House Price above RM500,000 to RM750,000 : 5,000</i></p>

Tax Deduction	Description (Optional Deduction under MTD)	YA 2024 (RM)	YA 2025 (RM)
Self Medical	<p>Medical expenses for self/spouse/children on serious diseases (include the following).</p> <p>i) Medical expenses on serious diseases include the treatment of acquired immune deficiency syndrome (“AIDS”), Parkinson’s disease, cancer, renal failure, leukaemia and other similar diseases such as heart attack, pulmonary hypertension, chronic liver disease, fulminant viral hepatitis, head trauma with neurological deficit, brain tumour or vascular malformation, major burns, major organ transplant and major amputation of limbs.</p>	10,000	10,000
	<p>ii) vaccination expenses up to RM1,000 for taxpayer, spouse and child. Vaccines eligible include Pneumococcal, Human Papillomavirus, Influenza, Rotavirus, Varicella, Meningococcal, combination of tetanus-diphtheria-acellular pertussis, Covid-19 vaccine and Covid-19 screenings.</p>	1,000	1,000
	<p>iii) Dental examination and treatment expenses up to RM1,000 from dental practitioners registered with the Malaysian Dental Council.</p>	1,000	1,000
	<p>iv) <i>scope of relief is expanded to include the following expenses in respect of the taxpayer’s child who is age 18 and below:</i></p> <ul style="list-style-type: none"> <li>o <i>Assessment for the purpose of diagnosis of learning disability</i></li> <li>o <i>Early intervention programme or rehabilitation treatment for learning disability</i></li> </ul> <p><i>Learning Disabilities herein refer to Autism Spectrum Disorder, Attention Deficit Hyperactivity Disorder, Global Development Delay, Intellectual Disability, Down Syndrome and Specific Learning Disability.</i></p>	4,000	6,000

Tax Deduction	Description (Optional Deduction under MTD)	YA 2024 (RM)	YA 2025 (RM)
Breastfeeding Equipment	Purchase of breastfeeding equipment. Applicable to working women with a child aged up to 2 years (every 2 years).	1,000	1,000
Lifestyle	Purchase of:- <ul style="list-style-type: none"> <li>○ Books, journals, magazines and printed daily newspapers.</li> <li>○ Computer, smartphone and tablet</li> <li>○ Subscription of broadband internet</li> <li>○ Subscription for electronic newspapers</li> <li>○ Participation in self skills enhancement courses such as language, photography and sewing courses.</li> </ul>	2,500	2,500
Fees Paid to Childcare Centres and Kindergartens	Individuals who enrol children up to 6 years of age, in childcare centres or kindergartens registered with the Department of Social Welfare or Ministry of Education.	3,000	3,000
Electric Vehicle	Tax relief up to RM2,500 is claimable on expenses related to cost of installation, rental, purchasing including hire-purchase equipment or subscription fees for electric vehicle charging facilities.  Effective YA 2025, the relief is expanded to include the purchase of food waste composting machines for household use. The relief for the purchase of food waste composting machines be allowed to be claimed once within 3 years of assessment.	2,500	2,500

Tax Deduction	Description (Optional Deduction under MTD)	YA 2024 (RM)	YA 2025 (RM)
Sports Activities and Equipment	<p><i>Individual income tax relief on expenses for sports equipment and activities for self, spouse or child. The scope for tax relief includes:-</i></p> <ul style="list-style-type: none"> <li>○ <i>Sports equipment (refer to Sports Development Act 1997);</i></li> <li>○ <i>Entry/rental fees for sports facilities and participation fees in sports competitions; and</i></li> <li>○ <i>Training fees imposed by associations / sports clubs / companies registered with Commissioner of Sports or Companies Commission of Malaysia and sports activities listed under the Sports Development Act 1997.</i></li> </ul> <p><i>Effective YA 2025, the tax relief is expanded to include expenses incurred for parents.</i></p>	1,000	1,000
Supporting	Necessary basic supporting equipment for disabled self / spouse / child / parent	6,000	6,000
Zakat	Obligatory payment under Islamic law	No limit	No limit

**G. Tax Exempt Allowance (Part F of Form EA)**

Tax Exempt Allowance	Description	Max Amount YA 2024 (RM)	Max Amount YA 2025 (RM)
Petrol & Travelling	Petrol card / allowance / travel allowance / toll payment (for official duties)	6,000	6,000
Parking	Parking rate and allowance (limited to the actual amount expended)	-	-
Meal	Meal allowance on regular basis and given at the same rate to all employees (limited to the actual amount expended)	-	-
Childcare	Childcare allowance (up to 12 years of age)  <i>It is proposed that effective YA 2025, the exemption be expended to include allowance / expenses paid for elderly care (parents / grandparents)</i>	3,000	3,000
Phone	Mobile phone, tablet and laptop	5,000	5,000
Phone Bills	Monthly phone bills	1 line	1 line
Perquisite	Awards (including cash and kind)	2,000	2,000
Loan Interest	Subsidised interest for housing, education or car loan	-	-
Devices	Amount received for the purpose of obtaining a smartphone, tablet or a personal computer	5,000	5,000

**H. Donation to Approved Institution or Organisation**

A person is allowed for a deduction against its aggregate income (up to 10%) for gifts of money made to any approved institution or organisation [Section 44(6) of the ITA]. For a comprehensive search of approved institutions or organisations, refer Hasil website [HERE](#).

**I. Additional Expenses Claimable under Employment Income**

No.	Description	Amount (RM)
1	Annual subscription to professional bodies which is relevant to the performance of duties	Based on the amount expended
2	Entertainment expenditure incurred by the employee in entertaining existing clients on behalf of the employer	Based on the amount expended
3	Travelling expenditure incurred by an employee in the course of exercising of his / her duties as an employee	Based on the amount expended

**J. Income Tax Rebate and Special Relief**

No.	Description	Amount (RM)
1	Rebate given if: <ul style="list-style-type: none"> <li data-bbox="352 443 906 477">○ Chargeable income not exceed RM35,000</li> <li data-bbox="352 506 1102 566">○ Additional rebate for a non-working spouse or combined assessment</li> </ul>	400  400



**Song Liew**  
 Licensed Tax Agent, CA(M), ACTIM(M), FCCA(UK), CPA(AUS), CFMP, ASEAN  
 CPA, CFP  
 Founder of ANC Group

This taxletter is provided gratuitously and without liability. It is intended as a general guide only. Readers should seek appropriate professional advice regarding any particular problems they encounter. Accordingly, ANC Group assumes no responsibility for any errors or omissions it may contain, whether caused by negligence or otherwise, or any losses, however caused, sustained by any person that relies on it. For further information, clarification or advice on any of the contents stated herein, please feel free to contact our team.