



M 2020 EXPLANATORY NOTES

Non-Resident Individual

ADDITIONS / AMENDMENTS		
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B25	Payment made for 2020 income	1
E2d	Gift of money in the form of <i>wakaf</i> to religious authority / religious body / public university or gift of money in the form of endowment to public university	2
Part H	Incentive claim	3

A non-resident individual is required to complete either Form M OR Form MT * (for a knowledge worker approved by the Minister). He is considered not resident in Malaysia if he does not qualify for residence status under the provision of section 7 of the Income Tax Act 1967 (ITA 1967). Refer to Public Ruling No. 11/2017 regarding the determination of residence status. If resident under section 7 or deemed to be resident under **subsection 7(1B) **** of the same Act for a particular year of assessment, he is required to submit either:

- (a) Form B (resident individual who carries on business); or
- (b) Form BT * (knowledge worker or expert worker approved by the Minister); or
- (c) Form BE (resident individual who does not carry on business)

meant for resident individuals so that it can be completed and furnished to Lembaga Hasil Dalam Negeri Malaysia (LHDNM) within the stipulated period.

* For further information, please refer to P.U. (A) 344/2010 regarding knowledge workers, and P.U. (A) 151/2012 on The Returning Expert Programme.

**** Subsection 7(1B) – Deemed to be a Resident**

Where a person who is a citizen and –

- (a) *is employed in the public services or service of a statutory authority; and*
- (b) *is not in Malaysia at any day in the basis year for that particular year of assessment by reason of –*
 - (i) *having and exercising his employment outside Malaysia; or*
 - (ii) *attending any course of study in any institution or professional body outside Malaysia which is fully-sponsored by the employer,*

he is deemed to be a resident for the basis year for that particular year of assessment and for any subsequent years when he is not in Malaysia.

Husband and wife are required to complete separate return forms if each of them has income accruing in or derived from Malaysia.

This Explanatory Notes is intended to provide assistance in completing the Form M. Read this with care so that the return form and declarations made therein are true, correct and complete.

All records, working sheets, and documents need not be furnished together with the Form M EXCEPT where there is a tax refund as per item B24, in which case the following (whichever applies) have to be furnished:-

- (i) Working Sheet HK-6 pertaining to the claim for section 110 tax deduction (others);
- (ii) Working Sheet HK-9 regarding the foreign tax deducted in the country of origin.

Working sheets, appendices and other information are available at the LHDNM Official Portal: <http://www.hasil.gov.my> > Forms > Download Forms > Individual > **Computation Guide & Other Information**

All records, working sheets, and documents must be retained for a period of seven (7) years after the end of the year in which the return is furnished.

GENERAL

- **Use BLACK INK pen. Complete the return form using BLOCK LETTERS. Write WITHIN the BOXES provided.**
- **Fill in relevant information only. Leave the box(es) blank if not applicable.**
- Working sheets / appendices are available from the Guidebook at the LHDNM Official Portal:
<http://www.hasil.gov.my>
- Return forms furnished via fax to LHDNM will not be accepted.

BASIC PARTICULARS

Item	Subject	Explanation											
2	Income tax no.	<i>Example:</i> If the income tax reference number is SG 00123456080, enter as follows:- Income tax no. <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>S</td><td>G</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>0</td><td>8</td><td>0</td></tr></table>	S	G	1	2	3	4	5	6	0	8	0
S	G	1	2	3	4	5	6	0	8	0			
3	Identification no.	Refers to MyID i.e. MyKad number. If there is no MyKad, enter the new or old identity card / police / army number.											
6	Passport no. registered with LHDNM	This refers to the last passport number filed with LHDNM prior to the current passport.											

PART A:		PARTICULARS OF INDIVIDUAL
A1	Citizen	Enter 'MY' if the individual is a Malaysian citizen. For citizens of countries other than Malaysia, refer to page 22 of this Notes or the full list in Appendix E for the relevant country code.
A2	Gender	Enter '1' for male or '2' for female.
A3	Status as at 31-12-2020	Enter '1' for single; '2' for married; '3' for divorcee / widow / widower or '4' for deceased.
A4	Date of marriage / divorce / demise	If the marriage / separation in accordance with any law or demise occurred in the current year, enter the date according to the sequence: day, month and year.
A5	Record-keeping	This refers to the keeping of sufficient records as required under the provision of ITA 1967. Enter '1' for full compliance or '2' for non-compliance.
A6	Type of assessment	<p>Enter '1' if the wife elects for joint assessment to be raised in the name of her husband;</p> <p>OR '2' if the husband elects for joint assessment to be raised in the name of his wife.</p> <p>The individual who elects for joint assessment need not complete items B17 and B18 in Part B of his / her Form M.</p> <p>OR '3' if the individual and spouse elect for separate assessment to be raised in their respective name.</p> <p>OR '4' if the individual is married with a spouse who has tax exempt income / no source of income / no income.</p> <p>OR '5' if the individual is single or a divorcee / widow / widower / deceased person.</p> <p>Note:-</p> <p>Conditions on eligibility to elect for joint assessment:</p> <p>(i) The husband and wife were living together in the basis year for a year of assessment and did not in that basis year cease to live together;</p> <p>(ii) Has total income to be aggregated with the total income of the spouse;</p> <p>(iii) The husband / wife who elects for joint assessment must be a Malaysian citizen, if not resident in Malaysia;</p> <p>The aggregation of total income can be made with one wife only.</p>

PART B:		COMPUTATION OF INCOME TAX
B1	Statutory income from businesses	<p>Gains or profits from carrying on a business, trade, vocation, profession and every manufacture, adventure or concern in the nature of trade are liable to tax. These include gross receipts from the sales of goods and services rendered such medical and legal services.</p> <p>Important legal provisions relating to items which constitute gross business income and allowable expenses are set out in Appendix A1. Refer to Working Sheets HK-1, HK-1B1 and HK-1.1 to HK-1.2A (whichever applies) regarding the method for computing each statutory business income.</p> <p>Transfer the amount of statutory income from item J5 of Working Sheet HK-1. If there is more than 1 business, enter the sum of statutory income from all the businesses in item B1.</p>

B1a	Number of businesses	Complete this item if there is statutory income from business(es).		
		No.	Example	Number of Business(es)
		1.	Mr. Hasan runs the following businesses:- i. HYS Enterprise (gas station and convenience store at the gas station) ii. Bersatu Enterprise (restaurant)	3
		2.	Mr. Steven has the following businesses in the year 2020:- i. Steven & Sons Enterprise (tyre shop) ceased with effect from 1 March 2020 but re-operates from 1 Nov. 2020. ii. Steven Enterprise (bicycle shop)	2
3.	Mr. Mark runs a business of selling foodstuffs since 2015. Commencing from 1 Sept. 2020, Mr. Mark changed the name of his business from Mark Enterprise to Mark & Sons.	1		
B2	Statutory income from partnerships	Share of profit from carrying on a business, trade, vocation, profession and every manufacture, adventure or concern in the nature of trade is liable to tax. Transfer the amount of statutory income from item E of Working Sheet HK-1B1. If there is more than 1 partnership business, enter the sum of statutory income from all the partnership businesses in item B2 .		
	* Capital allowance	Claim for depreciation on the use of business assets is disallowed. However, it is allowed in the form of capital allowance which is deductible from the adjusted business / partnership income. The applicable rate of allowance depends on the type of asset. Working Sheets HK-1.2 to HK-1.2A can be used as a guide to compute.		
B2a	Number of partnerships	This item has to be completed if there is statutory income from partnership business(es).		
		No.	Example	Number of Partnership(s)
		1.	Mr. Phan received partnership income from the following legal firms in the year 2020:- i. Phan & Associates : Jan. 2020 – May 2020 ii. Commencing from 1 June 2020, the partnership changed its name to Phan, Chris & Associates with the entry of a new partner.	1
B4	Business losses brought forward	These are business / partnership losses suffered in earlier years of assessment brought forward to be set off against the current year's aggregate statutory income from businesses. Amount in B4 is restricted to the amount in B3. If the amount in B4 exceeds the amount in B3, enter the amount as per item B3. Record the amount absorbed and any balance unabsorbed in items B and C of Working Sheet HK-1.3 respectively.		

B6 Statutory income from employment * / director's fees*** Claim for Exemption - Paragraph 21 Schedule 6 of ITA 1967**

Income of a non-resident individual is tax exempt if derived from an employment exercised by him in Malaysia for:-

- (a) a period or periods which together do not exceed 60 days in the basis year for a year of assessment; or
- (b) a continuous period (not exceeding 60 days) which overlaps the basis years for 2 successive years of assessment; or
- (c) a continuous period (not exceeding 60 days) which overlaps the basis years for 2 successive years of assessment and for a period or periods which together with that continuous period do not exceed 60 days.

If there's a claim for exemption under paragraph 21 Schedule 6, enter '1' and the amount exempted in the respective box provided.

Example 1:

Mr. Andrew was in Malaysia for the following periods:-

01.03.2020	to	31.03.2020	31 days (employment)
01.09.2020	to	15.09.2020	<u>15 days</u> (employment)
Total:			<u>46 days</u>

His employment income for Y/A 2020 is tax exempt as he is not resident (not physically present in Malaysia for at least 182 days in the basis year) and has exercised his employment for less than 60 days.

Example 2:

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

01.09.2020	to	30.09.2020	30 days
01.10.2020	to	31.10.2020	<u>31 days</u>
Total:			<u>61 days</u>

He was paid for the period from 1st September 2020 to 31st October 2020. He left Malaysia on the night of 25th October 2020. 26th and 27th October 2020 are non-working days and he was on vacation leave from 28th until 31st October 2020. As such, he was physically present in Malaysia for 55 days only. His income for the period of employment (61 days) will be subjected to tax at the non-resident tax rate of 30% (*paragraph 22 Schedule 6 of ITA 1967*).

The following are examples where the **60-day exemption rule does not apply**:-

Example 3:

Mr. Carter exercised his employment in Malaysia for the following periods:-

01.12.2020	to	31.12.2020	31 days
01.01.2021	to	31.01.2021	<u>31 days</u>
Total:			<u>62 days</u>

His employment income for the continuous period (exceeding 60 days) which overlaps the basis years for 2 successive years of assessment will be subjected to tax. He will be taxed as a non-resident at the rate of 30% for Y/A 2020 and Y/A 2021 respectively.

Example 4:

Mr. Daniel exercised his employment in Malaysia for the following periods:-

01.12.2020	to	31.12.2020	31 days
01.01.2021	to	31.01.2021	31 days
01.03.2021	to	15.03.2021	<u>15 days</u>
Total:			<u>77 days</u>

His employment income for the continuous period which overlaps the basis years for 2 successive years of assessment and another period which in total exceeds 60 days, will be subjected to tax at the non-resident rate. He will be taxed as a non-resident at the rate of 30% for Y/A 2020 and Y/A 2021 respectively.

The 60-day exemption rule does not apply to:-

- (a) non-resident directors of Malaysian companies
- (b) public entertainers which include:
 - i) a compere, model, circus performer, lecturer, speaker, sportsperson, an artiste or individual exercising any profession, vocation or employment of similar nature; or
 - ii) an individual who uses his intellectual, artistic, musical, personal or physical skill or character in, carrying out any activity in connection with any purpose through live, print, electronic, satellite, cable, fibre optic or other medium, for film or tape, or for television or radio broadcast, as the case may be.

Double Taxation Agreements

Where there is a claim for exemption under a Double Taxation Agreement, enter '2', the appropriate country code and amount exempted in the respective box provided.

To fill in the required particulars, refer to:-

- (a) the relevant country code on page 22 of this Notes or the full list in Appendix E; and
- (b) Appendix F for the list of countries which have Double Taxation Agreement with Malaysia.

GROSS EMPLOYMENT INCOME subject to tax includes wages, salary, remuneration, leave pay, director's fee, commission, bonus, *perquisite* * (example: tips, share option scheme), *gratuity* *, allowance (example: *entertainment and travelling allowance* *, *tax allowance / tax borne by the employer* *), loan subsidy, insurance premium, school / tuition fee paid by the employer, etc. whether in money or otherwise in respect of having or exercising the employment [paragraph 13(1)(a) of ITA 1967].

(* *Further explanation is given below*)

Note:

With effect from the Year of Assessment 2016, where gross income from an employment is receivable in respect of any particular period, it shall, when received be taxed in the year in which it is received [Subsection 25(1) of ITA 1967].

Perquisites are benefits in cash or in kind convertible into money and received from the employer or third parties in respect of having or exercising an employment (*Public Ruling No. 5/2019*).

Subscriptions to professional bodies

These are membership subscriptions paid to professional bodies to ensure the continuance of a professional standing for practice such as those paid by doctors or lawyers, and are deductible from the employment income.

Enter the amount in item G of Working Sheet HK-2.

Refer to Public Ruling No. 11/2012 on perquisites relating to **ESOS** (Employee Share Option Scheme). **With effect from Year of Assessment 2009 - For the purpose of ascertaining the gross employment income in respect of any right to acquire shares in a company, the market value of shares listed on any stock exchange, is the average price which is ascertained by averaging the highest and lowest price of the shares for the day. In any other case, the market value of the shares is the net asset value of the shares for the day [paragraph 32(1A)(b) of ITA 1967].**

- **Entertainment and travelling** expenditure incurred in the production of gross employment income and discharge of official duties are allowable deductions. Deduction of entertainment expenditure is restricted to the amount of entertainment allowance included as part of the gross income from employment.
- **Reimbursements** by the employer to the employee in respect of both are neither liable to tax nor deductible. *Enter the amount of allowable deduction in item H / item J (whichever applies) of Working Sheet HK-2.*

Where the employer reimburses his employee for expenses not wholly and exclusively incurred in the production of gross employment income such as private / domestic expenses, such reimbursement is subject to tax.

Enter paragraph 13(1)(a) of ITA 1967 income (other than gratuity and tax allowance) in item A1 of Working Sheet HK-2.

Tax exempt allowances / perquisites / gifts / benefits

Refer to:

- ~ Public Ruling No. 5/2019 (Perquisites From Employment); and
- ~ Public Ruling No. 11/2019 (Benefits-In-Kind)

Refer to Public Ruling No. 11/2012 on perquisites relating to **ESOS** (Employee Share Option Scheme). **With effect from Year of Assessment 2009 - For the purpose of ascertaining the gross employment income in respect of any right to acquire shares in a company, the market value of shares listed on any stock exchange, is the average price which is ascertained by averaging the highest and lowest price of the shares for the day. In any other case, the market value of the shares is the net asset value of the shares for the day [paragraph 32(1A)(b) of ITA 1967].**

- **Entertainment and travelling** expenditure incurred in the production of gross employment income and discharge of official duties are allowable deductions. Deduction of entertainment expenditure is restricted to the amount of entertainment allowance included as part of the gross income from employment.
- **Reimbursements** by the employer to the employee in respect of both are neither liable to tax nor deductible. *Enter the amount of allowable deduction in item H / item J (whichever applies) of Working Sheet HK-2.*

Where the employer reimburses his employee for expenses not wholly and exclusively incurred in the production of gross employment income such as private / domestic expenses, such reimbursement is subject to tax.

Enter paragraph 13(1)(a) of ITA 1967 income (other than gratuity and tax allowance) in item A1 of Working Sheet HK-2.

Tax exempt allowances / perquisites / gifts / benefits

Refer to:

- ~ Public Ruling No. 5/2019 (Perquisites From Employment); and
- ~ Public Ruling No. 11/2019 (Benefits-In-Kind)

Gratuity:

This refers to a sum received upon retirement or termination of a contract of employment [paragraph 13(1)(a) of ITA 1967]. Refer to Public Ruling No. 9/2016. Appendix B1 and Working Sheet HK-2.2 may be used as a guide.

1. The following gratuity is exempted from income tax:

i) **Retirement gratuity**

- (a) The Director General is satisfied that the retirement is due to ill-health; or
- (b) The retirement takes place on or after reaching the age of 55, or on reaching the compulsory age of retirement from employment and the individual has worked 10 years continuous employment with the same employer or companies within the same group; or
- (c) The retirement takes place on reaching the compulsory age of retirement pursuant to a contract of employment or collective agreement at the age of 50 but before 55 and that employment has lasted for 10 years with the same employer or with companies in the same group.

ii) **Gratuity paid out of public funds** - Gratuity paid to an employee out of public funds on his retirement from an employment under any written law.

iii) **Gratuity paid to a contract officer** - Gratuity paid out of public funds to a contract officer on termination of a contract of employment regardless of whether the contract is renewed or not.

iv) **Death gratuity** - Sums received by way of death gratuity.

2. Partial exemption on gratuity

With effect from the Year of Assessment 2016, an employee who receives sums by way of gratuity:

- i) on retirement from an employment; or
- ii) upon termination of a contract of employment

other than gratuity qualified for exemption under paragraph 1 above, is eligible for an exemption of **RM1,000 for each completed year of service**. However, for the purpose of computing partial exemption, the period of employment with other companies within the same group is NOT REGARDED as a period of employment with the same employer.

Tax allowance:

If an employee's tax is borne by his employer, it is a tax allowance chargeable to tax on him under paragraph 13(1)(a) of ITA 1967. Public Ruling No. 11/2016, Appendix B2 and Working Sheet HK-2.3 can be referred to as a guide.

Computation of Tax Fully Borne by the Employer

Example: Period of employment in Malaysia - 1.10.2020 to 31.1.2021

<u>Y/A 2020</u>	<u>RM</u>
Salary [paragraph 13(1)(a)]	75,000
Benefit-in-kind	1,500
Accommodation provided by employer (Hotel: RM75,000 x 3%)	<u>2,250</u>
Chargeable Income:	<u>78,750</u>

Tax on RM78,750 at 30% = **RM23,625 (A)**

<u>Y/A 2021: Step 1</u>	<u>RM</u>	<u>Y/A 2021: Step 2 (Final Computation)</u>	<u>RM</u>
Salary	25,000	Salary	25,000
Tax allowance (A)	<u>23,625</u>	Tax allowance	
Paragraph 13(1)(a) income:	48,625	(RM23,625.00 + RM15,174.90) [A + B]	<u>38,799</u>
Benefit-in-kind	500	Paragraph 13(1)(a) income:	63,799
Accommodation provided by employer (Hotel: RM48,625 x 3%)	<u>1,458</u>	Benefit-in-kind	500
Chargeable Income:	<u>50,583</u>	Accommodation provided by employer (Hotel: RM63,799 x 3%)	<u>1,913</u>
Tax on RM50,583 at 30% = RM15,174.90 (B)		Chargeable Income:	<u>66,212</u>
		Tax on RM66,212 at 30% = RM19,863.60	
		Therefore, tax payable for Y/A:	
		2020 = RM23,625.00	
		2021 = RM19,863.60	

Computation of Tax Partly Borne by the Employer

Example: Period of employment in Malaysia - 1.3.2020 to 30.6.2020
Half of the employee's tax is borne by the employer

<u>Y/A 2020: Step 1</u>	<u>RM</u>	<u>Y/A 2020: Step 2 (Final Computation)</u>	<u>RM</u>
Salary [paragraph 13(1)(a)]	100,000	Salary	100,000
Benefit-in-kind	2,220	Tax allowance (RM32,826.00 x $\frac{1}{2}$)	<u>16,413</u>
<u>Accommodation provided by employer:</u>		Paragraph 13(1)(a) income:	116,413
Defined value		Benefit-in-kind	2,220
= RM1,800 x 4 months (rent paid by employer)		<u>Accommodation provided by employer :</u>	
= RM7,200 OR		Defined value = RM7,200 OR	
RM100,000 x 30% = RM30,000		RM116,413 x 30% = RM34,923.90	
whichever is lower	<u>7,200</u>	whichever is lower	<u>7,200</u>
Chargeable Income:	<u>109,420</u>	Chargeable Income:	<u>125,833</u>
Tax on RM109,420 at 30% = RM32,826.00		Tax payable (RM125,833 at 30%) = RM37,749.90	

Enter the computed tax allowance in item A3 of Working Sheet HK-2.

Benefits-in-kind (BIK):

These are benefits not convertible into money provided by an employer for the personal use or enjoyment by his employee, wife, family, servants, dependents or guests of his employee.

Its value which is determined according to Public Ruling No. 11/2019, shall be taxed under paragraph 13(1)(b) of ITA 1967 except for tax exempt benefits-in-kind.

Refer to Appendix B3 for tax exempt benefits-in-kind. However, what is provided beyond the exemption limit such as leave passage for travel is liable to tax.

Appendix B3 and Working Sheet HK-2.4 can be used as a guide to assist in the computation.

Enter the taxable value of the benefit in item B of Working Sheet HK-2.

Value of living accommodation benefit:

This refers to **living accommodation in Malaysia** provided by an employer for the benefit of his employee and spouse, family, servants, dependents or guests.

The value of this benefit to be treated as the employee's gross income from employment under paragraph 13(1)(c) of ITA 1967 is the value of the unfurnished accommodation. Where furniture is provided together with the accommodation, the value of the benefit (furniture) is to be included as gross income from employment under paragraph 13(1)(b) of ITA 1967 [refer to 'Benefits-In-Kind' in Appendix B3].

With effect from Year of Assessment 2009, gross income from perquisite in respect of any right to acquire shares in a company shall be excluded from the gross employment income under paragraph 13(1)(a) of ITA 1967 when computing the value of living accommodation benefit. Refer to **Public Ruling 3/2005** and its **Addendum** regarding computation. The following illustrates some methods of computation.

Appendix B4 and Working Sheet HK-2.5 can be used as reference.

Enter the taxable value of living accommodation benefit in item C of Working Sheet HK-2.

Category 1: Living accommodation provided for the employee (other than officer of a government / statutory body) or service director by the employer

Value of accommodation provided:

30% x Gross income from employment under paragraph 13(1)(a) of ITA 1967 **EXCLUDING** Gross income in respect of any right to acquire shares in a company *

OR

Defined value of the living accommodation **whichever is lower**

Example A: Shared equally with another employee

Example B: $\frac{1}{3}$ of the premise is used for advancing the interests of the employer (official use)

	<u>Example A</u>	<u>Example B</u>
Gross income from employment * (T)	RM45,000	RM25,000
Period for which accommodation is provided	3 months (mths)	4 months
Monthly rent (unfurnished accommodation)	RM2,000	RM3,000
Length of employment in the current year	3 months	5 months
Computation:		
Defined value =	$2,000 \text{ per mth} \times 3\text{mths} \times \frac{1}{2}$ = RM3,000	$3,000 \text{ per mth} \times 5\text{mths} \times \frac{2}{3}$ = RM10,000
OR	OR	OR
30% x T whichever is lower	$30\% \times 45,000 = \text{RM}13,500$	$30\% \times 25,000 = \text{RM}7,500$
Therefore, the value of living accommodation benefit is:	$\text{RM}3,000 \times \frac{3}{3} = \text{RM}3,000$	$\text{RM}7,500 \times \frac{4}{5} = \text{RM}6,000$

Category 2: Living accommodation provided for the director of a controlled company by the employer

Value of accommodation provided: Defined value of the living accommodation provided

Example C: Not shared

Example D: Shared equally with another employee

	<u>Example C</u>	<u>Example D</u>
Gross income from employment *	RM100,000	RM60,000
Period for which accommodation is provided	3 months (mths)	4 months
Monthly rent (unfurnished accommodation)	RM3,000	RM2,000
Length of employment in the current year	5 months	4 months
Computation:		
Defined value =	$\text{RM}3,000 \text{ per mth} \times 5\text{mths}$ = RM15,000	$\text{RM}2,000 \text{ per mth} \times 4\text{mths}$ = RM8,000
Therefore, the value of living accommodation benefit is:	$15,000 \times \frac{3}{5} = \text{RM}9,000$	$8,000 \times \frac{1}{2} \times \frac{4}{4} = \text{RM}4,000$

Category 3: Employee (other than officer of a government / statutory body) or service director provided with living accommodation at a hotel, hostel or similar premise; any premise on a plantation or in a forest; or any premise which, although in a rateable area, is not subject to public rates.

Value of accommodation provided:

3% x Gross income from employment under paragraph 13(1)(a) of ITA 1967 **EXCLUDING** Gross income in respect of any right to acquire shares in a company *

	<u>Example E</u>	<u>Example F</u>
Gross employment income * (T)	RM36,000	RM40,000
Period for which accommodation is provided (n)	4 months	3 months
Length of employment in the current year (m)	4 months	4 months
Value of living accommodation benefit: $3\% \times T \times \frac{n}{m}$	$3\% \times 36,000 \times \frac{4}{4}$ = RM1,080	$3\% \times 40,000 \times \frac{3}{4}$ = RM900

Refund from unapproved pension or provident fund, scheme or society

This refers to any amount paid out from the employer's contribution in such fund / scheme / society to the employee before or after his employment ceases. Such refund is subject to tax. Working Sheet HK-2.6 may be used for computation.

Enter the taxable amount in item D of Working Sheet HK-2.

Compensation for loss of employment

This is payment made by an employer to his employee as compensation for loss of employment. Exemption is granted if the loss of employment is due to:-

- (i) **Full exemption** – If the Director General is satisfied that the payment is made on account of loss of employment due to ill health; or
- (ii) **Partial exemption** – For termination of employment on or after 1 July 2008, compensation other than paragraph (i) above is eligible for exemption of **RM10,000 for each completed year of service** with the same employer or companies within the same group. For Year of Assessment 2020 and 2021, the tax exemption limit for compensation for loss of employment is increased to RM20,000 for each completed year of service with the same employer or companies within the same group.

Only the amount received beyond what is exempted, shall be taxed in the year of receipt / judgement given (Legal fees are not deductible). Refer to Working Sheet HK-2.7 as a guide to assist in the computation.

Enter the taxable amount in item E of Working Sheet HK-2.

B6a Number of employment

This item has to be completed if there is statutory income from employment.

No.	Example	Number of Employment
1.	Mr. Adi received payment of director's fees from Mas Sdn. Bhd. and Dinar Sdn. Bhd. in the year 2020.	2
2.	Mr. Sami worked for the following employers during the year 2020:- i. GHI Sdn. Bhd. : Jan. 2020 - April 2020 ii. HIL Sdn. Bhd. : May 2020 – Nov. 2020 iii. GHI Sdn. Bhd. : Dec. 2020	3
3.	Mrs. Edith who works for MDP Holdings Bhd., was seconded to MDP Technology Sdn. Bhd. (within the same group of companies) from 1 June until 30 Sept. 2020. His salary from June until Sept. 2020 was paid by MDP Holdings Bhd. i. MDP Holdings Bhd. : Jan. 2020 – May 2020 ii. MDP Technology Sdn. Bhd. : June 2020 – Sept. 2020 iii. MDP Holdings Bhd. : Oct. 2020 – Dec. 2020	1

B7	Statutory income from rents
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These are income from rental / leasing of immovable properties such as landed properties (land, buildings, etc.) situated in Malaysia and other similar assets. Allowable expenses are deductible against the gross rental income from the property (source). Where the property does not generate any income, such expenses are disallowed. Rental income from each source is computed separately. Only the sum of net income from all rental sources is to be taken into account in the tax computation.

Use Working Sheet HK-4 to compute (see sample of working sheet on page 23 of this Notes). Transfer the total statutory income from rents in item C3 of the working sheet to **item B7** of the Form M.

■ **Enter the sum of dividends and rents in item B7 of the Form M.**

Examples of Allowable Expenditure

Interest on loan taken to purchase the property (source), quit rent, assessment, fire insurance premium, renewal of rental / lease agreement, repairs and maintenance, management fee, service charge and sinking fund for apartment / condominium, rental collection fee (Where no details are available, it is restricted to 5% of the total gross rental for the year from that source), estate agent's commission for finding tenants to ensure that the property continues to be let out.

Examples of Non-Allowable Expenditure

Capital repayment of loan taken to acquire the property, renovations and improvements to the property, installation of electrical items (eg. air conditioners, water heater etc.), furnishings (initial), capital allowance (as rental is not considered a business source for individuals), estate agent's commission for finding the very first tenant / lessee for that property and the cost of preparation of the rental agreement with that tenant.

Example 1: A non-resident individual receives rental income from letting out his house in Malaysia.

	<u>RM</u>	Tax Computation:	<u>RM</u>	<u>RM</u>
Rental received (1.1.2020 - 31.12.2020)	7,800	Gross rental		7,800
<u>Expenses on house:</u>		<u>Less:</u> Expenses		
Assessment	320	Assessment	320	
Penalty for late payment of assessment	32	Loan interest	2,368	
Payment of bank loan including interest of RM2,368.59	10,790	Repair on roof	<u>270</u>	<u>2,958</u>
Repair on roof	270	Adjusted Income / Statutory Income:		<u>4,842</u>
		Enter RM4,842 in item B7 of the Form M.		

Example 2: In computing the adjusted income from rent, the properties can be grouped into the following categories:- (a) Residential
(b) Shophouses / Commercial properties; and
(c) Vacant land

Computation of adjusted rental income for each source:

Property	Gross Income (RM)	Allowable Expenses (RM)	Net Gain / (Net Loss) [RM]
Shophouse 1	24,000	8,000	16,000
Shophouse 2	12,000	14,000	(2,000)
Apartment	30,000	12,000	18,000
Vacant land	1,200	1,500	(300)
TOTAL:	67,200	35,500	

Aggregated amount of adjusted rental income from different sources:

	<u>RM</u>
Residential property (apartment)	18,000
Commercial properties (Shophouse 1 & 2)	14,000
Vacant land	<u>NIL</u>
Amount to be entered in item B7 of the Form M	<u>32,000</u>

B8	Statutory income from discounts, premiums, pensions, annuities, other periodical payments, other gains or profits and additions pursuant to paragraph 43(1)(c)
Discounts	
These relate to earnings from discounting transactions such as dealings in treasury bills, bills of exchange and promissory notes which are liable to tax.	
Premiums	
Amounts received in connection with the granting of a lease on immovable properties such as land and buildings are liable to tax.	
Pensions	
Pensions derived from Malaysia and paid to a person on reaching the age of 55 years / compulsory age of retirement or who retires due to ill-health are exempt from tax if paid out from an approved fund, scheme or society. Where a person is paid more than one pension, only the higher or highest pension is exempt from tax. Other pensions not tax exempt have to be taken into account in the tax computation.	
Annuities	
These are sums of money received in accordance with a will, settlement, insurance policy, investment of money or contract entitling the annuitant to a series of payments, whether or not received regularly or for a limited period only. Annuities received under annuity contracts issued by the Malaysian life insurers are tax exempt (<i>paragraph 36 Schedule 6</i>). Only annuities not tax exempt are to be taken into account in the tax computation.	
Other periodical payments	
These refer to recurring payments received not falling under any of the above categories such as alimony and sums payable under a separation order. The amounts received are liable to tax.	
Other gains or profits	
Other taxable income not falling under any of the above categories includes payments received for part-time / occasional broadcasting, lecturing, writing, etc.	
Additions pursuant to paragraph 43(1)(c)	
These are income subject to tax and shall be included in the aggregate income if a claim for deduction of the following expenditure had previously been made and allowed by LHDNM. These refer to earnings / proceeds received in respect of qualifying prospecting expenditure under Schedule 4 ITA 1967. Please refer to paragraph 43(1)(c) and paragraph 16 Schedule 4 of ITA 1967 to compute the amount that should be taken into account as part of the aggregate income.	
<ul style="list-style-type: none"> ▪ Enter the sum of discounts, premiums, taxable pensions, annuities, other periodical payments, other gains or profits and additions pursuant to paragraph 43(1)(c) (if any) in item B8 of the Form M. 	
B10	Current year business losses
Current year losses from business and partnership can be deducted from the same year's aggregate income. Where the losses cannot be fully absorbed due to insufficiency of the aggregate income, the excess can be carried forward to be set off against the following year's aggregate statutory income from businesses and partnerships.	
<i>Use Working Sheets HK-1 and HK-1.3 to compute before filling in item B10 of the Form M. Amount in B10 is restricted to the amount in B9. If the amount in B10 exceeds the amount in B9, enter the amount as per item B9. Record the amount absorbed and any balance unabsorbed in items E and F of Working Sheet HK-1.3 respectively.</i>	
B11	Qualifying prospecting expenditure
Expenditure on prospecting operations which is wholly and exclusively incurred in searching for, discovering or winning access to mineral deposits in an eligible area or in testing such deposits, qualifies for deduction. Enter the amount of claim in item B11 of the Form M. Schedule 4 and paragraph 44(1)(b) of ITA 1967	

B12	Approved donations / gifts / contributions
<p>Transfer the amount from item E8 of the Form M, if any.</p> <p>Receipts and supporting documents must be kept for a period of seven (7) years after the end of the year in which the return form is furnished to LHDNM, for future reference and inspection if required.</p>	
B14	TAXABLE PIONEER INCOME
<p>Pioneer status is a tax incentive as defined in section 5 to section 25 of the Promotion of Investments Act (PIA) 1986. When granted to an individual, his business income from participating in a promoted activity or producing a promoted product in relation to agriculture (agro-based) shall be fully / partially tax exempt.</p> <p><i>Refer to Working Sheet HK-1E for the amount to be entered in this item.</i></p>	
B15	Gross income subject to tax at other rates
<p>This refers to income on which rates other than 30% apply such as interest, royalties, special classes of income under section 4A and other income subject to tax at gross.</p> <p>If such income entitles an individual to a tax refund as per item B24 of the Form M pertaining to a claim for section 110 tax deduction (others), Working Sheet HK-6 must be submitted with the Form M.</p>	
Interest Including Loan Stock Interest	
<p>Only interest (including loan stock interest) not tax exempt is taken into account in the tax computation.</p> <p>Examples of tax exempt interest:</p> <ul style="list-style-type: none"> • Interest derived from Malaysia on an approved loan (<i>paragraph 27 Schedule 6 of ITA 1967</i>). • Interest derived from Malaysia and paid or credited by any person carrying on banking business or Islamic banking business in Malaysia and licensed under the Financial Services Act 2013 or the Islamic Financial Services Act 2013 (<i>paragraph 33 Schedule 6 of ITA 1967</i>). • Interest paid or credited to any person in respect of sukuk originating from Malaysia, other than convertible loan stock issued in any currency other than <i>Ringgit</i>, and approved or authorized by, or lodged with, the Securities Commission, or approved by the Labuan Financial Services Authority (<i>paragraph 33B Schedule 6 of ITA 1967</i>). <p><i>Enter the amount of taxable interest at gross in item B15 of the Form M or transfer the amount from item C of Working Sheet HK-6.</i></p>	
Royalties	
<p>Royalty included any sum paid as consideration for, or derived from:</p> <ol style="list-style-type: none"> a) the use of, or the right to use in respect of, any copyrights, software, artistic or scientific works, patents, designs or models, plans, secret processes or formulae, trademarks or other like property or rights; b) the use of, or the right to use, tapes for radio or television broadcasting, motion picture films, films or video tapes or other means of reproduction where such films or tapes have been or to be used or reproduced in Malaysia, or other like property or rights; c) the use of, or the right to use, know-how or information concerning technical, industrial, commercial or scientific knowledge, experience or skill; d) the reception of, or the right to receive, visual images or sounds, or both, transmitted to the public by satellite, cable, fibre optic or similar technology; e) the use of, or the right to use, visual images or sounds, or both, in connection with television broadcasting or radio broadcasting transmitted by satellite, cable, fibre optic or similar technology; f) the use of, or the right to use, some or all of the part of the radio frequency spectrum specified in a relevant licence; g) a total or partial forbearance in respect of the above; or h) the alienation of any such property, know-how or information mentioned in paragraph (a), (b) or (c). <p><i>Enter the gross royalty income in item B15 of the Form M or transfer the amount from item D of Working Sheet HK-6.</i></p>	

Special classes of income under section 4A

The income of a non-resident person from the following special classes of income is chargeable to tax if it is derived from Malaysia:

- amounts paid in consideration of services rendered by the non-resident person or his employee in connection with the use of property or rights belonging to him, or the installation or operation of any plant, machinery or other apparatus purchased from him;
- amounts paid to the non-resident person in consideration of any advice given, or assistance or services rendered in connection with the management or administration of any scientific, industrial or commercial undertaking, venture, project or scheme; or
- rent or other payments made under any agreement or arrangement for the use of any movable property.

Refer to Public Ruling No. 10/2019 regarding the Withholding Tax On Special Classes Of Income.

Enter the gross income in **item B15** of the Form M or transfer the amount from item E of Working Sheet HK-6.

Other income

This refers to other taxable income not mentioned above. Specify the type of income in the box provided.

Enter the gross income in **item B15** of the Form M or transfer the amount from item G of Working Sheet HK-6.

- **Enter the sum of interest, royalties, special classes of income under section 4A and other income subject to tax at gross on which rates other than 30% apply, in item B15 of the Form M.**

B17 TOTAL INCOME TRANSFERRED FROM HUSBAND / WIFE FOR JOINT ASSESSMENT

Conditions on Eligibility to Elect for Joint Assessment

A husband / wife who is not resident in Malaysia may elect only if:-

- he or she who elects is a Malaysian citizen and has *total income* * ;
- the spouse in whose name the joint assessment is to be raised, has *total income** ; and
- both husband and wife were living together and did not cease to live together or to be husband and wife of each other in the basis year for a year of assessment.

Where the husband has more than one wife, election shall only be made with one wife. Election is valid only if no other wife / wives of his, elects to combine her total income with his total income.

***Note:** An individual is considered as having no 'total income' (i.e. amount 'Nil' for item B16 of the Form M) if:

- (i) he / she suffered loss from business; or
- (ii) the amount of expenditure exceeds the gross income in respect of non-business source(s) for a year of assessment and therefore does not satisfy the condition for joint assessment.

An individual is also not eligible to elect for joint assessment if he / she does not have any income / source of income.

Joint Assessment

- Election for joint assessment has to be made in writing under **item A6** of the Form M. Enter '1' if the wife elects for joint assessment to be raised in the name of the husband; or '2' if vice-versa.

The individual and the spouse are required to fill out separate return forms (M / MT / B / BT / BE). If the spouse in whose name the joint assessment is to be raised is resident in Malaysia, then the spouse is required to fill out either Form B, BT or BE, whichever is applicable.

- **Example:**

If the wife elects for joint assessment, she is required to enter '1' in **item A6** and her total income in **item B16** of her Form M. She need not fill in items B17 and B18 of Part B in her Form M. Where relevant, other parts of the return form must be filled.

Then she has to enter her total income in either item:-

- B17 (Form M),
- B17 (Form MT),
- B19 (Form B),
- B19 (Form BT) **OR**

B9 (Form BE) of her husband; and

enter '1' if it includes business income or '2' if not.

Instalments / Monthly Tax Deductions (MTD) [if any] paid by the husband and wife for the current year of assessment, have to be totalled and entered in either item:-

B25 (Form M),
 B25 (Form MT),
 B30 (Form B),
 D6 (Form BT) **OR**
 B20 (Form BE) of her husband on whom the tax is to be raised.

B20 to B20c	Computation of tax chargeable
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In general, the chargeable income of an individual not resident in Malaysia is taxed at the flat rate of 30%. However, if the chargeable income includes income subject to tax at gross on which rates other than 30% apply, it has to be apportioned according to the applicable rate.

Tax rates according to ITA 1967 (percentage on gross):

Interest - 15%, Royalty - 10%, Section 4A - 10%, Paragraph 4(f) - 10%
 Other income - Refer to ITA 1967

Refer to Appendix F for tax rates according to Double Taxation Agreements.

B22	Section 110 (others) and Section 133
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Section 110 tax deduction (others)

This arises when there is a claim for credit with respect to *income* * from which tax has been withheld / charged and remitted to LHDNM in compliance with income tax provision.

Section 110 tax deduction (others) does NOT include withholding tax payment pursuant to Section 107A.

* Refers to '**Other Gains Or Profits**' (item B8) and '**Gross Income Subject To Tax At Other Rates**' (item B15) on pages 12 and 13 respectively.

Use Working Sheet HK-6 to compute. Transfer the amount from item B of the working sheet to this item.

Section 133 tax relief

Where there is no Double Taxation Agreement between Malaysia and a foreign country, an individual who is charged to tax in Malaysia and has suffered tax in respect of the same income in that foreign country in which the income arose, may claim unilateral credit. This credit shall not exceed half the foreign tax payable on that income.

Refer to Schedule 7 of ITA 1967 and Working Sheet HK-9 to compute the amount of credit. Transfer the amount from item B of the working sheet to this item.

Item	Subject	Explanation
B23	TAX PAYABLE	Enter '0' in this box if entitled to a tax refund as per item B24.
B24	TAX REPAYABLE	This item is applicable if the total tax deduction and tax relief in item B22 exceeds the amount of tax payable in item B23. Furnish Working Sheets HK-6 / HK-9, whichever is applicable together with the Form M.
B25	Payment made for 2020 income – SELF and HUSBAND / WIFE for joint assessment	Monthly Tax Deductions (MTD) Enter the amount of deductions made by the employer in the year 2020 in respect of the following income in this item: – income for the year 2020; – employment income of preceding years (including bonus, director's fee, arrears, etc.) paid in the year 2020; and – employment income in respect of other year(s) paid in advance in the year 2020. <i>Example:</i> Salary for the month of January 2021 paid in December 2020 and MTD is paid on or before 15 January 2021.

		<p>Self-instalments / CP500</p> <p>Enter the amount of self-paid instalments / CP500 payment (tax instalment according to the notice under section 107B in this item.</p> <p>This does not include payments made in respect of outstanding tax for previous years of assessment.</p> <p>Use Working Sheet HK-10 for computation. Transfer amount E of Working Sheet HK-10 to this item.</p> <p>For Joint Assessment – Total up the MTD or self instalments / CP500 / paid by the husband / wife for entry in this item.</p>
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B26	Balance of tax payable	<p>B23 minus B25.</p> <p>The balance of tax payable must be paid within the stipulated period. Payment can be made via:</p> <p>(a) ByrHASiL at the ByrHASiL LHDNM Portal, https://byrhasil.hasil.gov.my/.</p> <ul style="list-style-type: none"> • Payment via FPX (<i>Financial Process Exchange</i>) at https://byrhasil.hasil.gov.my/fpx.php. • Payment via Visa, Mastercard & American Express credit cards at https://byrhasil.hasil.gov.my/creditcard/. <p>(b) Appointed banks.</p> <ul style="list-style-type: none"> • Counters of CIMB Bank Berhad (CIMB), Public Bank Berhad (PBB), Malayan Banking Berhad (Maybank), Affin Bank Berhad (ABB), RHB Bank Berhad (RHB), Bank Simpanan Nasional (BSN) and Bank Rakyat by using the bank payment slip. • CIMB, PBB, Maybank, Hong Leong Bank, RHB, BSN and CitiBank Berhad internet banking. • Auto Teller Machine (ATM) of PBB, Maybank & CIMB, PBB Cheque Deposit Machine and CIMB Cash Deposit Machine. <p>(c) Pos Malaysia Berhad - Counter only.</p> <p>Use payment code '084' and instalment no. '99' when making payment for tax or balance of tax payable.</p>
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	Tax paid in excess	<p>B25 minus B23.</p> <p>Enter 'X' in the box provided for Tax Paid in Excess.</p>
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DECLARATION

A return form which is not duly signed, shall be deemed incomplete and will not be processed and a Notification of Incomplete Return Form will be issued to inform you. The use of signature stamp is not allowed. Penalty will be imposed in case of late resubmission of the return form to LHDNM.

Note: 'Executor' refers to the executor, administrator or other person administering or managing the estate of a deceased person.

PART C: PARTICULARS OF HUSBAND / WIFE

For an individual having more than one wife, prepare the required information as per format C1 to C6 by using attachment(s) and furnish together with the Form M.

PART D:		OTHER PARTICULARS
D1	Telephone no.	Telephone number of office / tax agent's firm / residence. Please ensure that the information is correct and accurate. This information is for the official use of LHDNM.
	Handphone no.	Please ensure that the information given is correct. This information is for the official use of LHDNM only. Note:
D3	E-mail	For submission via e-Filing, either one item i.e. D1 (Handphone no.) or D3 (E-mail) is compulsorily required to be completed.
D5	Details of bank account	For the purpose of tax refund (if any) by LHDNM, please ensure that the information requested is correctly entered in items D5a and D5b. The identification / passport number registered with LHDNM is the same as the identification / passport number registered at the bank.
D5a	Name of bank	Name of the bank where the individual has a bank account.
D5b	Bank account no.	Bank account number of the individual in relation to D5a. Please ensure that bank account no. is active and registered under own name to avoid payment issues.
Items D5c and D5d are only applicable if there is a request for the tax refund to be credited to a bank account at a bank outside Malaysia.		
D5c	Type of foreign currency requested	State the type of foreign currency as in the bank account in D5b.
D5d	SWIFT code	Enter the SWIFT code of the bank in D5a. This code is available from the bank.
D6a	Carries on e-Commerce	<p>Enter '1' in the box for 'Yes' if the individual carries on a business in selling any goods or rendering any service online. If 'Yes', also complete item D6b.</p> <p>An individual is considered as carrying on e-Commerce business if in deriving its income, internet is used for:</p> <p>i) receiving orders for goods or services. <i>Example:</i> The individual receives orders via e-mail, website or social media, and not by conventional post, telephone or facsimile.</p> <p>ii) receiving payment in respect of good or services. <i>Example:</i> The individual receives digital cash payment from credit card or charge card via e-mail or website, and not by conventional post, telephone or facsimile.</p> <p>iii) delivering goods or services. <i>Example:</i> The individual:-</p> <ul style="list-style-type: none"> - uses e-mail, internet or file transfer protocol to deliver digitized music, articles or software instead of the conventional method of delivering software on disk. - uses both e-mail and website to offer its advice and receives payment for the advice. - advertises the goods or services of other entities on internet for a fee. - hosts the website(s). - renders service in providing access to internet business, or not relevant. <p>Enter '2' for 'No' if the individual does not carry on any e-Commerce business, or not relevant.</p>

D6b	Website / blog address	Website / blog address (if any).
D7	Has financial account(s) at financial institution(s) outside Malaysia	<p>Enter: '1' if there is / are financial account(s) at financial institution(s) outside Malaysia or '2' if there is none / not relevant.</p> <p>This declaration is a counter check measure to ensure compliance of the Malaysian tax law, in line with Malaysia's commitment to the Automatic Exchange of Financial Account Information with other tax jurisdictions. Under this commitment, Malaysia will also be receiving information on financial accounts kept at overseas by Malaysian tax resident.</p> <p>However, please note that having a financial account(s) in overseas is not an indication that a tax non-compliance has occurred.</p> <p>"Financial Account" refers to a financial account maintained by a financial institution outside Malaysia which includes:</p> <ol style="list-style-type: none"> i. Depository Accounts <ul style="list-style-type: none"> • Savings account, current account and other deposit accounts. ii. Custodial Accounts <ul style="list-style-type: none"> • An account (other than an Insurance Contract or Annuity Contract) for the benefit of another person that holds any financial instrument or contract held for investment. iii. Cash Value Insurance Contracts <ul style="list-style-type: none"> • An insurance contract where the policyholder is entitled to receive payment on surrender or termination of the contract. An insurance contract will also be a Cash Value Insurance Contract where the policyholder can borrow against the contract. It is an investment product that has an element of life insurance attached to it. The life insurance element usually is small compared to the investment element. iv. Annuity Contracts <p>A contract:</p> <ul style="list-style-type: none"> • Under which the issuer agrees to make payments for a period of time determined in whole or in part by reference to the life expectancy of one or more individuals; or • That is considered to be an annuity contract in accordance with the law, regulation or practice of Malaysia in which the contract was issued and under which the issuer agrees to make payments for a term of years. v. Equity and Debt Interests in Investment Entities. <p>Further details on Automatic Exchange of Financial Account Information are available at the LHDNM Official Portal, http://www.hasil.gov.my > International > Automatic Exchange of Information (AEOI) > Common Reporting Standard (CRS).</p>
D8a	Disposal of asset under the Real Property Gains Tax Act 1976	<p>Refers to chargeable asset under the Real Property Gains Tax Act 1976. Enter '1' in the box for 'Yes' if there is disposal of asset, and also complete item D8b.</p> <p>Enter '2' for 'No' if not applicable.</p>
D8b	Disposal declared to LHDNM	<p>Enter this item if D8a = '1' ('Yes').</p> <p>Enter '1' ('Yes') if the disposal has been declared to LHDNM or '2' ('No') if not. If not yet declared, contact the LHDNM branch which handles the income tax file of the disposer. Further details are available from the LHDNM Official Portal, http://www.hasil.gov.my.</p>

PART E: DONATIONS / GIFTS / CONTRIBUTIONS

Contribution in fighting against the COVID-19 outbreak
 Tax deductions on contributions and donations in cash or in-kind to fight the COVID-19 outbreak. For classification purpose, please refer to the LHDNM Official Portal, <http://www.hasil.gov.my> > Quick Links > Frequently Asked Questions On Contribution / Donation.

Gift of money to the Government, State Government or local authority
 Subsection 44(6) of ITA 1967

Gift of money to approved institutions / organisations / funds
 Gift of money to institutions / organisations / funds approved by the Director General of Inland Revenue. Subsection 44(6) and proviso, ITA 1967

Gift of money for any sports activity approved by the Minister of Finance
 Subsection 44(11B) and proviso, ITA 1967

Gift of money or cost of contribution in kind for any project of national interest approved by the Minister of Finance
 Subsection 44(11C) and proviso, ITA 1967

Gift of money in the form of *wakaf* to religious authority / religious body / public university or gift of money in the form of endowment to public university
 Subsection 44(11D) and proviso, ITA 1967

} Restricted to 10% of B9

Gift of artefacts, manuscripts or paintings to the Government or State Government
 Gift of artefacts, manuscripts or paintings to the Government will be based on the value determined by the Department of Museums Malaysia or the National Archives. Subsection 44(6A) of ITA 1967

Gift of money for the provision of library facilities or to libraries
 Gift of money not exceeding RM20,000 for the provision of library facilities to public libraries and libraries of schools and institutions of higher education provided that a claim for the same expenses is not made under paragraph 34(6)(g) of ITA 1967 in computing the adjusted income from business. Subsection 44(8) of ITA 1967

Gift of money or contribution in kind for the provision of facilities in public places for the benefit of disabled persons
 Gift of money or contribution in kind (the value to be determined by the relevant local authority) for the provision of public facilities for the benefit of disabled persons. Subsection 44(9) of ITA 1967

Gift of money / cost / value of gift of medical equipment to any healthcare facility approved by the Ministry of Health
 Gift of money or the cost or value (as certified by the Ministry of Health) of any gift of medical equipment not exceeding RM20,000 to any healthcare facility approved by the Ministry of Health. Subsection 44(10) of ITA 1967

Gift of paintings to the National Art Gallery or any state art gallery
 The value of any gift of painting to be determined by the National Art Gallery or any state art gallery. Subsection 44(11) of ITA 1967

PART F: PARTICULARS OF BUSINESS INCOME

F1	Losses	<p>This section provides the space for reporting losses of the current year of assessment and prior years of assessment.</p> <ul style="list-style-type: none"> • Current Year Of Assessment Losses Current year of assessment business and partnership losses absorbed in the current year of assessment and the balance of losses carried forward for deduction in the following year of assessment. • Prior Years' Losses * ~ Reporting of prior years' losses absorbed in the current year shall be made according to the year of assessment in which loss is first incurred and includes the following information:
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		<ul style="list-style-type: none"> • Losses disregarded / absorbed until the year of assessment preceding the current year of assessment; and • Losses disregarded / absorbed in the current year of assessment and balance of losses carried forward to be disregarded / deducted in the following year of assessment. <p>* Note: With effect from the Year of Assessment 2019, unabsorbed losses in the current year are only allowed for carrying forward to be absorbed for a maximum period of up to seven (7) consecutive years [Subsection 44(5F)].</p> <p><u>Special provision relating to sections 43 and 44</u> This special provision allows the carrying forward of unabsorbed losses in the Year of Assessment 2018 to be absorbed up to a maximum of 7 years commencing from the Year of Assessment 2019.</p>
F2	Business capital allowances carried forward	This refers to the claim for capital allowances in the computation of statutory income from business(es). Enter the balance of capital allowance not absorbed in the current year. Amount from item K6 of Working Sheet HK-1.
F3	Partnership capital allowances carried forward	This refers to the claim for capital allowances in the computation of statutory income from partnership(s). Enter the balance of capital allowance not absorbed in the current year. Amount from item F5 of Working Sheet HK-1B1.

PART G: NON-EMPLOYMENT INCOME OF PRECEDING YEARS NOT DECLARED

G1 - G2	Income OTHER THAN from employment received in respect of preceding year(s) not previously declared. <i>Example:</i> Income from rents or interest Please use attachment in case of insufficient writing space.
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PART H: INCENTIVE CLAIM

H1	Claim for Special Deduction(s) / Further Deduction(s) / Double Deduction(s) / Incentive(s) under paragraph 127(3)(b) of the Income Tax Act 1967	<p>Use the claim codes (Appendix D) which can be obtained from the LHDNM Official Portal via the following link: http://www.hasil.gov.my > Forms > Download Forms > Non-Company & Non-Individual > Computation Guide & Other Information.</p> <p>Incentive claims are divided into four (4) categories as follows: (i) Special deduction (ii) Further deduction (iii) Double deduction (iv) Incentive under paragraph 127(3)(b) of Income Tax Act 1967</p> <p>Select the relevant code from the list of incentives provided for the above categories of claims and enter the amount.</p> <p>For expenditure categorised as 'further deduction', the amount to be entered in this section is the amount of deduction claimed in addition to the original expenditure claimed in the accounts.</p> <p>Paragraph 127(3)(b) of ITA 1967 Exemption given by the Minister of Finance to any class of persons from complying with any provision of the Income Tax Act 1967, either generally or in respect of any income.</p>
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Computation of the incentives amount and supporting documents should be kept for future reference / examination by LHDNM, if required.

Example:

Mr. Alex runs a sole proprietorship business and claims the following incentives:

Code	Subject	Amount
225	Deduction for employment of senior citizen, ex-convict, parolee, supervised person and ex-drug dependant	12,000
532	Income in respect of qualifying expenditure for the purpose of obtaining a green building index certificate	20,000
620	Withdrawal from a private retirement scheme before reaching the age of 55 and approved under the Capital Market and Services Act 2007	10,000

Complete item G1 as follow:

Claim Code	Balance Brought Forward	Amount Claimed	Amount Absorbed	Balance Carried Forward
225	0	12,000	12,000	0
532	0	20,000	20,000	0
620	0	10,000	0	0

H2 Claim for incentive(s) under subsection 127(3A) of Income Tax Act 1967

Subsection 127(3A) ITA 1967

Exemption given by the Minister of Finance to any specific person from complying with any provision of the Income Tax Act 1967, either generally or in respect of any income

Enter the Serial Number of the Approval Letter issued by the Ministry of Finance and the amount.

The Minister's Approval Letter, computation of incentive and supporting documents should be kept for future reference / examination by LHDNM, if required.

Example:

Mr. Faizal runs a business in relation to aquaculture. He has received an exemption order (the serial number of the approval letter, CP 1234/2019) from the Ministry of Finance. He is eligible for income tax exemption of RM45,000 for Y/A 2020.

Complete item G1 as follow:

Incentive Approval No.	Balance Brought Forward	Amount Claimed	Amount Absorbed	Balance Carried Forward
CP1234/2019	0	45,000	45,000	0

PART J: FINANCIAL PARTICULARS OF INDIVIDUAL (MAIN BUSINESS ONLY)

If there is more than one (1) business, fill relevant particulars from the current year's Manufacturing Account (if any), Trading, Profit & Loss Account and Balance Sheet of the **main business**. Where there is more than one main business, enter the particulars of the business with the highest turnover.

DECLARATION

A return form which is not duly signed, shall be deemed incomplete and will not be processed and a Notification of Incomplete Return Form will be issued to inform you. The use of signature stamp is not allowed. Penalty will be imposed in case of late resubmission of the return form to LHDNM.

Note: 'Executor' refers to the executor, administrator or other person administering or managing the estate of a deceased person.

PART K: PARTICULARS OF TAX AGENT WHO COMPLETES THIS RETURN FORM

K1 - K4	<ul style="list-style-type: none"> • Tax Agent's Approval No. is the approval number given to tax agent's approved under subsection 153(3) of ITA 1967. • This section has to be completed, and duly signed by the tax agent / representative who completes this return form.
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COUNTRY CODES

The following are some of the country codes for selection. Please refer to Appendix E for the full list.

Country	Code	Country	Code	Country	Code
Australia	AU	Iran (Islamic R.O.)	IR	Philippines	PH
Bangladesh	BD	Iraq	IQ	Saudi Arabia	SA
Brunei	BN	Japan	JP	Singapore	SG
Cambodia	KH	Korea, D.P.R.	KP	South Africa	ZA
Canada	CA	Korea, R.O.	KR	Sri Lanka	LK
China	CN	Laos, D.P.R.	LA	Taiwan	TW
Denmark	DK	Malaysia	MY	Thailand	TH
Hong Kong	HK	Myanmar	MM	United Kingdom	GB
India	IN	New Zealand	NZ	United States	US
Indonesia	ID	Pakistan	PK	Vietnam	VN

Note: R.O. = Republic of; D.P.R. = Democratic People's Republic of

PARTICULARS OF PROPERTIES / ASSETS AND TOTAL RENTAL

Name

Income Tax No.

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I/C No.

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A. LIST OF PROPERTIES RENTED OUT / ASSETS LEASED OUT

Source	Type of Property / Asset	Address of the Property / Asset	Date of Commencement of the Rental / Lease	Total Gross Rental / Lease Payments Received in the Year of Assessment (RM)
A1				
A2				
A3				

(Increase the number of rows according to requirement)

- NOTE:** 1. **Properties** refer to houses, factories, land and other immovable properties.
 2. **Assets** refer to plant, machineries, furniture and other movable properties.

B. COMPUTATION OF STATUTORY INCOME FROM RENTS

(Compute separately for each source of rental income)

B1. GROSS RENTAL INCOME *(from Source A1 or A2 or)*

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LESS:

Allowable Expenditure

- (i) Interest on loan employed in the production of gross rental income
- (ii) Assessment
- (iii) Quit rent
- (iv) Insurance

Other revenue expenditure:

- (v) Repairs and maintenance
- (vi) Renewal of tenancy agreement
- (vii)
- (viii)
- (ix)
- (x)

B2. Total Expenditure [B1(i) to B1(x)]

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B3. STATUTORY INCOME FROM RENTS (B1 – B2)

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C. SUMMARY OF STATUTORY INCOME FROM RENTS

C1. Statutory rental income from:

- (i) Source A1 (amount from item B3)
- (ii) Source A2 (amount from item B3)
- (iii) Source A3 (amount from item B3)
- (iv)

TOTAL:

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C2. Total statutory rental income from partnership

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C3. TOTAL STATUTORY INCOME FROM RENTS (C1 + C2)

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