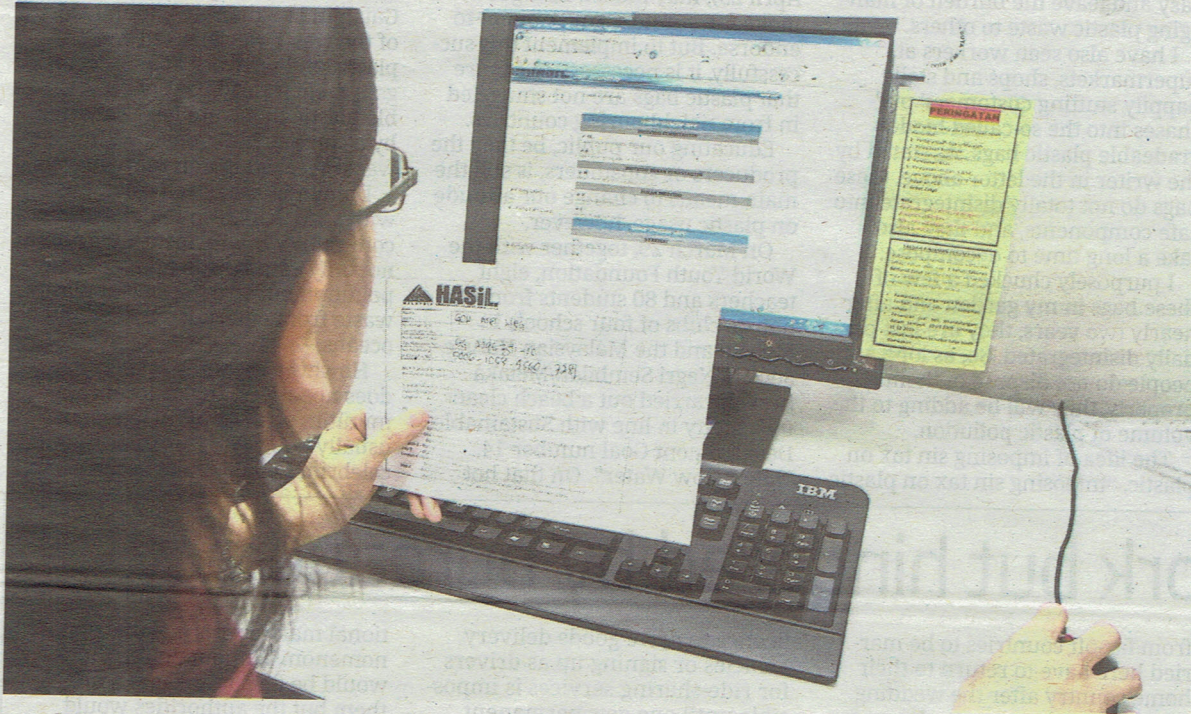


# Never too late to know about tax



WITH election fever prevailing, Malaysian individual taxpayers can be forgiven for forgetting to file their tax returns, which was due on April 30 for those doing manual submission.

However, salaried employees who opt to submit their tax returns electronically have until May 15 to file their Form BE or M for the year of assessment 2017.

The following is a brief overview on the type of employment income that is assessable and the deductions claimable by individual taxpayers.

Generally, gains or profits from an employment, such as emoluments and bonus, will be taxable. Benefits or amenities provided for the employee by and on behalf of the employer (for example, where the employer has supplied a car for the private use of the employee) is also taxable as well as the value of living accommodation provided by an employer for an employee.

Other types of income that should be included as part of the gross income are commission, allowance, rental income, locum fee, and professional fee.

As to personal reliefs, at the outset, it must be noted that such reliefs are only available for individuals who are tax resident in Malaysia for the basis year for a year of assessment. Further, a tax resident individual is taxed at scaled rates whereas a non-tax res-

ident is taxed at a flat rate of 28%.

There are many tax reliefs available to an individual taxpayer (a full list of which is available in the relevant part of the tax return). Among the key tax reliefs are:

- > Personal relief of RM9,000;
- > Life insurance premiums relief of RM6,000; and
- > Spouse relief of RM4,000 (this, however, is only applicable where the husband or wife has no source of income or elects for combined assessment).

Where an individual has made contributions to an approved scheme (contributions to Private Retirement Schemes approved by the Securities Commission), a relief of RM3,000 is available.

Further, in order to encourage individuals to improve their technical, vocational or industrial expertise, those pursuing a recognised course of study in any institution or professional body in Malaysia will be entitled to claim a maximum deduction of RM7,000. A relief of RM250 is accorded to an employee in respect of the employee's contribution to Socso.

Tax reliefs are also granted to parents to reduce their tax burden. On this score, parents are able to claim child relief in the amount of RM2,000, RM6,000 and/or RM8,000 (whichever is applicable), subject to conditions.

Pursuant to Budget 2017, the Government introduced several

new reliefs while also modifying the existing ones. In this respect, the spouse relief has been modified – a total relief of RM7,500 can now be claimed under certain conditions.

Additionally, a new tax relief of up to RM1,000 is provided to either parent of a child below six years of age enrolled in registered childcare centres and kindergartens. This would go some way towards alleviating the financial burden of parent-taxpayers with regard to the cost of childhood education.

Another new relief, known as the lifestyle relief, with a limit of RM2,500 was also introduced. This relief encompasses the purchase of daily newspapers and smartphone, Internet subscription and gym membership fee.

Lastly, although no supporting document needs to be submitted to the Inland Revenue Board (IRB), taxpayers would be well advised to keep all the relevant supporting documents and original receipts in the event of a tax audit by the IRB. These should be kept for a period of at least seven years from the date of filing.

If a taxpayer is aggrieved by an assessment raised by the IRB, he or she may appeal via a written notice of objection within 30 days after service of the assessment.

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