



INDIVIDUAL TAX BOOKLET 2020/2021



LEMBAGA HASIL DALAM NEGERI MALAYSIA
RETURN FORM OF AN INDIVIDUAL
(RESIDENT WHO DOES NOT CARRIES ON BUSINESS)
UNDER SECTION 77 OF THE INCOME TAX ACT 1967
This form is prescribed under section 152 of the Income Tax Act 1967

Form
BE YEAR OF ASSESSMENT
2020
CP4B – Pin. 2020

BASIC PARTICULARS			
1 Name (As per identification document)			
2 Income tax no.		3 Identification no.	
4 Current passport no.		5 Passport no. registered with LHDNM	

PART A: PARTICULARS OF INDIVIDUAL			
A1 Citizen	Use country code (Enter 'MY' if Malaysian citizen)	A2 Gender	1 = Male 2 = Female
A3 Date of birth	(dd/mm/yyyy)	A4 Status as at 31-12-2020	1 = Single 2 = Married 3 = Divorced / widow / widower 4 = Deceased
A5 Date of marriage / divorce / demise	(dd/mm/yyyy)		
A6 Type of assessment	1 = Joint in the name of husband 3 = Separate 2 = Joint in the name of wife 4 = Self whose spouse has no income, no source of income or has tax exempt income 5 = Self (Single / divorcee / widow / widower / deceased)		

PART B: COMPUTATION OF INCOME TAX			RM	Sen
B1 Statutory income from employment	B1a Number of employment	B1		.00

A. Submission of Individual Annual Tax Return ("Form BE / M")

The annual income tax return for individual, the Form BE / M for the Year of Assessment ("YA") 2020 must be completed and submitted to the Inland Revenue Board ("IRB") by 30 April 2021. Failure to submit the Form BE / M within the due date will constitute an offence under the Income Tax Act 1967 ("ITA") in 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, 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 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 / her tax clearance upon leaving the country. If the expatriate's taxes are not cleared with the IRB, the IRB has every right to claim the outstanding tax payable from the employer. As such, employers need to ensure that expatriate employees have cleared their taxes before departing from Malaysia.

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

Although the Form BE / M (which only has employment income) must be submitted by 30 April each year, the IRB also offered the option of not submitting the Form BE / M with effect from the YA 2014 (Budget 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 taken into account in the MTD calculation;
- c) Service with the same employer for 12 months in that YA;
- d) MTD is deducted according to Income Tax Rules;
- e) Tax is not borne by the employer; and
- f) Husband and wife elect for separate assessment.

The benefit of deeming the MTD as final tax is for taxpayer is to eliminate the daunting task of remembering the due date and collating the relevant documents for completing the Form BE / M. Conversely, the disadvantage of deeming MTD as final tax is that the taxpayer would have to forego the deductions claim (relief) which may result in a tax refund, unless the Form TP1 (claiming individual deduction and rebate 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 determine the rate of tax (refer Chapter D) and the entitlement to enjoy tax reliefs and rebates (refer Chapter F). A non-tax resident will be taxed at a flat rate of 30% (refer Chapter E) and will not be entitled to any reliefs and rebates. For instance, an individual having an income of RM100,000; being a tax resident, the tax payable is RM9,010 or lesser. As a non-tax resident, the tax payable is RM30,000.

Regardless of nationality, the tax residency of a taxpayer in Malaysia is determined based on a set of rules in the Income Tax Act 1967. A taxpayer is resident in Malaysia for the basis year for a particular YA if:-

- a) taxpayer is in Malaysia in that basis year for a period or periods amounting in all to one hundred and eighty-two (182) days or more;
- b) taxpayer is in Malaysia in that basis year for a period of less than one hundred and eight-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 given to taxpayer if he was absent due to the following reasons:-

- connected with his service in Malaysia and owing to service matters, attending conferences, seminars or study abroad;
 - owing to ill-health involving taxpayer or a member of his immediate family. Family refers to spouse and children; and
 - in respect of social visits not exceeding fourteen days (14) days in the aggregate.
- c) taxpayer is in Malaysia in 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) YA immediately preceding that particular YA either:-
 - resident in Malaysia in accordance to the Income Tax Act 1967
 - in Malaysia for a period or periods amounting in all to ninety (90) days or more in the basis year in question; or

- d) taxpayer is resident in Malaysia in accordance to Income Tax Act 1967 for the basis year for the YA following the particular YA, having been so, resident for each of the basis years for the 3 YA immediately preceding that particular YA.

Tax Residency for the YA 2020

The unprecedented COVID-19 pandemic has caused complications in determining the residence status of expatriate taxpayers in Malaysia. For example, expatriates who attended meetings overseas were denied entry in to Malaysia, due to travel restriction imposed by the Malaysian Government. Although the services rendered by the expatriate is related to its employment in Malaysia, as the expatriate is physically outside of Malaysia, the one hundred and eighty-two (182) physical presence days in Malaysia remained questionable.

Fortunately, the IRB provides relaxation to allow period of temporary absence to be taken to form part of the taxpayer's period or periods in Malaysia for the purpose of determining tax residency. However, such period of temporary absence must be supported by proper documentations and information. These documentations and information must be kept and submitted to the IRB upon request. Example of documents may include (but not restricted to) travel documents, local or foreign authority travel restrictions guidelines and similar relevant documents which may prove that the taxpayer's temporary absence or presence in Malaysia was due to COVID-19 travel restrictions or documents which indicate that effort was taken by the taxpayer to return to Malaysia during the Movement Control Order period.

The Movement Control Order period starts from 18 March 2020 as prescribed and extended by the Ministerial Order made under Section 11 of the Prevention and Control of Infectious Diseases Act 1988 and as gazetted from time to time.

Application for the determination of the taxpayer's resident status during the Movement Control Order period must be referred to the IRB's branch that handles the taxpayer's income tax file. Each application will be reviewed and assessed in accordance to the merit of the case. Confirmation of taxability from foreign tax authorities may be requested if such need arises.

D. Individual Tax Rate for Tax Resident for the YA 2020 & YA 2021

Chargeable Income	Calculations (RM)	Rate %	YA 2020 Tax Payable (RM)	YA 2021 Tax Payable (RM)
0 - 5,000	On the First 2,500	0	0	0
5,001 - 20,000	On the First 5,000	1	0	0
	Next 15,000		150	150
20,001 - 35,000	On the First 20,000	3	150	150
	Next 15,000		450	450
35,001 - 50,000	On the First 35,000	8	600	600
	Next 15,000		1200	1200
50,001 - 70,000	On the First 50,000	14 (YA 2020)	1,800	1,800
	Next 20,000	13** (YA 2021)	2,800	2,600
70,001 - 100,000	On the First 70,000	21	4,600	4,400
	Next 30,000		6,300	6,300
100,001 - 250,000	On the First 100,000	24	10,900	10,700
	Next 150,000		36,000	36,000
250,001 - 400,000	On the First 250,000	24.5	46,900	46,700
	Next 150,000		36,750	36,750
400,001 - 600,000	On the First 400,000	25	83,650	83,450
	Next 200,000		50,000	50,000
600,001 - 1,000,000	On the First 600,000	26	133,650	133,450
	Next 400,000		104,000	104,000
1,000,001 – 2,000,000	On the First 1,000,000	28	237,650	237,450
	Next 1,000,000		280,000	280,000
2,000,001 and above	-	30	-	-

** It is proposed that Income tax rate for resident individuals will be reduced by 1% (tax saving of RM200) for chargeable income band of RM50,001 to RM70,000. Effective YA 2021.

E. Individual Tax Rate for Non Tax Resident for the YA 2020 & YA 2021

YA 2020 Tax Rate	YA 2021 Tax Rate
30%	30%

F. Relief and Rebate

Tax Deduction	Description (Compulsory Deduction under MTD)	YA 2020 (RM)	YA 2021 (Proposed) (RM)
Individual	Personal relief	9,000	9,000
Spouse	Non-working spouse (updated 01.01.2017 – working overseas not eligible) <i>**House Expenses not eligible. Husband's responsibility</i>	4,000	4,000
Child	Child below the age of 18	2,000	2,000
	Disabled child (unmarried)	6,000	6,000
	Child above the age of 18 receiving full time education, diploma and degree onwards (including disabled child) <i>**Courses and universities recognised by Government, refer: http://www.jpa.gov.my/</i>	8,000	8,000
Disabled Person	Additional personal deduction	6,000	6,000
Disabled Spouse	Additional spouse deduction	3,500	5,000

Tax Deduction	Description (Optional Deduction under MTD)	YA 2020 (RM)	YA 2021 (Proposed) (RM)
Alimony	Alimony to former wife (mutually exclusive with spouse relief)	4,000	4,000
Annuity	Annuity Scheme Premium / Private Retirement Scheme ("PRS"). Extend from YA 2021 to YA 2025.	3,000	3,000
Medical	Complete medical examination for self / spouse / child	500	1,000
Education	<p>Education fee for technical skills / qualifications at tertiary level or postgraduate</p> <p>Effective YA 2021 and YA 2022:</p> <p>It is proposed that the relief will be extended to include up-skilling or self enhancement courses recognized by the Department of Skills Development, MOHR. The tax relief is limited to RM1,000 for each YA.</p>	7,000	7,000
Medical Insurance	Insurance premium for education or medical benefits for self or child	3,000	3,000
Employee Provident Fund	Employee Provident Fund ("EPF") Contribution	4,000	4,000
Life Insurance	Life insurance and Takaful	3,000	3,000
Parent Medical	<p>Medical expenses for parent</p> <p>Include 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 qualified medical practitioner. Include treatment and care at home, day care centres or home care centres.</p>	5,000	8,000

Tax Deduction	Description (Optional Deduction under MTD)	YA 2020 (RM)	YA 2021 (Proposed) (RM)
Self Medical	<p>Medical expenses for self / spouse and children on serious diseases (include medical examination RM500)</p> <p><u>Serious Diseases:</u></p> <p>Medical expenses on serious diseases includes 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. Amount expended on own self, spouse or child is deductible up to a maximum of RM6,000 but total relief allowable for both items, medical examination expenses and medical expenses is restricted to RM6,000.</p> <p>Effective YA 2020:</p> <p>The scope of income tax relief on medical treatment expenses be expanded to cover the cost of fertility treatment.</p> <p>Effective YA 2021:</p> <p>It is proposed that the scope of income tax relief on medical treatment expenses be expanded to include 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 (Budget 2021) and Covid-19 screenings (PERMAI).</p>	6,000	8,000
Child Education Saving	Net Deposit in National Education Savings Scheme ("SSPN") for child [up to RM12,000 with Life Insurance (i-SSPN)] (extended from YA 2020 to YA 2022)	8,000	8,000

Tax Deduction	Description (Optional Deduction under MTD)	YA 2020 (RM)	YA 2021 (Proposed) (RM)
Father	Parental Care (Father) (YA 2016 – YA 2020) <ul style="list-style-type: none"> ○ Taxpayer does not claim relief on medical expenses for parent ○ Legitimate natural parent and foster parent in accordance with respective law ○ Parent aged 60 and above ○ Parent is a resident in Malaysia ○ Parent annual income not exceeding RM24,000 <i>**can share among siblings.</i>		
Mother	Parental Care (Mother) (YA 2016 – YA 2020) <ul style="list-style-type: none"> ○ Taxpayer does not claim relief on medical expenses for parent ○ Legitimate natural parent and foster parent in accordance with respective law ○ Parent aged 60 and above ○ Parent is a resident in Malaysia ○ Parent annual income not exceeding RM24,000 <i>**can share among siblings.</i>	1,500	-
Supporting	Necessary basic supporting equipment for disabled self / spouse / child / parent	6,000	6,000
Social Security Organisation	Social Security Organisation ("SOCSO") Contribution Scheme	250	250
Travel	Domestic travel expenses incurred for: - <ul style="list-style-type: none"> ○ Accommodation expenses at premises registered with the Ministry of Tourism, Arts and Culture Malaysia; and ○ Entrance fees to tourist attractions. 	1,000	1,000

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

Tax Exempt Allowance	Description	Max Amount (RM)
Petrol & Travelling	Petrol card / allowance / travel allowance / toll payment (for official duties)	6,000
Parking	Parking rate and allowance (limited to actual amount expended)	-
Meal	Meal allowance on regular basis and given at the same rate to all employees (limited to actual amount expended)	-
Childcare	Childcare allowance (up to 12 years of age)	2,400
Phone	Mobile phone, tablet and laptop (under PENJANA)	5,000
Phone Bills	Monthly phone bills	1 line
Perquisite	Awards (including cash and kind)	2,000
Loan Interest	Subsidised interest for housing, education or car loan	-
Perbadanan Tabung Pendidikan Tinggi Nasional ("PTPTN")	Educational loan paid by employer on behalf of his employee	-

H. Donation to Approved Institution or Organisation

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

I. Additional Expenses Claimable under Employment Income

	Description	Amount (RM)
1	Annual subscription to professional bodies which is relevant to the performance of duties	Based on amount expended
2	Entertainment expenditure incurred by the employee in entertaining existing client on behalf of employer	Based on amount expended
3	Travelling expenditure incurred by employee in the course of exercising of his / her duties as an employee	Based on amount expended

J. Income Tax Rebate and Special Relief

	Description	Amount (RM)
1	Rebate given if:	
	o Chargeable income not exceed RM35,000	400
	o Additional rebate for non-working spouse or combined assessment	400

K. Special Exemption for YA 2019 to YA 2021

Educational loan under PTPTN paid by an employer on behalf of his employee who is a Malaysian citizen, working full time and not a “relative” to the employer / director under the ITA, is fully exempted.

[PU(A) 414/2019: YA 2019 to YA 2021]



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