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PENSION INCOME

Pension

Payment received by a pensioner due to retirement

Categories of Pension

- Attains the compulsory age of retirement
- Due to ill-health
- On death : pensions received by widows, children or dependents

Taxable Pension

- Received from unapproved retirement scheme
- Received more than one pension *
- Retired before the compulsory age of retirement

Term and Condition for Exempted Pension

TERM	CONDITION
1 Attain the compulsory age of retirement	<ul style="list-style-type: none"> ● 55 years of age or at the compulsory age of retirement under any written law
2 Due to ill-health	<ul style="list-style-type: none"> ● Approved by Medical Board
3 Wound and disability pensions	<ul style="list-style-type: none"> ● Specially for armed forces ● Injuries/casualties in service ● Pensions received by widows/dependants
4 Widow's and orphans' pensions	<ul style="list-style-type: none"> ● Paid under any approved pension scheme
5 Political Pensions	<ul style="list-style-type: none"> ● Attained the age of 55 ● Retired due to ill health

The tax exemption of non-government pension scheme requires the approval from LHDNM

Disclaimer

This leaflet is issued for general information only. It does not contain final advice or complete information pertaining to a particular topic and should not be used as legal reference.

Taxable Income of Pensioner

- Income from business
- Income from employment
- Dividend, interest and discount
- Rent, royalty and premium
- Annuity and other periodical payment
- Other Income

Optional Retirement

If an employee opts to retire before the compulsory age of 55 or retires not due to ill-health, the pension received is taxable until the age of 55

Responsibility After Retirement

A pensioner is still required to declare the income and submit the return form, if receives any income which is subject to tax

* ITA 1967, Para 30, Schedule 6

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