

INDIRECT SAVINGS THROUGH INCOME TAX



Tax collected through the IRBM is channelled for the nation's betterment.



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> Gift of money to approved institutions/ organisations/ funds;
 > Gift of money for any approved sports activity; and
 > Gift of money or cost of contribution in kind for any approved project of national interest.

There are also categories that are not limited to this 7% of your aggregate income, where it can be up to the value of the gift unless otherwise stated, such as:

- > Gift of money to the government/state government/local authority;
- > Gift of artefacts, manuscripts or painting;
- > Gift of money or contribution in kind for disability facilities in public places;
- > Gift of painting to the National Art Gallery or state art galleries;
- > Gift of money for libraries not exceeding RM20,000; and
- > Gift of money or medical equipment not exceeding RM20,000 to approved healthcare facilities.

Sharing your sustenance with others

At the end of the day, paying income tax should not be considered a burden if you really understand the concept: it's really about sharing your sustenance with others.

How do you feel when you are able to help those in need, like the underprivileged and the B40 community? Most of us will feel happy and satisfied to have done a good deed, when we see them gratefully receiving our gifts and donations.

You can make a difference on a larger scale by paying your income tax, as the money will be used by the government for the benefit of all Malaysians.

Now that you are aware of how to reduce your chargeable income by claiming tax reliefs, list down all the ones you are eligible for and file in your income tax forms to IRBM before the deadline.

As an individual without busi-

NO.	INDIVIDUAL RELIEF TYPES	AMOUNT (RM)
1	Individual and dependent relatives	9,000
2	Medical treatment, special needs and carer expenses for parents (Medical condition certified by medical practitioner) OR Parent Restricted to 1,500 for only one mother Restricted to 1,500 for only one father	5,000 (Restricted) OR 3000 (Restricted)
3	Basic supporting equipment for disabled self, spouse, child or parent	6,000 (Restricted)
4	Disabled individual	6,000
5	Education fees (Self) i. Other than a degree at masters or doctorate level - Course of study in law, accounting, Islamic financing, technical, vocational, industrial, scientific or technology ii. Degree at masters or doctorate level - Any course of study	7,000 (Restricted)
6	Medical expenses for serious diseases for self, spouse or child	6,000 (Restricted)
7	Complete medical examination for self, spouse, child (Restricted to 500)	
8	Lifestyle - Expenses for the use / benefit of self, spouse or child in respect of: i. purchase of books / journals / magazines / printed newspapers / other similar publications (Not banned reading materials) ii. purchase of personal computer, smartphone or tablet (Not for business use) iii. purchase of sports equipment for sports activity defined under the Sports Development Act 1997 and payment of gym membership iv. payment of monthly bill for internet subscription (Under own name)	2,500 (Restricted)
9	Purchase of breastfeeding equipment for own use for a child aged 2 years and below (Deduction allowed once in every 2 years of assessment)	1,000 (Restricted)
10	Child care fees to a registered child care centre / kindergarten for a child aged 6 years and below	1000 (Restricted)
11	Net deposit in Skim Simpanan Pendidikan Nasional (Total deposit in 2019 MINUS total withdrawal in 2019)	8,000 (Restricted)
12	Husband / wife / payment of alimony to former wife	4,000 (Restricted)
13	Disabled husband / wife	3,500
14	Each unmarried child and under the age of 18 years old	2,000
15	Each unmarried child of 18 years and above who is receiving full-time education ("A-Level", certificate, matriculation or preparatory courses).	2,000
16	Each unmarried child of 18 years and above that: i. receiving further education in Malaysia in respect of an award of diploma or higher (excluding matriculation/preparatory courses). ii. receiving further education outside Malaysia in respect of an award of degree or its equivalent (including Master or Doctorate). iii. the instruction and educational establishment shall be approved by the relevant government authority.	8,000
17	Disabled child	6,000
	Additional exemption of RM8,000 disable child age 18 years old and above, not married and pursuing diplomas or above qualification in Malaysia @ bachelor degree or above outside Malaysia in program and in Higher Education Institute that is accredited by related Government authorities	8,000
18	Life insurance and EPF INCLUDING not through salary deduction i. Pensionable public servant category • Life insurance premium ii. OTHER than pensionable public servant category • Life insurance premium (Restricted to RM3,000) • Contribution to EPF / approved scheme (Restricted to RM4,000)	7,000 (Restricted)
19	Deferred Annuity and Private Retirement Scheme (PRS) - with effect from year assessment 2012 until year assessment 2021	3,000 (Restricted)
20	Education and medical insurance (INCLUDING not through salary deduction)	3,000 (Restricted)
21	Contribution to the Social Security Organization (SOCSO)	250 (Restricted)

ness income, you have already been paying your income tax throughout the year in the form of MTD. This means the more tax reliefs you claim, the bigger the tax refund you will get in return. If you think about it, it is indirectly saving your money annually with IRBM.

What's important to keep in mind is that all our educational facilities, economic development and the peace we enjoy are the out-

come of your contribution. Declare and pay your income tax at ez.hasil.gov.my. Together, we can show our love for Malaysia by doing our part to ensure the country's prosperity. For further information, contact the HASIL Care Line at 03-8911 1000 or visit the IRBM official portal at www.hasil.gov.my.

This article is courtesy of the Inland Revenue Board of Malaysia.

AS Malaysia is hit by the Covid-19 pandemic that has greatly impacted people from all walks of life, there are those among us who need government assistance more than ever. Some are even forced to rely on financial assistance from the government to help them get by, with numerous lives affected by a sudden loss of income.

To date, the government has spent an enormous amount of money to not only help people in financial distress, but also to improve and upgrade our existing medical infrastructure in the fight against the pandemic.

Ever wonder how the government is able to afford this? It's thanks to contributions from taxpayers, channelled into the Inland Revenue Board of Malaysia (IRBM), that help fund these initiatives for public good and nation-building.

Some may consider it a burden, but because you pay income tax through Monthly Tax Deductions (MTD), you can actually stand to save some extra money - something we can all look forward to every year! - by claiming the available tax reliefs and deductions you are eligible for. As these may reduce the chargeable income tax you need to pay, you could receive a tax refund from IRBM that can be added to your savings for a rainy day.

Are you a taxpayer?

Taxpayers are defined as those who receive an annual income of more than RM34,000 after deduction for the Employees Provident Fund (EPF), which makes them eligible to be charged for MTD. Therefore, taxpayers need to register your income tax files with the IRB.

Starting March 1 every year, those eligible to pay tax must declare their income and pay the appropriate tax to IRBM through ez.hasil.gov.my.

That said, during the recovery movement control order (RMCO) period, IRB has extended the period granted to submit your income tax form. For individuals without business income, you have until June 30 to submit your BE Form (e-BE), while individuals who receive income from business (e-B) have until Aug 31 to submit your form.

What are this year's tax reliefs?

Although some people may regard income tax as a big burden to pay, it is mostly because of a lack of understanding about the taxation system. In fact, you may still be unaware that the income tax imposed can actually be reduced through tax reliefs, which are tabled during the annual budget presented by the government every year.

For the Year Assessment (YA) 2019, there are 21 tax reliefs that you can claim if you are eligible. A tax relief reduces the amount of your aggregate income, which in turn reduces your chargeable income.

What tax deductions are available?

Apart from tax reliefs, you may also be eligible for tax deductions. A tax deduction is quite similar to tax relief, but while tax relief is a deduction from the total income to derive your chargeable income, tax deductions reduce the amount of total income. This will certainly help you reduce the amount of tax that you need to pay.

You can deduct up to 7% of your aggregate income for donations, gifts or contributions that fall under these categories: