Tax Treatment
Residents & Non-Residents

UPDATE 26/02/2025

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What is income tax?

Tax imposed annually on individuals who receive income in respect of :

- Gains / profit from a business;
- Dividends, interest or discounts
- Gains / profits from the disposal of capital asset (Taxes on Capital Gains)
- Rent, royalties or premiums
- Gains / profit from employment
- Pensions, annuities or other periodic payments
- Gains / profit not falling under any of the foregoing paragraphs

Basis of assessment

Individual

- Individual's income is assessed on a current year basis, where it's coinciding with the calendar year.
- For example: YA 2024 is the year ending 31 December 2024.

VS

Non-Individual

- The basis period for a company, co-operative or trust body is normally the financial year (FY) ending in that particular YA.
- For example, the basis period for the YA 2024 for a company which closes its accounts on 30 June 2024 is the FY ending 30 June 2024.

**Malaysia adopts a self-assessment system which means that the responsibility to determine the correct tax liability lies with the taxpayer.

Who is taxable?

Individuals who earn an annual employment income of more than RM37,333 and has a Monthly tax Deduction (MTD) is eligible to be taxed. The calculation of individual threshold of non taxable income is taking into account after the deduction of annual gross income with eligible individual reliefs and tax rebates.

Meanwhile, for individuals running a business, they are required to report their income even if their business is experiencing a loss.

Employment Income

Employees exercising employment in Malaysia are taxed on their full income from the exercise of that employment, notwithstanding that part of their income may be paid to them from outside Malaysia, or that their employer does not have any offices in Malaysia.

Gross income from employment includes:

13 (1)(a)	13 (1)(b)	13 (1)(c)	13 (1)(d)	13 (1)(e)
Salaries, bonuses, director's fees, commissions, allowances, perks, rewards, and others • in cash or • thing that can be converted to cash	Benefits in the form of goods from the employer (car, mobile phone, driver, maid, etc.)	Value of living accommodation provided by the employer	Employer contributions for employees to unapproved pension or provident fund, scheme or society	Compensation for job loss

Tax Residency

S. 7 ITA 1967

The residence status of an individual for a basis year for a year of assessment is determined by reference to his physical presence in Malaysia and not by his nationality or citizenship.

Tax Residency Status

7(1)(A)

≥182 Staying 182 days or more of the tax year.

7(1)(B)

BEFORE AFTER

Staying less than 182 days:, resident in Malaysia for 182 consecutive days linked to days from year immediately preceding or following that tax year.

7(1)(C)

90 DAYS

At least 90 days of the current tax year and was a resident in Malaysia for at least 90 days in three of the four preceding years;

7(1)(D)

3 YEARS

Will be a resident in Malaysia in the year following and has been a resident in Malaysia in the 3 years preceding the one being taxed

SCENARIO 7(1)(a)

Josephine, a talented self-employed computer programmer from the United States of America (USA) was in Malaysia to carry out contract works for a multinational company. Her period of stay in Malaysia was as follows:

- 1.3.2024 - 30.6.2024 = 122
- 1.8.2024 - 30.9.2024 = 61

} 183 days

YEAR 2024

1.1.2024 — 1.3.2024 — 30.6.2024 — 1.8.2024 — 30.9.2024 — 31.12.2024

USA (59 days) | Malaysia (122 days) | USA (31 days) | Malaysia (61 days) | USA (92 days)

No. of days in Malaysia: 122 + 61 = 183 days

Josephine was a RESIDENT in Malaysia for the basis year for the YA 2024 since she was present in Malaysia for periods amounting to more than 182 days in the year 2024.

SCENARIO 7(1)(b)

Marshall, a medical doctor was in Malaysia to fulfill a contract with a private hospital. His period of stay in Malaysia and in the United Kingdom (UK) was as follows:

Year 2023

- 15.5.2023 - 23.12.2023 (Malaysia)
- 24.12.2023 - 31.12.2023 (UK - social visit)

Year 2024

- 1.1.2024 - 2.1.2024 (UK - social visit)
- 3.1.2024 - 31.3.2024 (Malaysia)

Marshall left Malaysia on 1.4.2024.

YEAR 2023

YEAR 2024

1.1.2023 — 15.5.2023 — 21.12.2023 — 2.1.2024 — 31.3.2024 — 31.12.2024

UK (134 days)

Malaysia (223 days)

UK (10 days)

Malaysia (88 days)

UK (275 days)

Temporary absence

Marshall was a RESIDENT in Malaysia for the YA 2024 as he was in Malaysia for 88 days in 2024 (that period), which is linked by a period of more than 182 consecutive days in 2023 (such period). His temporary absence is considered part of (that period) and (such period) since the social visit did not exceed 14 days and he was in Malaysia immediately prior to and after his temporary absence.

SCENARIO 7(1)(c)

Jeanette, an advertising director from Singapore has the following periods of stay in Malaysia:

2020
- 1.5.2020 - 23.11.2020 = 207 days

2021
- 5.2021 - 20.5.2021 = 20 days

2022
- 1.1.2022 - 30.9.2022 = 273 days

2023
- 1.3.2023 - 30.10.2023 = 244 days

2024
- 1.1.2024 - 20.2.2024 = 51 days
- 1.4.2024 - 31.5.2024 = 61 days

} 112 days

Basis Year	Residence Status	Paragraph
2020	Resident	7(1)(a) ITA
2021	Non-Resident	-
2022	Resident	7(1)(a) ITA
2023	Resident	7(1)(a) ITA
2024	Resident	7(1)(c) ITA

For 2024, Jeanette was a RESIDENT in Malaysia pursuant to 7(1)(c) ITA:

- she is in Malaysia for more than 90 days in the basis year 2024 (112 days); and
- for 3 out of the 4 immediately preceding basis years, she was resident in accordance with section 7 of the ITA (basis years 2020, 2022 and 2023).

SCENARIO 7(1)(d)

Rasputin, a lecturer from Russia had the following period of stay in Malaysia:

2020
- 11.10.2020 - 31.12.2020 = 82 days

2021
- 1.1.2021 - 31.12.2021 = 365 days

2022
- 1.1.2022 - 30.9.2022 = 274 days

2023
- 1.4.2023 - 4.4.2023 = 4 days

2024
- 1.4.2024 - 31.12.2024 = 275 days

Basis Year	Residence Status	Paragraph
2020	Resident	7(1)(b) ITA
2021	Resident	7(1)(a) ITA
2022	Resident	7(1)(a) ITA
2023	Resident	7(1)(d) ITA
2024	Resident	7(1)(a) ITA

For 2023, Rasputin was a RESIDENT in Malaysia although he was in Malaysia for only 4 days as he:

- was a resident in the basis year 2024, that is the following basis year; and
- had been a resident for each of the 3 immediate preceding basis years i.e. 2020, 2021 and 2022.

Claim for exemption

Para. 21 Sch. 6 of ITA 1967

Income of individual from an employment exercised by him in Malaysia:

for a period or periods which together:
- **do not exceed sixty days** in the basis year for a year of assessment

for a continuous period (not exceeding sixty days):
- **which overlaps the basis years** for
- **two (2) successive years of assessment**

a continuous period (not exceeding sixty days) which **overlaps the basis years for two successive years of assessment** and **for a period or periods** which together with the continuous period **do not exceed sixty days**

The exemption subject to

Para. 22 where it shall not apply to the income of an individual from an employment:

- For a period or periods amounting in all to **more than sixty days in the basis year**
- **Exercised by a public entertainer** and (that is to say, any professional entertainer, artiste, athlete or other individual who entertains whether in public or private for profit on stage, radio or television, at a stadium or sports ground, or otherwise)
  - no part of that income is paid out of the public funds of the government of a country outside Malaysia.

SCENARIO 1

Mr. Andrew was in Malaysia for the following periods:

1. 01.03.2020 to 31.03.2020: 31 days (employment)
2. 01.09.2020 to 15.09.2020: 15 days (employment)

Is Mr. Andrew's income subject to tax under the ITA??

Based on the given scenario, Mr. Andrew's stay in Malaysia for 46 days results in his employment income for Y/A 2020 being EXEMPT, as he is not considered a resident (not physically present in Malaysia for at least 182 days in the basis year) and has worked for less than 60 days.

SCENARIO 2

Mr. Baker was employed in Malaysia for the following periods:-

- 01.09.2020 to 30.09.2020
- 01.10. 2020 to 31.10. 2020

Total of 60 days.

He was paid for the period from 01.09. 2020 to 31.10. 2020. He left Malaysia on the night of 26.10. 2020. 27 – 28.10. 2020 are non-working days and he was on vacation leave from 29-31.10. 2020

As such, he was physically present in Malaysia for 56 days only. His income for the period of employment (61 days) will be subjected to tax at the non-resident tax rate of 30% (Para. 22 Sch. 6 ITA 1967).

RECORDS TO BE KEPT FOR THE DETERMINATION:

- Certified true copy of passport
- List of entries/exits
- Copy of departure flight ticket
- Confirmation by the employer on the period of employment, if required
- Other supporting documents

Residence Status

For income tax purposes:

- Residence status is one of the main criteria that determines an individual's liability to Malaysian income tax
- Liability to tax is determined on a year to year basis

You will not be taxable if:

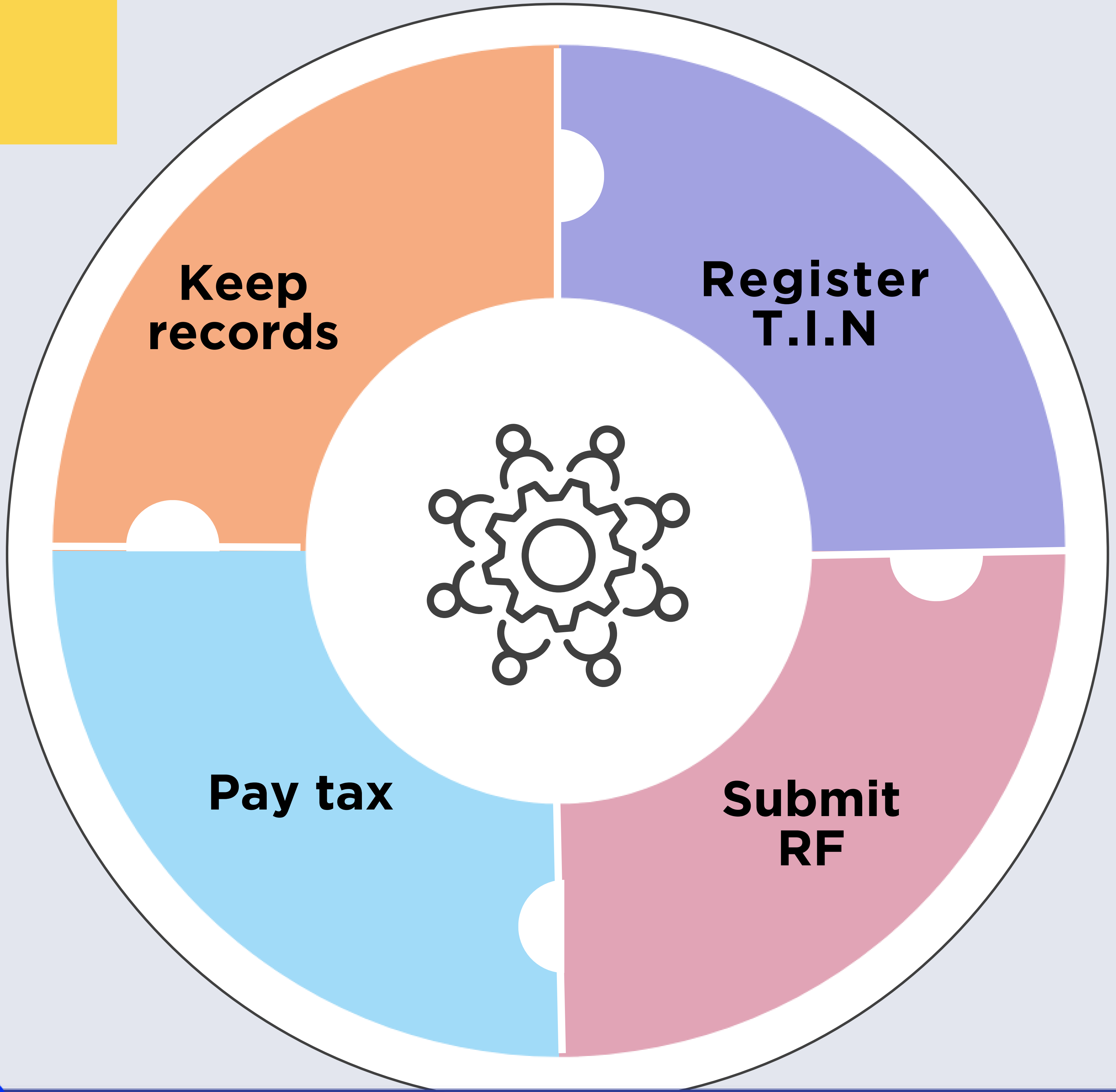
1. Employed for less than 60 days
2. Employed on board of a Malaysian ship
3. 55 years old & receive pension from Malaysian employment
4. Receiving interest from banks
5. Receiving tax exempt dividends
6. If taxable, you are required to fill in M Form

Tax treatment

Resident		Non-Resident
Scale Rate as specified in Para. 1, Sch. 1, ITA 1967	**Tax Rate**	Tax at fixed rate of 30% of taxable income (w.e.f YA 2020)
Entitled to claim	**Personal Relief**	Not entitled to claim
Entitled to claim rebate under Subs. 6A of ITA if chargeable income exceeds RM35,000.00	**Rebate**	Not entitled to claim

Responsibility of taxpayer

1. Register Tax Identification Number (TIN)
2. Declaring income by submitting the return form (RF)
3. Pay tax on or before the deadline for submitting the return form
4. Keep income tax related documents/ records for a period of 7 years for the purpose of proving the filing of the RF

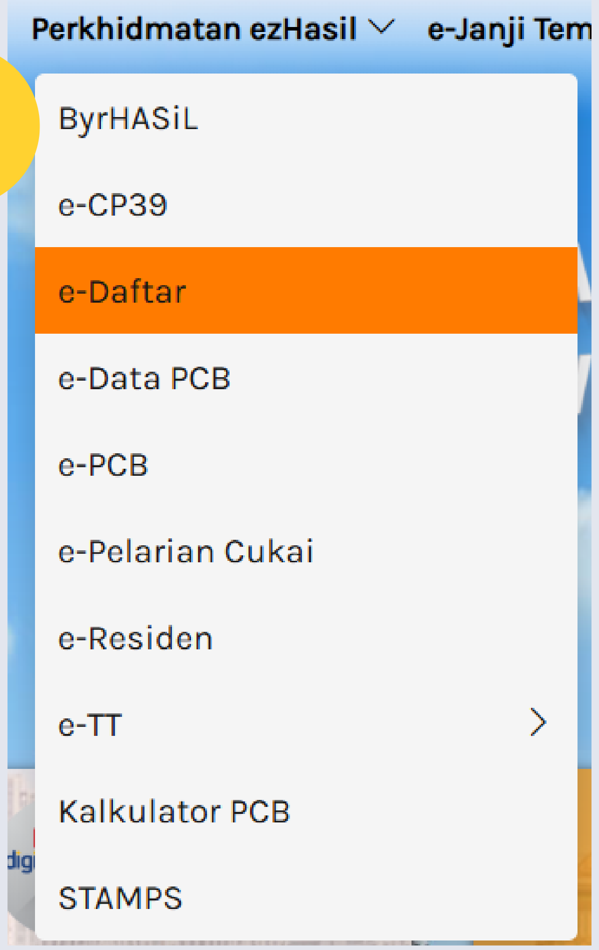


1 Register T.I.N via e-Daftar

1

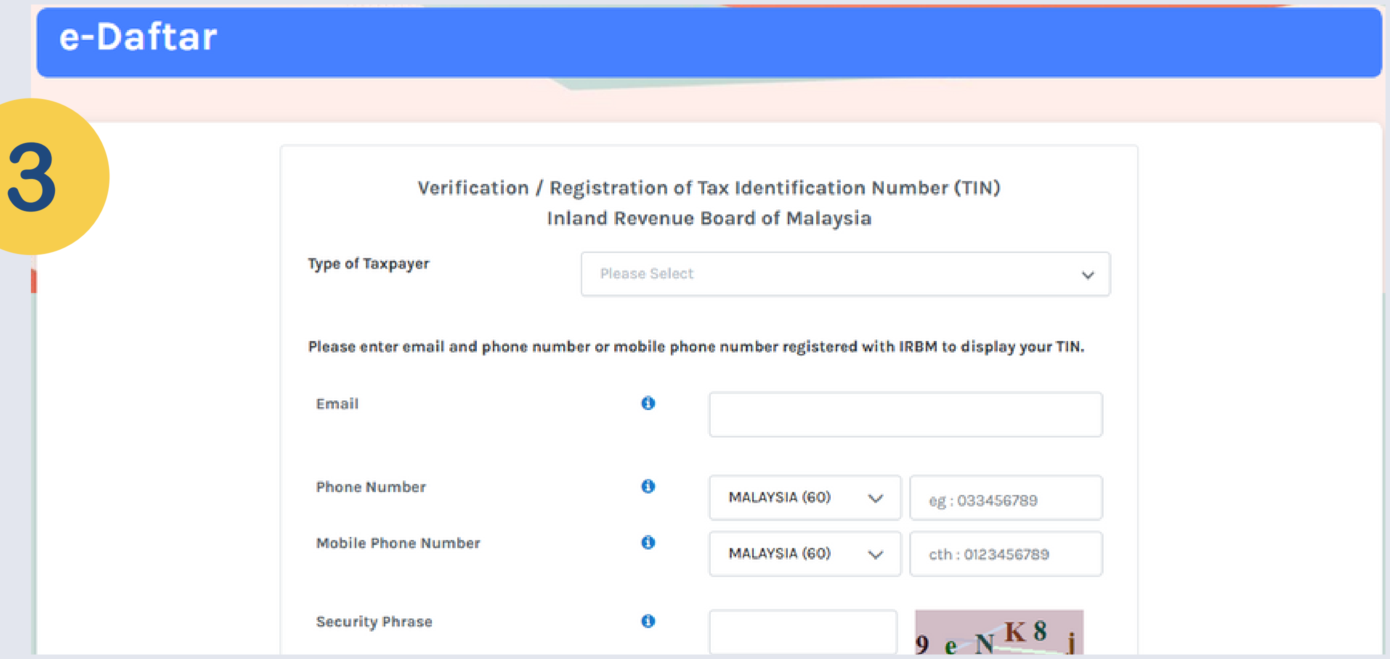
- Visit MyTax Portal via https://mytax.hasil.gov.my/

2



- Click Perkhidmatan ezHasil
- Click e-Daftar

3



- System will go to the Registration of T.I.N page
- Select Type of Taxpayer.
- Insert valid identification no.
- Click search

If inserted reference no. is valid and has **not yet registered**, system will display the e-Daftar link. You may proceed by clicking the link;

If the inserted reference no. **has been registered** with LHDNM, taxpayer may proceed with the registration of the digital certificate through: e-CP55D or via e-KYC

2 Submitting Tax Return

Due Date For Submission of ITRF		
Forms	**Does Not Carry On Business**	**Carry On Business**
e-BE - Individuals with non-business income	30 April	
1.e-B - Individuals with business income 2.e-P - Partnership (if related)		30 June
1.e-BT - Knowledge worker 2.e-M - Non-resident 3.e-MT - Non-resident (knowledge worker) 4.e-TP - Deceased person' s estate 5.e-C - Company 6.e-C1 - Cooperative 7.e-TF - Association	30 April	30 June

Tax Computation

Calculating taxable income:

	RM	RM
EMPLOYMENT	XX	
DIVIDENDS	XX	
INTEREST, DISCOUNTS	XX	
RENTS, PREMIUMS, ROYALTIES	XX	
PENSIONS, ANNUITIES, OTHER PERIODICAL PAYMENT	XX	
AGGREGATE INCOME		XXX
LESS : DONATIONS / GIFT		(XX)
TOTAL INCOME		XXX
A LESS : TAX RELIEFS	(XX)	
TAXABLE INCOME		XXX

Calculating tax payable:

	RM	RM
TAXABLE INCOME		XXX
TAX CHARGED (as per tax rate schedule) B		XX
C LESS : TAX REBATE	(X)	
TAX PAYABLE	XX	
LESS : MTD	(XX)	
INSTALMENT	(X)	
BALANCE OF TAX PAYABLE		XX

A Tax Relief

INDIVIDUAL RELIEF
HUSBAND / WIFE / ALIMONY TO FORMER WIFE
RM4,000
INDIVIDUAL & DEPENDENT RELATIVES
RM9,000
EDUCATION FEES (SELF)
RM7,000
I) TERTIARY LEVEL OTHER THAN A MASTERS OR DOCTORATE DEGREE LEVEL
II) MASTERS OR DOCTORATE DEGREE LEVEL
III) COURSE OF STUDY UNDERTAKEN FOR THE PURPOSE OF UPSKILLING OR SELF-ENHANCEMENT
(RESTRICTED TO RM2,000)
FURTHER DEDUCTION
DISABLED INDIVIDUAL
RM6,000
DISABLED HUSBAND / WIFE
RM5,000
INSURANCE & CONTRIBUTIONS
PRS
PRIVATE RETIREMENT SCHEME AND DEFERRED ANNUITY
RM3,000
INSURAN
EDUCATION AND MEDICAL INSURANCE (INDIVIDUAL, HUSBAND, WIFE OR CHILD)
RM3,000
LIFE INSURANCE AND EPF
RM7,000
I) LIFE INSURANCE PREMIUM / CONTRIBUTION TO EPF (VOLUNTARY) / BOTH
(RESTRICTED TO RM3,000)
II) CONTRIBUTION TO EPF (VOLUNTARY / COMPULSORY) / APPROVED SCHEME
(RESTRICTED TO RM4,000)
SSPN
SSPN (NET DEPOSIT)
RM8,000
SOCSO / EMPLOYMENT INSURANCE SYSTEM
RM350
PERKESO

A Tax Relief


LIFESTYLE
LIFESTLYE
RM2,500
BENEFIT OF SELF, SPOUSE OR CHILD
I) PURCHASE OR SUBSRIPTION READING MATERIALS
II) PURCHASE OF PERSONAL COMPUTER, SMARTPHONE / TABLET
III) INTERNET SUBSCRIPTION BILL (OWN NAME)
IV) SKILL IMPROVEMENT / PERSONAL DEVELOPMENT COURSE FEE
LIFESTYLE - ADDITIONAL EXPENSES BENEFIT OF SELF, SPOUSE OR CHILD
RM1,000
I) PURCHASE OF SPORTS EQUIPMENT
II) RENTAL / ENTRANCE FEE TO ANY SPORTS FACILITY
III) REGISTRATION FEE FOR SPORTS COMPETITION
IV) GYMNASIUM MEMBERSHIP FEE / SPORTS TRAINING
INSTALLATION / RENTAL / PURCHASE / SUBSCRIPTION FEE OF ELECTRIC VEHICLE CHARGING FACILITY FOR OWN VEHICLE
RM2,500
MEDICAL & SPECIAL NEEDS
MEDICAL EXPENSES
RM10,000
(SELF, SPOUSE OR CHILD)
I) SERIOUS DISEASE
II) FERTILITY TREATMENT (SELF OR SPOUSE)
III) VACCINATION (RESTRICTED TO RM1,000)
IV) DENTAL EXAMINATION AND TREATMENT (RESTRICTED TO RM1,000)
RESTRICTED TO RM1,000 FOR:
COMPLETE MEDICAL EXAMINATION;
COVID-19 DETECTION TEST; AND
MENTAL HEALTH EXAMINATION / CONSULTATION
V) DIAGNOSIS / EARLY INTERVENTION / REHABILATION LEARNING DISABILITY CHILD (RESTRICTED TO RM4,000)
EXPENSES FOR PARENTS
RM8,000
I) MEDICAL TREATMENT, DENTAL TREATMENT, SPECIAL NEEDS AND CARER EXPENSES
II) COMPLETE MEDICAL EXAMINATION (RESTRICTED TO RM1,000)
BASIC SUPPORTING EQUIPMENT FOR DISABLED (SELF, SPOUSE, CHILD OR PARENT
RM6,000

A Tax Relief

CHILD RELIEF
ADDITIONAL RELIEF DISABLED CHILD
RM8,000
I) AGE OF 18 YEARS AND ABOVE
II) UNMARRIED
III) FULL TIME INSTRUCTION (DIPLOMA AND ABOVE IN MALAYSIA / DEGREE AND ABOVE OUTSIDE MALAYSIA)
UNMARRIED CHILD UNDER THE AGE OF 18 YEARS
RM2,000
UNMARRIED DISABLED CHILD
RM6,000
CHILD - 18 YEARS AND ABOVE
RM2,000
I) UNMARRIED
II) FULL TIME INSTRUCTION
RM8,000
I) UNMARRIED
II) FULL TIME INSTRUCTION (DIPLOMA AND ABOVE IN MALAYSIA / DEGREE AND ABOVE OUTSIDE MALAYSIA)
REGISTERED CHILDCARE CENTRE / KINDERGARTEN FEE
RM3,000
I) AGE 6 YEARS OLD AND BELOW
II) DEDUCTION ALLOWED EITHER BY HUSBAND OR WIFE
PURCHASING OF BREASTFEEDING EQUIPMENT
RM1,000
I) WOMEN TAXPAYERS ONLY
II) CHILD AGE 2 YEARS OLD AND BELOW
III) ALLOWED ONCE IN EVERY 2 YEARS OF ASSESSMENT

B Tax Rate

KATEGORI	BANJARAN PENDAPATAN BERCUKAI	PENGIRAAN (RM)	KADAR (%)	CUKAI (RM)
A	0 - 5,000	5,000 pertama	0	0
B	5,001 - 20,000	5,000 pertama 15,000 berikutnya	1	0 150
C	20,001 - 35,000	20,000 pertama 15,000 berikutnya	3	150 450
D	35,001 - 50,000	35,000 pertama 15,000 berikutnya	6	600 900
E	50,001 - 70,000	50,000 pertama 20,000 berikutnya	11	1,500 2,200
F	70,001 - 100,000	70,000 pertama 30,000 berikutnya	19	3,700 5,700
G	100,001 - 400,000	100,000 pertama 300,000 berikutnya	25	9,400 75,000
H	400,001 - 600,000	400,000 pertama 200,000 berikutnya	26	84,400 52,000
I	600,001 - 2,000,000	600,000 pertama 1,400,000 berikutnya	28	136,400 392,000
J	Melebihi 2,000,000	2,000,000 pertama Setiap ringgit berikutnya	30	528,400

Tax Rebate

Income Tax Rebates For Resident Individual With Chargeable Income Less Than RM35,000

<table>
<tr><th>No</th><th colspan="2">Types of Rebate</th><th>YA 2001 - 2008</th><th>YA 2009 Onwards</th></tr>
<tr><td>1</td><td colspan="2">Self</td><td>RM350</td><td>RM400</td></tr>
<tr><td></td><td colspan="2">Spouse</td><td>RM350</td><td>RM400</td></tr>
<tr><td>2</td><td colspan="2">Zakat/Fitrah</td><td colspan="2">Subject to the maximum of tax charged</td></tr>
<tr><td></td><td></td><td>Cabin class</td><td>ASEAN</td><td>Others</td></tr>
<tr><td rowspan="2">3</td><td rowspan="2">Departure levy for umrah travel / religious travel for other religions

(Restricted to 2x trips)</td><td>Economy</td><td>RM8</td><td>RM20</td></tr>
<tr><td>Others</td><td>RM50</td><td>RM150</td></tr>
</table>

Late/ Failure To Submit Form

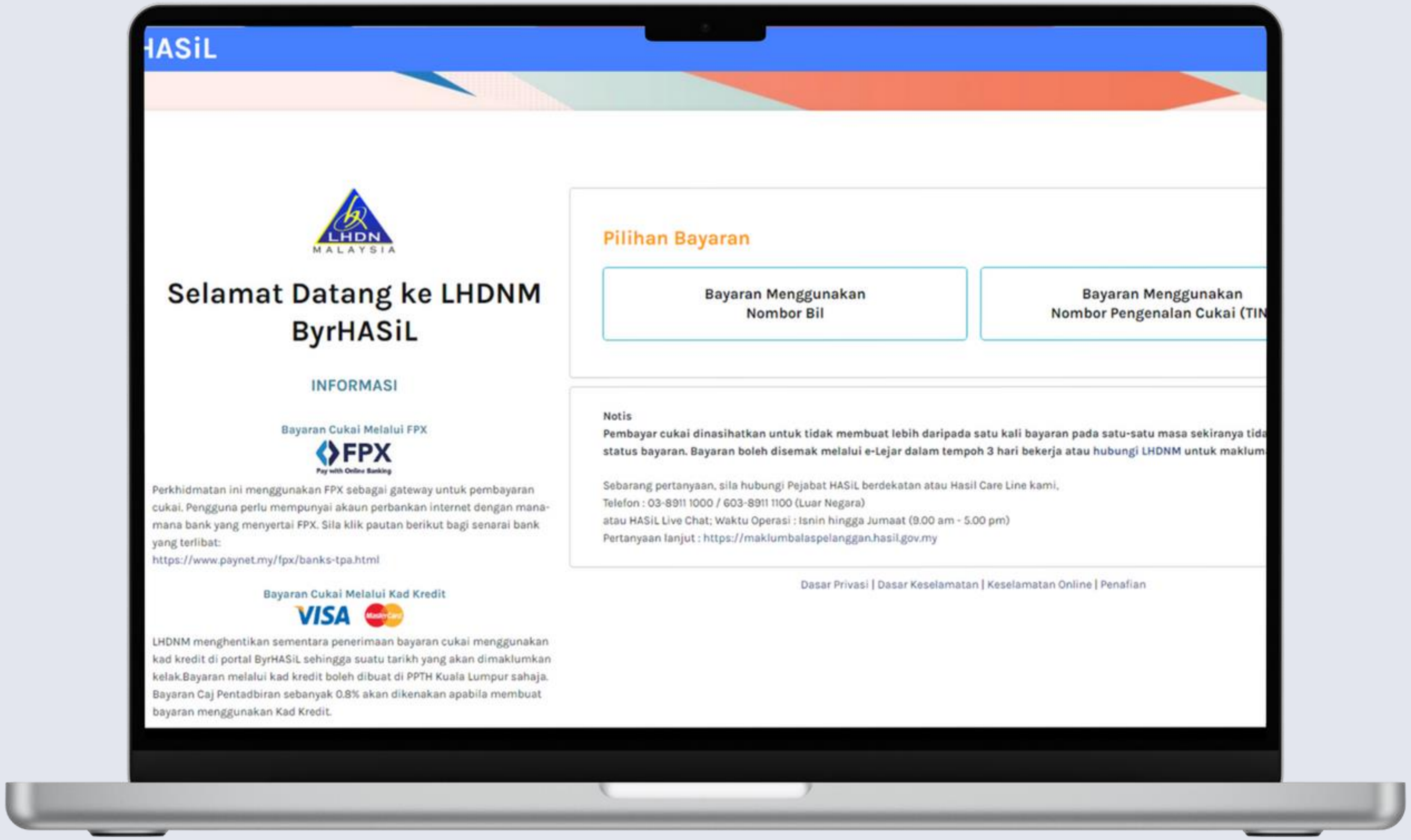
PENALTY will be IMPOSED depending on:
The period after the due date/extension of the allowed time

PENALTY will be CALCULATED:
Based on the amount of tax imposed.

Up to 12 months	Exceeding 12 months up to 24 months.	Up to 24 months
15%	**30%**	**45%**

3 Pay tax on or before the deadline for submitting the return form

After reporting income, taxpayers need to make tax payments (if any) using the ByrHASiL Service through (https://byrhasil.hasil.gov.my/HITS_EP/)



Late/ Failure To Pay

An INCREMENT will be IMPOSED depending on: The period after the due date/extension of the allowed time

10% Increment from the tax payable.

4 Keep income-related documents/ records

Example of records:

- EA Form
- List of entries and exit
- Copy of passport together with the original for verification (if needed)
- Copy of departure flight ticket (if needed)
- Other related document

Tax Clearance Letter

- A tax clearance means a certificate letter from Lembaga Hasil Dalam Negeri Malaysia (LHDNM) that indicates whether your employee owes any outstanding income tax.
- Upon receiving this letter, the employer will release the balance of any money withheld from the employee after he/she settles the outstanding taxes (if any) as shown in the tax clearance letter/certificate.

How to apply tax clearance

The employer needs to complete one of the following forms:

CP21

Form CP21
(if you are leaving the country)

CP22A

Form CP22A
(for retirement, resignation or termination of employment if you work in the private sector)

CP22B

Form CP22B
(for retirement, resignation or termination of employment if you work in the public sector)

- The submission can be done online through e-SPC (by the employer only)
- If the employer submits all the required documents and there are no further queries, LHDNM will process and issue the Tax Clearance Letter within FOURTEEN (14) working days.

When to apply tax clearance

- The employer must notify LHDNM:
  - not later than 30 days BEFORE the expiration of the employee's work contract;
  - the date of resignation or termination of employment or;
  - the date of the employee's departure

- In the case of death, the Next-of-Kin must submit the application within 30 days after the date of death.

FAILURE/ DELAY OF SUBMISSION

Delay in submitting the application for tax clearance may be subjected to penalty.

- Fines between MYR 200 and MYR 20,000 and;
- Imprisonment for up to six months

LHDN MALAYSIA

MyTax KITARAN PERCUKAIAN

1 Registration and Profile Update

- e-Daftar
- e-Kemaskini

2 Advance Payment

- Kalkulator PCB
- e-PCB
- e-PCB Plus
- e-Data PCB
- e-CP39

3 BN Filing / BN Review submission for the past 7 years

- e-Filing
- e-Data Praisi / e-CP8D

4 Payment using ByrHASiL and payment review with e-Ledger

- ByrHASiL
- e-Lejar

5 Application and Appeal

- CFF
- e-SPC
- e-CP22

PLANNING TO TRAVEL OVERSEAS

BEFORE LEAVING
MAKE SURE TO CHECK
YOUR STATUS

https://sspi.imi.gov.my/sspi/

HASiL'S PUBLIC SERVICE ANNOUNCEMENT

BEWARE OF SCAMMERS

BLOCK NUMBERS AND DO NOT RESPOND TO SUSPICIOUS MESSAGES

BE CAREFUL AND DO NOT BE DECEIVED

SCAN
QR CODE

SURVEY ON THE EFFECTIVENESS OF THE TAX EDUCATION AND AWARENESS PROGRAM

We would be grateful if you could provide feedback on the implementation of the program so that its quality can be aligned with the vision and mission of HASiL.

THANK YOU

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