

2016

# 16

## MTD AS FINAL TAX



### INTRODUCTION

- Taxpayers are given an option not to submit the Income Tax Return Form (ITRF) via **e-Filing** or manually
- MTD as Final Tax has been enforced starting from **Year of Assessment 2014**
- Taxpayers who only have employment income and have Monthly Tax Deduction (MTD) can choose not to fill up the ITRF according to the terms below:

### TERMS

2014	2015
Having one source of employment income excluding Benefits-In-Kind (BIK) & Value Of Living Accomodation (VOLA)	Having one source of employment income including Benefits-In-Kind (BIK) & Value Of Living Accomodation (VOLA)
12 months of (calendar year) of service with the same employer	Service with the same employer
MTD is deducted according to Income Tax Rules	MTD is deducted according to Income Tax Rules
Tax is not borne by the employer	Tax is not borne by the employer
Husband and wife elect for separate assessment	Husband and wife elect for separate assessment

### BENEFITS

#### EMPLOYEES

- MTD is accurate:
  - Take Home Pay for employees will increase (no extra deduction)
  - No hassle of waiting for tax refund every year
  - No hassle of paying the balance of tax payable
  - No more pursuing of any appeal
- May choose to submit ITRF for tax refund purposes before or on **30 April**
- No issues of late submission of ITRF
- May submit Form TP1 at least twice a year to claim deduction (relief) and rebate (zakat not through salary deduction)

#### EMPLOYERS

- Employers will be comfortable and familiar with MTD as Final Tax because:
  - New MTD (MTD 2009) has been implemented since the year 2009 where the implementation was towards Final Tax
  - The idea of MTD as Final Tax is similar with the concept of MTD 2009
- Encourage employers and employees to interact effectively
- Establish a close working relationship between employers and employees
- Employer is allowed to determine the relevant month (at least twice a year) for Form TP1 submission



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