

**TAX BENEFITS FOR OUR PROSPERITY**

01 EDUCATION

02 AGRICULTURE

03 HEALTHCARE

04 WELFARE

05 PROSPERITY

06 ECONOMY

07 SECURITY

08 DEVELOPMENT

09 PUBLIC TRANSPORTATION

10 INDUSTRIAL

## 1. BENEFIT-IN-KIND

One of the benefits received by employees in employment is Benefit-In-Kind (BIK) . BIK is a benefit that not convertible into money and it is also subject to tax.

Subsection 32(1) of the ITA provides that the value of BIK to be taken as gross income from an employment of an employee is an amount which is just and reasonable in the circumstances.

Two methods may be used to determine the value of BIK provided to the employee by the employer. The value of BIK can be abated if the BIK is its :

- a) Provided for less than a year, or/and
- b) Shared with another employee, or/and
- c) Used for purpose of the business of the employer.

There are certain BIK which are either exempted from tax or are regarded as not taxable, such as:

- a) Dental benefit,
- b) Child-care benefit, and
- c) Employee group insurance premium.

Further information regarding BIK can be obtained from the Public Ruling No. 11/2019 in HASiL Official Portal, [www.hasil.gov.my](http://www.hasil.gov.my) > Legislation > Public Ruling > Year 2019.

## 2. LIVING ACCOMMODATION BENEFIT

Another type of benefit that employers provide to their employees is the Living Accommodation Benefit. The allocated residential premises are part of the employee's gross employment income and are subject to tax under Paragraph 13(1)(c), Income Tax Act 1967.

The computation of the value of living accommodation provided for employees by employers can be divided into 3 categories as follows:

- a) Living accommodation provided for the employee (other than officers of Government or Statutory Bodies) or service director by the employer;
- b) Living accommodation provided for the director (not service director) of a controlled company by the employer; and
- c) Living accommodation provided for the employee/service director/officer of the Government/Statutory Bodies.

If the employee received the mentioned benefit, the employer must report it together with other income in Form EA/EC.

Further information regarding living accommodation benefit can be obtained from the Public Ruling No. 3/2005 in HASiL Official Portal, [www.hasil.gov.my](http://www.hasil.gov.my) > Legislation > Public Ruling > Year 2009.

### 3. APPROVED DONATION DEDUCTIONS

Subsection 44(6), Income Tax Act 1967 is associated with contributions to the funds established by an institution and organization **approved by HASiL**. This amount will be taken into account by the donors/contributors as a deduction in calculating total income. If an institution and organization has obtained approval from HASiL, they must display the **approval reference number** in the statement or receipt, issued to the donors and contributors.

**NOTE:** Donors/contributors need to ensure that the approval for contributions to the respective institution and organization, is still **valid**.

Please visit HASiL Official Portal, [www.hasil.gov.my](http://www.hasil.gov.my) for guidelines related to Subsection 44(6), as well as the list of approved institutions and organizations.

### 4. ARE PCB AND CP38 THE SAME TYPE OF PAYMENT?

MTD is a tax deduction based on the MTD Schedules on employees' remuneration which remitted monthly to HASiL while CP38 deduction is special instructions to employers from HASiL to deduct certain amounts in certain months. The CP38 notification is issued to the employer as supplementary instructions to clear the balance of tax liability of employees over and above the MTD.

The employer is responsible to make the payment of the CP38 Deduction Instruction. A separate payment of MTD and CP38 must be made by employer as provided in Form CP39.

#### BEWARE OF TAX SCAMMERS:

HASiL DOES NOT MAKE CALLS USING MOBILE PHONES OR CALL FORWARDING TO OTHER AGENCIES SUCH AS THE PDRM, COURTS AND OTHERS.

BE CAREFUL AND DON'T BE FOOLED.