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PENSION

2017

PENSION

Payment received by a pensioner due to retirement

CATEGORIES OF PENSION

- Attains the compulsory age of retirement
- Due to ill-health
- On-death (pension received by widow, child or dependent)

TAXABLE PENSION

- Received from unapproved retirement scheme
  - √ Non-government pension scheme require prior approval from LHDNM for tax exemption on pension received by retired employees
- Receiving more than one pension (Income Tax Act 1967, Para 30 Schedule 6)
  - √ Tax exemption is given to the highest amount of pension received
- Retired before the compulsory age of retirement

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 BEFORE RETIREMENT

- Update the income tax file
- Furnish copy of CP21 / CP22A / CP22B filled by employer to LHDNM branch which handles the income tax file

RESPONSIBILITY AFTER RETIREMENT

A pensioner is still required to declare income and submit the Income Tax Return Form if:
- Receives other income which is taxable
- Until the year of assessment when retirement happens

TERMS AND CONDITIONS FOR EXEMPTED PENSION

TERMS	CONDITIONS
Attain the compulsory age of retirement	• 55 years of age or at the compulsory age of retirement under any written law
Due to ill-health	• Approved by medical board
Wound and disability pension	• Specially for armed forces √ Injuries / casualties in service √ Pension received by widow / dependent
Widow's and orphans' pension	• Paid under any approved pension scheme
Political pension	• Attained the age of 55 • Retired due to ill-health

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