



INLAND REVENUE BOARD OF MALAYSIA

**TAXATION OF A RESIDENT INDIVIDUAL
PART III –
COMPUTATION OF INCOME TAX AND
TAX PAYABLE**

PUBLIC RULING NO. 3/2023

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DIRECTOR GENERAL'S PUBLIC RULING

Section 138A of the Income Tax Act 1967 (ITA) provides that the Director General of Inland Revenue is empowered to make a Public Ruling in relation to the application of any provisions of the ITA.

A Public Ruling is published as a guide for the public and officers of the Inland Revenue Board of Malaysia. It sets out the interpretation of the Director General in respect of the particular tax law and the policy as well as the procedure applicable to it.

The Director General of Inland Revenue may withdraw this Public Ruling either wholly or in part, by notice of withdrawal or by publication of a new Public Ruling.

**Director General of Inland Revenue,
Inland Revenue Board of Malaysia.**

1. Objective

The objective of this Public Ruling (PR) is to explain the computation of income tax and the tax payable by an individual who is resident in Malaysia.

2. Relevant Provisions of The Law

2.1 This PR takes into account laws which are in force as at the date this PR is published.

The provisions of the ITA related to this PR are sections 2, 6, 6A, 7, 20, 21, 44 to 51 and Schedule 1.

3. Interpretation

The words used in this PR have the following meaning:

3.1 “Individual” means a natural person.

3.2 “Total income” for a year of assessment (YA) is the aggregate income less business losses for the basis year, expenditure under Schedule 4, 4B and gifts of money and contributions in kind, manuscripts, artefacts and paintings under section 44 of the ITA.

3.3 “Basis period” in relation to a person, a source of his and a YA, means such basis period, if any, as is ascertained in accordance with section 21 of the ITA.

3.4 “Year of assessment” means calendar year.

3.5 “Basis year” means the calendar year coinciding with a year of assessment shall constitute the basis year for that year of assessment, as is ascertained in accordance with section 20 of the ITA.

4. Computation of Income Tax and Tax Payable

4.1 After ascertaining the chargeable income as explained in detail in PR No. 5/2022 titled "Taxation of a Resident Individual Part II - Computation of Total Income and Chargeable Income", the next step is to compute the income tax charged and the income tax payable by an individual or tax repayable to the individual.

4.2 Income tax charged for each YA upon the chargeable income of every individual resident for the basis period for that year shall be given a tax rebate

before any tax credit set off is allowed in accordance with subsection 6A (1) of the ITA.

- 4.3 The format for the computation of the income tax charged and tax payable by/ repayable to the individual is as follows:

	RM	RM
Chargeable income	XX	
Tax on the first XX of chargeable income		XX
Tax on the balance XX of chargeable income @ XX%		<u>XX</u>
Income tax charged		XX
Less: Tax Rebate		
• Individual	XX	
• Spouse	XX	
• Departure levy paid for the purpose of performing <i>umrah</i> or other religious pilgrimage (limited to two times departure)	XX	
• <i>Zakat</i> and <i>fitrah</i>	<u>XX</u>	XX
Less: Tax credit		
• Tax credit from unit trust, real estate investment trust	XX	
• Bilateral credit on foreign income where there is a double taxation agreement	XX	
• Unilateral credit on foreign income where there is no double taxation agreement	<u>XX</u>	<u>XX</u>
Income tax payable / repayable		<u>XX</u>

- 4.4 For a resident individual, income tax shall be charged upon the chargeable income of the individual at the scale rate as specified in Part 1 of Schedule 1 of the ITA.

5. Tax Rebate

5.1 Tax rebate is given to an individual who is resident in Malaysia for the basis year for a YA in accordance with subsection 6A(2), (2A) and (3) of the ITA to reduce the amount of tax payable by that individual. The amount of tax rebate is deducted from the income tax charged in ascertaining the tax payable.

5.2 There are two types of tax rebates allowed, as follows:

- a) tax rebate which is given without being related to any expenses when the conditions laid down are fulfilled such as personal rebate; and
- b) tax rebate which is given when a taxpayer makes actual expenses such as rebate for departure levy, *zakat* and *fitrah*.

5.3 Pursuant to subsection 6A(4) of the ITA, where in a YA, the tax rebate is greater than the income tax charged, the excess is not to be –

- a) refunded to the taxpayer; or
- b) carried forward as a credit to be allowed against the individual's tax liability for subsequent years of assessment.

5.4 Personal rebate

Subsection 6A(2) of the ITA provides that the tax rebate can be claimed by an individual who is resident and has chargeable income for the basis year for a YA as follows:

- a) A rebate of RM400 is granted to an individual who has been allowed a deduction for self and dependent relatives under paragraph 46(1)(a) of the ITA for that year of assessment and his chargeable income for the basis year does not exceed RM35,000 – paragraph 6A(2)(a) of the ITA.
- b) A rebate of RM400 is granted to a husband who has been allowed a deduction for wife under subsection 47(1) or (2) of the ITA for that year of assessment and his chargeable income for that basis year does not exceed RM35,000 – paragraph 6A(2)(b) of the ITA.
- c) A rebate of RM400 is granted to a wife who has been allowed a deduction for husband under section 45A of the ITA for that year of assessment and her chargeable income for the basis year does not exceed RM35,000 – paragraph 6A(2)(c) of the ITA.

Example 1

Nadia, who is resident in Malaysia for the year 2022 and has chargeable income of RM34,000 for the year ended 31.12.2022.

For YA 2022, Nadia –

- is resident in Malaysia and entitled to a deduction for self and dependent relatives under paragraph 46(1)(a) of the ITA; and
- has chargeable income not exceeding RM35,000,

hence, she is entitled to a personal rebate of RM400 for YA 2022.

Income Tax Payable by Nadia for YA 2022

	RM
Chargeable income	34,000
Tax on the first RM20,000 of chargeable income	150.00
Tax on the balance of chargeable income RM14,000 @ 3%	<u>420.00</u>
Total income tax charged	570.00
Less: Self rebate - paragraph 6A(2)(a) of the ITA	<u>400.00</u>
Income tax payable	<u>170.00</u>

Example 2

Azlan and his wife, Nadia are resident in Malaysia in the year 2022. The chargeable income of Azlan and Nadia for the year ended 31.12.2022 are RM38,500 and RM34,000 respectively.

For YA 2022, Azlan and Nadia –

- are residents in Malaysia and both are entitled to a deduction for self and dependent relatives under paragraph 46(1)(a) of the ITA; and
- Only Nadia is entitled for a self rebate of RM400. Azlan is not entitled for a self rebate as his chargeable income exceeds RM35,000.

Computation of Income Tax Payable by Azlan and Nadia for YA 2022

	Azlan RM	Nadia RM
Chargeable income	38,500	34,000
Tax on chargeable income:		
On the first RM35,000/ RM20,000	600.00	150.00
Tax on the balance of chargeable income of:		
RM3,500 @ 8%	<u>280.00</u>	
RM14,000 @ 3%		<u>420.00</u>
Income tax charged	880.00	570.00
Less: Self rebate- paragraph 6A(2)(a) of the ITA	<u>-</u>	<u>400.00</u>
Income tax payable	<u>880.00</u>	<u>170.00</u>

Example 3

Kee Siong and his wife, Angela are residents in Malaysia for the basis year 2022. The total income of Kee Siong and Angela for the year ended 31.12.2022 are RM39,000 and RM12,000 respectively. Angela made an EPF contribution amounting to RM3,600. For YA 2022, Angela elects for combined assessment with her husband under paragraph 45(2)(a) of the ITA.

Computation of Kee Siong's Chargeable Income for YA 2022

	RM	RM
Total income of Kee Siong		39,000
Total income of Angela		<u>12,000</u>
Aggregate total income of Kee Siong and Angela		51,000
Less: Allowable deductions		
Self and dependent relatives	9,000	
Wife	4,000	
EPF Contribution	<u>3,600</u>	<u>16,600</u>
Chargeable income		<u>34,400</u>

For YA 2022, Kee Siong –

is resident in Malaysia and is entitled to a deduction for himself and dependent relatives under paragraph 46(1)(a) of the ITA;

- is entitled to a deduction for wife under subsection 47(1)(a) of the ITA; and
- has chargeable income not exceeding RM35,000,

he is entitled to a personal rebate of RM800 that is RM400 for himself and RM400 for his wife.

Computation of Income Tax Payable by Kee Siong for YA 2022

		RM
Chargeable income		34,400
Tax on the first RM20,000 of chargeable income		150.00
Tax on the balance of chargeable income		<u>432.00</u>
RM14,400 @ 3%		
Income tax charged		582.00
Less: Personal rebate		
Self	400.00	
Wife	<u>400.00</u>	
	<u>800.00</u>	582.00
		<u>Limited to¹</u>
Income tax payable		<u>Nil</u>

Note:

¹The self rebate granted to Kee Siong is limited to his total income tax charged. The excess of RM218 (RM800 – RM582) cannot be refunded to Kee Siong or carried forward and deducted against his income tax for subsequent YAs as prescribed by subsection 6A(4) ITA.

Example 4

Castello is a resident in Malaysia, divorced his wife on 2.1.2022. He paid alimony of RM12,000 in 2022 to his former wife pursuant to a court order. The total income of Castello for YA 2022 is RM44,800.

Computation of Castello’s Chargeable Income for YA 2022

	RM
Total income	44,800
Less: Allowable deductions	
Self and dependent relatives	9,000
Alimony to former wife (restricted)	<u>4,000</u> <u>13,000</u>
Chargeable income	<u>31,800</u>

As in the YA 2022, Castello –

- is a resident in Malaysia and is entitled to a deduction for himself and dependent relatives under paragraph 46(1)(a) of the ITA;
- is entitled to a deduction for wife under subsection 47(2) of the ITA; and
- has chargeable income not exceeding RM35,000,

he is entitled to a personal rebate of RM800 that is RM400 for himself and RM400 for his wife.

Computation of Income Tax Payable by Castello for YA 2022

	RM	RM
Chargeable income		31,800
Tax on the first RM20,000 of chargeable income		150.00
Tax on the balance of chargeable income of RM11,800 @ 3%		<u>354.00</u>
Income tax charged		504.00
Less: Personal rebate		
Self- paragraph 6A(2)(a) of the ITA	400.00	
Wife- paragraph 6A(2)(b) of the ITA	<u>400.00</u>	
	<u>800.00</u>	504.00
Income tax payable		<u>limited to²</u> <u>Nil</u>

Note:

²The rebate granted to Castello is limited to his income tax charged. The excess of RM296 (RM800 – RM504) cannot be refunded to him or carried forward and deducted against his income tax for subsequent YAs in accordance with subsection 6A (4) of the ITA.

5.5 Tax rebate for departure levy

5.5.1 Subsection 6A(2A) of the ITA provides for tax rebate eligible to be claimed by individuals who are resident in Malaysia in a YA in respect of departure levy which charged and levied under the Departure Levy Act 2019 [Act 813] on any person who leaves Malaysia by air for the purpose of performing *umrah* or other religious pilgrimage to a holy place. This tax rebate comes into effect from YA 2019.

5.5.2 The claim for rebate shall be evidenced by the following documents:

(a) boarding pass; and

(b) For departure to:

(i) *umrah* – a copy of the visa issued by the Embassy of the Kingdom of Saudi Arabia; or

(ii) any other religious pilgrimage – a written verification by a religious body recognise by the Committee for the Promotion of Inter Religious Understanding and Harmony Among Adherents, Prime Minister’s Department.

5.5.3 The departure levy rate as prescribed in the Departure Levy Act 2019 are as follows:

Cabin Class	Destination / Rate	
	ASEAN (RM)	Others (RM)
Economy	8.00	20.00
Others	50.00	150.00

5.5.4 Tax rebate for departure levy allowed is equivalent to the amount of levy paid by the individual for himself and the number of claims is limited to two journeys in a lifetime. This rebate shall not granted in respect of the departure levy paid for the purpose of performing Hajj.

Example 5

Kamal and his wife are residents in Malaysia in the basis year 2022. On 15.12.2022, Kamal made a departure levy payment amounting to RM300 which is RM150 respectively for himself and his wife to perform Umrah. Kamal's chargeable income for YA 2022 is RM34,000 whereas his wife is unemployed. The boarding pass and a copy of visa issued by the Embassy of Saudi Arabia are submitted as proof.

For YA 2022, Kamal is entitled to a deduction for personal and dependent relatives under paragraph 46(1)(a) of the ITA and deduction for wife under subsection 47(1) of the ITA and is entitled to-

- personal rebate for himself and his wife of RM800 because they both are residents in Malaysia with chargeable income not exceeding RM35,000; and
- rebate for departure levy paid for himself only, amounting to RM150.

Computation of Income Tax Payable by Kamal for YA 2022

	RM		RM
Chargeable income			34,000
Tax on the first RM20,000 of chargeable income			150.00
Tax on the balance chargeable income of RM14,000 @ 3%			<u>420.00</u>
Income tax charged			570.00
Less: Personal rebate			
Self and wife (RM400+RM400)	800.00		
Rebate for self departure levy	<u>150.00</u>		
	<u>950.00</u>		570.00
			<u>Limited to³</u>
Income tax payable			<u><u>Nil</u></u>

Note:

³The total rebate granted to Kamal is limited to his income tax charged. The excess rebate of RM380 (RM950 – RM570) cannot be refunded or carried forward and deducted against his income tax for subsequent YAs as stipulated under subsection 6A(4) of the ITA.

5.6 Tax rebate for zakat, fitrah or any other Islamic religious dues payment

5.6.1 Subsection 6A(3) of the ITA provides that an individual who is a resident in Malaysia and has chargeable income is entitled to claim tax rebate for any zakat, fitrah or other Islamic dues, payment which is obligatory and which are paid to an appropriate religious authority established under any written law. The amount of the rebate allowed to the individual is limited to the total income tax charged for a YA.

5.6.2 The claim on zakat rebate shall be evidenced by an official receipt issued by an appropriate religious authority established under any written law include Pusat Pungutan Zakat and Majlis Agama Islam Negeri.

5.6.3 “Written law” means—

- (a) the Federal Constitution and the Constitutions of the States and subsidiary legislation made thereunder;

- (b) Acts of Parliament and subsidiary legislation made thereunder;
- (c) Ordinances and Enactments and subsidiary legislation made thereunder; and
- (d) any other legislative enactments or legislative instruments which are in force in Malaysia or any part thereof.

5.6.4 For a husband and wife who are assessed separately, each will be given tax rebate for zakat paid by them respectively.

5.6.5 In accordance with the provisions of the ITA, where –

- (a) the wife elects for combined assessment in the name of the husband; or
- (b) the husband elects for combined assessment in the name of the wife,

only the husband or the wife who is assessed under his or her name is allowed a tax rebate for the zakat payment made by him or her. Zakat payment made by the wife or the husband who elects for a combined assessment is not allowed as a tax rebate against the tax charged of the spouse who is assessed. Zakat payment made by the wife / husband who is unemployed or has no source of income or has no total income is also not allowed as a rebate against the tax charged on the spouse.

Example 6

Rosman is resident in Malaysia for the basis year 2022 and has a chargeable income of RM165,000. Zakat paid by Rosman for the year ended 31.12.2022 is as follows:

	RM
Pusat Pungutan Zakat Johor Bahru	4,900.00
Majlis Ugama Islam Singapura (zakat)	1,940.00

Computation of Income Tax Payable by Rosman for YA 2022

	RM	RM
Chargeable income		165,000
Tax on the first RM100,000 of chargeable income		10,700.00
Tax on the balance of chargeable income of RM65,000 @ 24%		<u>15,600.00</u>
Total income tax charged		26,300.00
Less: Personal rebate		-
Rebate for zakat	4,900.00	<u>4,900.00⁴</u>
Income tax payable		<u>21,400.00</u>

Note:

⁴Only zakat paid to Pusat Pungutan Zakat Johor Bahru is allowed as a rebate. Payment of zakat made to Majlis Ugama Islam Singapura will not be granted a rebate as that zakat collection centre is not established under any written law enforced in Malaysia.

Example 7

Zahid and his wife, Sarah are residents in Malaysia for the basis year 2022. Zahid has a total income of RM51,000 for the year ended 31.12.2022 whereas his wife is unemployed. In the basis year 2022, Zahid made the following payments:

- i) Contribution to EPF of RM4,600; and
- ii) Zakat and fitrah of RM825

Computation of Zahid's Chargeable Income for YA 2022

	RM	RM
Total income		51,000
Less: Allowable deductions		
• Self and dependent relatives	9,000	
• Wife	4,000	
• EPF contribution (limited to)	<u>4,000</u>	<u>17,000</u>



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Chargeable income		<u>34,000</u>
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Computation of Income Tax Payable by Zahid for YA 2022

	RM	RM
Chargeable income		34,000
Tax on the first RM20,000 of chargeable income		150.00
Tax on the balance chargeable income of RM14,000 @ 3%		<u>420.00</u>
Income tax charged		570.00
Less: Individual rebate		
Self RM400 +wife RM400	800.00	
Zakat rebate	<u>825.00</u>	
	<u>1,625.00</u>	570.00
		<u>Limited to⁵</u>
Income tax payable		<u>Nil</u>

Note:

⁵The excess of individual and zakat rebates of RM1,055 (RM1,625 – RM570) cannot be refunded or carried forward as a credit to be deducted against income tax liability charged on Zahid for subsequent YAs.

Example 8

Aimin and his wife, Sofia were residents in Malaysia for the basis year 2022. The total income and zakat paid by Aimin and Sofia for the year ended 31.12.2022 are as follows:

	Aimin RM	Sofia RM
Total income	Nil (business loss RM15,000)	47,000
Zakat	250	1,000

Computation of Sofia’s Chargeable Income for YA 2022

	RM	RM
Total income		47,000
Less: Allowable deductions		
Self and dependent relatives	9,000	
Husband	<u>4,000</u>	<u>13,000</u>
Chargeable income		<u><u>34,000</u></u>

Computation of Income Tax Payable by Sofia for YA 2022

	RM	RM
Chargeable income		34,000
Tax on the first RM20,000 of chargeable income		150.00
Tax on the balance of chargeable income of RM14,000 @ 3%		<u>420.00</u>
Income tax charged		570.00
Less: Personal tax rebate		
Self RM400+ wife RM400	800.00	
Zakat rebate	<u>1,000.00⁶</u>	Limited to
	<u>1,800.00</u>	<u>570.00</u>
Income tax payable		<u><u>Nil</u></u>

Note:

⁶Only the zakat which is paid by Sofia is allowed as a rebate against the income tax charged on her. Zakat paid by the husband who has no total income is not allowed as a rebate against the tax charged on the wife.

Example 9

Rafiq and his wife, Aida were both residents in Malaysia for the basis year 2022. Aida elects for a combined assessment with her husband

for YA 2022. The total income and zakat paid by Rafiq and Aida for the basis year ended 31.12.2022 are as follows:

	Rafiq RM	Aida RM
Total income	95,000	25,000
Zakat payment	2,000	400

Computation of Rafiq's Chargeable Income for YA 2022

	RM	RM
Total income		120,000
Less: Allowable deductions		
Self and dependent relatives	9,000	
Wife	4,000	<u>13,000</u>
Chargeable income		<u>107,000</u>

Computation of Income Tax Payable by Rafiq for YA 2022

	RM	RM
Chargeable income		107,000
Tax on the first RM100,000 of chargeable income		10,700.00
Tax on the balance chargeable income of RM7,000 @ 24%		<u>1,680.00</u>
Income tax charged		12,380.00
Less: Personal tax rebate	-	
Zakat rebate	<u>2,000⁷</u>	<u>2,000.00</u>
Income tax payable		<u>10,380.00</u>

Note:

⁷Only zakat paid by Rafiq can be claimed as a rebate against the income tax charged on him. Zakat which is paid by the wife is not allowed as a rebate against the tax charged on the husband.

6. Bilateral Credit and Unilateral Credit

- 6.1 Bilateral credit can be claimed by an individual who is resident in Malaysia as provided for under section 132 of the ITA. Unilateral credit can be claimed by an individual whether or not he is resident in Malaysia as provided under section 133 of the ITA.
- 6.2 For further information, please refer to the PR No.11/2021 titled “Bilateral Credit and Unilateral Credit” which can be obtained from the official portal of Inland Revenue Board of Malaysia at www.hasil.gov.my.
- 6.3 Where the individual is entitled to claim tax rebate and bilateral or unilateral credit, for the purposes of computation of bilateral or unilateral credit, the amount of Malaysian tax payable before bilateral or unilateral credit shall be the amount after tax rebate is deducted. This is in accordance with subsection 6A (1) of the ITA.

7. Payment of Husband’s or Wife’s Tax under a Combined Assessment

Where there is aggregation of the total income of the husband and the wife in a combined assessment, the individual in whose name the assessment is made is responsible to pay the tax. However, where necessary, the portion of tax applicable to either the wife’s or the husband’s income may be collected from either one of them in accordance with the following formula:

Tax charged on the husband / wife	=	$\frac{\text{Total income of husband / wife}}{\text{Aggregate total income of husband and wife}}$	X	Total tax charged on the husband / wife for the relevant YA
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8. Application

- 8.1 This PR must be read together with the PR No. 5/2022 entitled “Taxation of a Resident Individual Part I – Gifts or Contributions and Allowable Deductions” and PR No. 5/2022 entitled “Taxation of a Resident Individual Part II – Computation of Total Income and Chargeable Income”.
- 8.2 This PR replaces PR No. 6/2018 entitled “Taxation of a Resident Individual Part III- Computation of Income Tax and Tax Payable”.

9. Updates and Amendments

<p>This PR replaces the PR No. 6/2018 dated 13.9.2018.</p>	Amendments	
	Paragraphs	Explanations
	2	Paragraph 2.2 is amended
	3	Paragraph 3.2 is amended Paragraph 3.5 is inserted
	4	Paragraph 4.1 is amended Paragraph 4.2 is inserted Schedule 4.3 is amended
	5	Paragraph 5.1 is amended Paragraphs 5.4 (a), (b), (c) are amended
	5	Paragraph 5.5 : New title is inserted New paragraphs 5.5.1, 5.5.2, 5.5.3, 5.5.4 and 5.5.5 are inserted
	5	Examples 1, 2, 3 and 4 is amended to the latest YA Example 5 is inserted
	5	Paragraph 5.6.2 is amended
	5	Examples 6, 7, 8, 9 are amended to the latest YA
6	Paragraphs 6.2 is amended	
8	Paragraphs 8.1 and 8.2 are amended	



10. Disclaimer

The examples in this PR are for illustration purposes only and are not exhaustive.

**Director General of Inland Revenue,
Inland Revenue Board of Malaysia.**