

TAX RELIEF & REBATE FOR YA 2020



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RELIEF

A) Individual

- Personal Relief
- Breastfeeding equipment
- Education Fee

B) Spouse & Alimony Payment

- Spouse Relief
- Alimony Payment

C) Child

- Child Relief
- Child Care expenses
- SSPN Scheme

D) Parents

- Parental Care Relief
- Medical treatment, special needs and carer expenses

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RELIEF

E Individual & Dependent Relatives

- Basic supporting equipment for disabled self, spouse, child or parent
- Medical expenses on Serious diseases

F) RETIREMENT & INSURANCE

- Life insurance
- Medical Insurance
- EPF
- SOCSO
- PRS

G) Lifestyle

- Lifestyle
- Additional lifestyle

H) Tourism Relief

- Hotel & Entrance Fee

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F) RETIREMENT & INSURANCE



Life Insurance



Contribution to an approved scheme



Private retirement scheme & deferred annuity



Medical or education insurance



Social security organisation (SOCSO)

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F.1) LIFE INSURANCE

Premium On Life Insurance [s49(1)(a)]

- **MAX RM3,000**
- The life insurance refer to life insurance policies on the **TAXPAYER** and **HIS SPOUSE**.
- Premium paid on life insurance in relation to **parents, children** is **NOT AVAILABLE** as tax relief.

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“Premiums” in relation to insurance includes contributions or instalment payable under a takaful scheme pursuant to the Takaful Act 1984. Premium on an insurance policy purchased from an overseas company not having a branch in Malaysia is also treated as an allowable premium.

Insurance premiums are not deemed to have been paid unless the actual payment has been made by the taxpayer. Therefore, only insurance premium actually paid are allowable as deduction. However, a deduction is not allowable for –

- (a) premiums which are not in fact paid although treated by the insurance company as having been paid because of a non-forfeiture clause in the policy; and
- (b) premiums or arrears of premiums which are not in fact paid but carried forward as a debt and deducted from the capital sum due on the maturity or surrender of the policy.

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F.2) MEDICAL OR EDUCATION INSURANCE

Premium On Education And Medical Insurance
[s49(1B)]

- Insurance premium on education and medical benefit for **TAXPAYER, SPOUSE** and **CHILDREN** are available for relief **MAX RM3,000**.
- Medical insurance – **CRITICAL ILLNESS & MEDICAL CARD**

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Education insurance

- where child is the insured:
 - Compulsory that the life of payor (parent) must be covered – payor benefit rider
- The maturity amount must be payable when the child is between ages of 13 and 25
- Where the insured is the parent, the child must be nominee/beneficiary.

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F.3) CONTRIBUTION TO AN APPROVED SCHEME

Employees Provident Fund (EPF) [s49(1)(b) & (c)]

- EPF 11% contribution by employee or self-employed person within the meaning of the EPF Act 1991
- Voluntary contribution is not allowed as deduction except for self-employed person.
- **MAX RM4,000**



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F.4) PRIVATE RETIREMENT SCHEME & DEFERRED ANNUITY

A **MAXIMUM** of **RM3,000** tax relief is available to:

- Premium paid on deferred annuity
- Contribution to a private retirement scheme approved by the Securities Commission [s49(1D)].



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Tax on early withdrawal

- Withdrawal from a deferred annuity or private retirement scheme **BEFORE** reaching the age of **55** would result in **8% TAX IMPOSED** on such withdrawal.
- However, the withdrawal before age of 55 due to:
 - a) Permanent total disability*
 - b) Serious disease*
 - c) Mental disability*
 - d) death*
 - e) Permanently leaving Malaysia*is **EXCLUDED** from tax.

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F.5) SOCIAL SECURITY ORGANISATION (SOCSO)

An individual making contribution to SOCSO pursuant to the Employees' Social Security Act 1969 is allowed tax relief **LIMITED** to **RM250**.
[s46(1)(n)]

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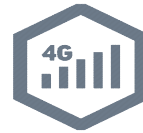
G) LIFESTYLE



Reading Materials



Computer



Internet Subscription



Sport
Equipment



Gym
Membership



Smartphone & Tablet

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G.1) LIFESTYLE RELIEF

- S 46(1)(p): A **MAXIMUM** of **RM2,500** lifestyle relief is provided on:
 - i. Reading materials
 - ii. Computer equipment
 - iii. Sports equipment for sport activity and gym membership
 - iv. Internet facilities

Taxpayer,
spouse,
child

** Evidenced by receipt*

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i. Reading materials

Journals

Magazines

Books

Printed
newspapers

- Include e-books, photobooks, children school textbooks, examination workbooks, dictionaries
- Overseas books, journal, magazines are eligible
- Exclude stationery, e-newspapers, exercise books, banned reading materials



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ii. Computer equipment

- Personal computer
- Smartphone
- Tablet

ONE ONLY



Taxpayer,
spouse, child
(personal use)

FAQ:

- A smartphone given by an employer to an employee is **EXEMPT** from tax to such employee.
- As the employee does not incur any cost on the smartphone, he is not entitled to any tax relief on it.



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iii. Sports equipment for sport activity

The sport equipment is for sport activities as defined in Sport Development Act 1997:

Archery	Athletics	Aquatics	Automobile Sport
Badminton	Baseball	Basketball	Billiards & Snooker
Body Building	Bowling	Boxing	Canoeing
Cricket	Cycling	Equestrian Sport	Fencing
Fitness	Football	Golf	Gymnastics
Handball	Hockey	Ice Skating	Judo
Kabbadi	Karate Do	Lawn Bowl	Martial Arts
Netball	Paralimpiad	Petanque	Recreational
Rowing	Rugby	Sepak Takraw	Shooting
Silambam	Silat Olahraga	Soft Tennis	Softball
Squash	Table Tennis	Tae Kwan Do	Tennis
Traditional Games	Volleyball	Waterski	Weightlifting
Wrestling	Wushu	Yachting	

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iii. Sports equipment for sport activity

FAQ

EXCLUDES

- motorised two-wheel bicycles.
- Sports attires and sports shoes

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Gym membership



- Registration fee for gym membership is not allowed
- Any Fitness classes which included in the gym membership can be claimed
- If fitness classes are not part of the gym membership fee, such fee are not allowable
- Fitness classes included yoga, Zumba, aerobics and others

iv. Internet subscription

- Monthly bill on internet subscription must be under the taxpayer's name including mobile data plan.



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G.2) Additional Deduction Personal Computer, smartphone or tablet for 2020

- A **MAXIMUM** of **RM2,500** lifestyle relief is provided on:
- Personal Computer, smartphone or tablet for Taxpayer, spouse, child (not being used for the purpose of his own business) [s46(1)(t)]

(Additional deduction to s 46(1)(p) for purchase made within the period of 1st June 2020 to 31st December 2020)

** Evidenced by receipt*

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FAQ

Example 1:

- 01.02.2020 - bought tablet for son on 01.02.2020 – RM1600
- 11.11.2020 – bought smartphone for own use -RM5300
- 01.01.2020 – 31.12.2020 – others (paid for gym, books, data plan) – total RM 1500

	S46(1)(p) Lifestyle (RM)	S46(1)(t) Additional Deduction (01.06.2020 – 31.12.2020) (RM)
01.02.2020 – RM1,600 tablet	1,600	NA
11.11.2020 – RM5,300 smartphone	NA	2,500
01.01.2020 – 31.12.2020 others	900 (2,500 – 1600)	NA
Total deduction claimed	2,500	2,500

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FAQ

Example 2:

- 01.02.2020 - bought tablet for son on 01.02.2020 – RM900
- 11.11.2020 – bought smartphone for own use -RM5300
- 01.01.2020 – 31.12.2020 – others (paid for gym, books, data plan) – total RM 600

	S46(1)(p) Lifestyle	S46(1)(t) additional (01.06.2020 – 31.12.2020)
01.02.2020 – RM1,600 tablet	900	NA
11.11.2020 – RM5,300 smartphone	1,000 (2,500 – 900 - 600)	2,500
01.01.2020 – 31.12.2020 others	600	NA
Total deduction claimed	2,500	2,500

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H) Tourism Relief



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H.1) Hotel & Entrance Fee

- A **MAXIMUM** of **RM1,000** tax relief is provided on [s46(1)(s):
 - Payment for **accommodation at premises** registered with the Commissioner of Tourism and **entrance fee** to a tourist attraction
 - **(Accommodation expenses at premises registered with the Commissioner of Tourism under the Tourism Industry Act 1992 (Act 482) and entrance fees to tourists attractions incurred on or after 1st March 2020 but not later than 31st December 2021 and evidenced by receipts)**
- Registered accommodation premises can be check thru link of : <http://www.motac.gov.my/en/check/registered-hotel>

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REBATES



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REBATE

- Rebate of RM400 is available to an individual with chargeable income **NOT EXCEEDING RM35,000**.
- A **rebate on any zakat, fitrah** or other Islamic religion's due payment which are obligatory, as evidenced by receipt issued by the appropriate religious authorities established under any written law.
- A **joint assessment** with chargeable income **NOT EXCEEDING RM35,000**, an additional rebate of RM400 is given.

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SUMMARY

TYPE OF REBATE	RM
1. Individual's chargeable income does not exceed RM35,000.	400
2. If husband and wife are separately assessed and each chargeable income does not exceed RM35,000.	400 (each)
3. If husband and wife are jointly assessed and the joint chargeable income does not exceed RM35,000.	800
4. Rebate for Zakat, Fitrah or other Islamic religious dues paid.	Actual amount expended
<i>* Rebate for departure levy paid for performing umrah and pilgrimage to holy places (w.e.f YA 2019).</i>	<i>Actual amount expended (twice in a lifetime)</i>

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