

## **TAXATION ON INDIVIDUAL BUSINESS INCOME: WHAT DO YOU NEED TO KNOW?**

Taxation on employment income can be easily determined if an individual has Monthly Tax Deduction or MTD deducted by the employer from their monthly salary. Annual income exceeding RM37,333 after Employees Provident Fund (EPF) deduction can also be an indicator for determining tax liability for individuals in this category.

How to determine taxation of business income for individuals? The profit from business is not necessary consistent every month. So, what do you need to know about taxation on individuals with business income?

### **Individuals subject to business income tax**

Taxation on business income is imposed on businesses or professions that receive money into individual bank accounts including Youtubers, Instafamous, influencers or those who do paid reviews and others. The list of taxable income for individuals can be referred at [www.hasil.gov.my](http://www.hasil.gov.my) by typing the keyword 'WHEN IS TAXABLE' on the main page of the Official HASiL Portal.

For this category, there is no minimum income threshold to be taxed. Therefore, you need to register your income tax file as soon as the business is registered or a career is started.

### **Concerns about declare income**

Few individuals refuse to declare their income to the Inland Revenue Board of Malaysia (HASiL) due to concerns on having to pay high amount of taxes. Income tax is levied on individuals at rates from 0% to 30% depending on the reported income. This means, the higher the income, the higher the tax rate and vice versa. So, there is no worries on declaring income.

Taxable income can be reduced by claiming all business expenses and eligible tax reliefs. You can also claim all expenses wholly and exclusively incurred in generating income as a deduction in adjusted income calculation, but take note that personal expenses or capital expenses are not eligible to claim.

**Follow these steps to be a responsible taxpayer:**

- Register your income tax file online through the e-Daftar application at mytax.hasil.gov.my if you do not have an Income Tax Number.
- Declare your income through the e-Filing service at mytax.hasil.gov.my. For resident individuals with business income sources, you need to select Form B. Choose Form M if the individual is a non-resident.
- Pay income tax (if applicable) using ByrHASiL also at mytax.hasil.gov.my.
- Ensure you remember the deadline submission of tax form for individuals with business income, which is no later than 30 June every year. Grace period given until 15 July for e-Filing users.
- Once you have completed reporting your income and paying taxes, remember to keep documents, records, and business accounts for 7 years.
- Prepare accounts and statements for other income and comply with Notice of Instalment Payment (CP500).
- Notify HASiL in writing if the business is terminated or if there is a changes in partners.

**Don't know how to get started?**

Don't worry, HASiL can help. If you are interested in obtaining group taxation advisory services representing companies, associations, and others, you can apply for HASiL to conduct seminars at your location face-to-face or via webinar by sending an email to [taxeducation@hasil.gov.my](mailto:taxeducation@hasil.gov.my)

**Why should you report and pay income tax?**

Reporting and paying income tax is an obligation on those who are eligible for taxation under taxation law. By paying taxes, you have actually helped yourself to verify your income for official purposes and it is easy to receive special government assistance. For example, financial applications for purchasing a house or vehicle.

Through tax reporting, you also contribute to country's development expenses including security purposes, public facilities, health services, education, welfare which benefit all Malaysian. So, let's fulfill our obligations as responsible taxpayers for the well-being of ourselves and the nation.

## Special Voluntary Disclosure Programme (SVDP) 2.0

### *An opportunity for those who have never reported taxes from previous years*

Now is the time for new taxpayer who has business income or gain on disposal assets but never declared income to HASiL.

You can declare income through Special Voluntary Disclosure Programme (SVDP) 2.0 from now **until 31<sup>st</sup> May 2024**. SVDP 2.0 is offered to all categories of taxpayers except the employer file category.



The penalties imposed are at a rate of 0% and no audits or further investigations will be conducted for the assessment years related to voluntarily reported income under this programme if the tax payment made within the stipulated period.

Let's declare and pay tax now! For more information visit the Official Portal of HASiL at [www.hasil.gov.my](http://www.hasil.gov.my)

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