

# TAX SAVING TIPS

## TAX PLANNING



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## Summary

### SUMMARY

Total Income				0	
<b>LESS</b> Total relief				9,000	
<b>CHARGEABLE INCOME</b>					0
<b>INCOME TAX COMPUTATION</b>					
Chargeable income subject to Part I of Schedule 1					
Tax on the first:	0			0.00	
Tax on the balance	0	At rate	0 %	0.00	
<b>TOTAL INCOME TAX</b>					0.00
Tax rebate for individual				400	
Tax rebate for husband/wife				0	
Zakat and fitrah				0.00	
Departure levy for umrah travel / religious travel for other religions				0	
<b>LESS</b> (Restricted to total income tax)					0.00
<b>TOTAL TAX CHARGED</b>					0.00
<b>LESS</b> Total tax deduction (Section 110) and relief (Section 132 and 133)					0.00
<b>YEAR OF ASSESSMENT 2020 TAX PAYABLE</b>					0.00
Payment made for 2020 income – SELF and HUSBAND / WIFE for joint assessment					
					0.00
<b>YEAR OF ASSESSMENT 2020 BALANCE OF TAX PAYABLE</b>					0.00

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Assessment Year 2020

Chargeable Income	Calculations (RM)	Rate %	Tax(RM)
0 - 5,000	On the First 5,000	0	0
5,001 - 20,000	On the First 5,000 Next 15,000	1	0 150
20,001 - 35,000	On the First 20,000 Next 15,000	3	150 450
35,001 - 50,000	On the First 35,000 Next 15,000	8	600 1,200
50,001 - 70,000	On the First 50,000 Next 20,000	14	1,800 2,800
70,001 - 100,000	On the First 70,000 Next 30,000	21	4,600 6,300
100,001 - 250,000	On the First 100,000 Next 150,000	24	10,900 36,000
250,001 - 400,000	On the First 250,000 Next 150,000	24.5	46,900 36,750
400,001 - 600,000	On the First 400,000 Next 200,000	25	83,650 50,000
600,001 - 1,000,000	On the First 600,000 Next 400,000	26	133,650 104,000
1,000,001 - 2,000,000	On the First 1,000,000 Next 1,000,000	28	237,650 280,000
Exceeding 2,000,000	On the First 2,000,000 Next ringgit	30	517,650 .....

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## Example

Tax Computation 2020	RM	RM
Employment Income		72,998.50
<b>Less : Tax Relief</b>		
Personal Relief	500	
EPF	4000	
SOCSSO	250	(4,750)
<b>Chargeable Income</b>		<b>68,248.50</b>
<b>Income Tax Computation</b>		
On the first 50,000	1,800.00	
Next 18,248.50 (14%)	2,554.79	
<b>Total Tax Charged</b>	<b>4,354.79</b>	

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# QUESTIONS

Beside from tax relief,  
is there any tax saving plan for employment  
income?

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## 1) ALLOWANCE EXPENSE

An employee may deduct the following expenses incurred in carrying out official duties against his employment income, provided the related allowances are provided by the employer.



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## AMOUNT REPORTED IN FORM BE

Section 4(b) assessed on employment income.

Employment income in:

s13(1)(a)	x
s13(1)(b)	x
s13(1)(c)	x
s13(1)(d)	x
s13(1)(e)	x
Gross income	XX
Less: allowable expenses	(X)
Statutory income	XX

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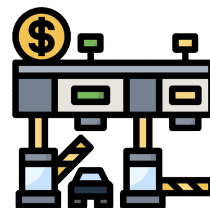
### A) Travelling Expenses



Petrol



Parking



Toll

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## B) Entertainment Expenses

- Food
- Beverages



Entertainment expenses deduction is restricted to entertainment allowances given by employer.

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## C) Professional Membership Subscription

- In order to be deductible, has to be related and incurred in the course of performance of the employee's duties.
- An accountant would be **ELIGIBLE** to deduct membership subscription to **MIA** as such subscription is essential for the performance of his accounting duties.



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- In the event the subscription is paid by the employer, the fee is **NOT** a BLK (Benefit in Kind) to the employee and is **NOT** taxed on the employee.



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## 2) TAX EXEMPTION



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**C PENSION AND OTHERS**

1. Pension .....
2. Annuities or other Periodical Payments .....
- TOTAL .....

**D TOTAL DEDUCTION**

1. Monthly Tax Deductions (MTD) remitted to LHDNM .....
2. CP 38 Deductions .....
3. Zakat paid via salary deduction .....
4. Total claim for deduction by employee via Form TP1 in respect of:
  - (a) Relief RM .....
  - (b) Zakat other than that paid via monthly salary deduction RM .....
5. Total qualifying child relief .....

**E CONTRIBUTIONS PAID BY EMPLOYEE TO APPROVED PROVIDENT/PENSION FUND AND SOCSO**

1. Name of Provident Fund .....  
 Amount of compulsory contribution paid (state the employee's share of contribution only) RM .....
2. SOCSO : Amount of compulsory contribution paid (state the employee's share of contribution only) RM .....

**F TOTAL TAX EXEMPT ALLOWANCES / PERQUISITES / GIFTS / BENEFITS RM Exemption**

Name of Officer	.....
Designation	.....
Name and Address of Employer	.....
Date	.....
Employer's Telephone No.	.....

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## TAX EXEMPTIONS

	Fully Exempted	Remark
Dental benefit	✓	
Child-care benefit	✓	Child care centers provide by employer to their employees' children
Child care allowance		<ul style="list-style-type: none"> <li>Exemption up to RM2,400</li> <li>Paid to employee or paid directly by employer to child care center</li> <li>Child below age 12</li> </ul>
Food and drink provided (FOC)	✓	
Free transportation between pick-up points or home and the place of work (to and from)	✓	
Insurance premiums which are obligatory for foreign worker as replacement to SOCSO contributions,	✓	

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## TAX EXEMPTIONS

	Fully Exempted	Remark
Leave passage (within Malaysia) - Provided to employee & family member	✓	Full exemption up to 3 times a year
Leave passage (overseas) - Provided to employee & family member		Airfare exemption up to RM3,000
Subsidies on interest for housing, passenger motor vehicle and education loan		Fully Exempted if total loan less than RM300,000
Award to employees (a) Long Service (≥10 years of service) (b) Past achievement (c) Service excellence (d) Innovation / productivity		Exemption up to RM2,000
Professional subscription - Related to employee's duties	✓	
Group insurance premium to cover workers in the event of accident	✓	

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## TAX EXEMPTIONS

	Fully Exempted	Remark
Discounted price for consumable business product of the employer		Exemption up to RM1,000
Discounted price for services provided by the employer	✓	
monthly bills for fixed line telephone, mobile phone, pager, PDA and subscription of broadband	✓	Full exemption if registered under employer's name and limited to one unit per category or monthly bill paid by employer under the name of the employee
Gift of fixed Telephone (including mobile phone)		<ul style="list-style-type: none"> <li>Exemption for 1 unit</li> <li>Under the name of employee or employer</li> </ul>
Modern medicine, traditional medicine and maternity	✓	registered with bodies in accordance with the rules, governing traditional medicine as laid down by the MOH

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## TAX EXEMPTIONS

	Fully Exempted	Remark
Petrol/travelling allowance/Toll rate*		Exemption up to RM6,000
Parking allowance	✓	Paid to employee or paid by employer directly to parking operator
Fixed Meal allowance	✓	<ul style="list-style-type: none"> <li>Received by an employee on a regular basis, daily or monthly basis</li> <li>Given at same rate to all employee</li> </ul>
Meal allowance or per diem allowance provided for purpose such as overtime or outstation trips in exercising employment	✓	<ul style="list-style-type: none"> <li>Only exempted if given based on the rate fixed in the internal circular</li> </ul>

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Sole proprietor, partners in a partnership, and director of a controlled company are **NOT** eligible for this exemption.



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### 3) EPF

An employee may suggest that his employer's EPF contribution be **increased** to 19% from the statutory rate of 12%.

Employee portion	11%	11%
Employer portion	12% - 13%	19%
Total EPF	23% - 24%	30%

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The contribution by the employer of up to 19% of the employee's salary is deductible to the employer and has the following tax efficiency:

- i. **No tax** on employee on the employer's contribution*
- ii. The withdrawal at retirement age by the employee is **tax free***
- iii. The employee would be paying lower tax due to exchanging part of his salary as excess EPF contribution by the employer.*

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#### 4) Provision Of Car And Petrol To Employees

Item	Employer	Employee
Cost of car	Capital allowance on car	Benefit in kind value
Petrol, repairs & maintenance	Revenue expenditure	Benefit in kind value

- An employee incurring petrol, repair and maintenance, and insurance premium expenses for own motorcar is not given tax relief or any tax deduction against employment income on these expenses.
- This would mean he would have a lesser amount of funds for savings or investment.

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- An employer providing car to an employee is able to claim deduction on all operating expenses & capital allowances on the passenger car to the employee.
- The employee would be assessed on a concession value for BIK

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## 5) Provision Of Mobile Phones And Data Plan To Employees

Item	Employer	Employee
Mobile phone (revenue expenses)	Tax deductible	No tax
Data plan (revenue expenses)	Tax deductible	No tax

The provision of mobile phone and data plan charges to employees in business would be tax exempt in the hand of the employees & deductible in the employer's business income.

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## 6) Dividend

- **Malaysia** is under the single-tier tax system.
- **Dividends** are **exempt** in the hands of shareholders.
- Companies are not required to deduct tax from **dividends** paid to shareholders, and no tax credits will be available for offset against the recipient's tax liability

**EXEMPT**

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