



**LEMBAGA HASIL DALAM NEGERI**

**ADDENDUM TO  
PUBLIC RULING NO.2/2004**

**BENEFITS-IN-KIND**

*Translation from the original Bahasa Malaysia text.*

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**DATE OF ISSUE : 20 MAY 2005**



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MALAYSIA**

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**DIRECTOR GENERAL'S PUBLIC RULING**

A Public Ruling is issued for the purpose of providing guidance for the public and officers of the Inland Revenue Board. It sets out the interpretation of the Director General of Inland Revenue in respect of the particular tax law, and the policy and procedure that are to be applied.

A Public Ruling may be withdrawn, either wholly or in part, by notice of withdrawal or by publication of a new ruling which is inconsistent with it.

**Director General of Inland Revenue,  
Malaysia**



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**ADDENDUM TO PUBLIC RULING NO. 2/2004:  
BENEFITS-IN-KIND**

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1. LHDN is issuing this addendum to explain further the tax treatment of recreational club membership and telephone provided by the employer to his employee which are personally enjoyed by the employee.

2. In accordance with the above, further explanation is given as follows:

**Recreational Club Membership: Paragraph 3, Item 4 of Appendix 2**

Type of membership	Payer	Tax treatment on the employee
Individual	Employer or reimbursed by employer	<ul style="list-style-type: none"><li>Entrance fee for club membership - taxed under paragraph 13(1)(a) of the ITA 1967</li><li>Monthly/annual membership subscription fees for club membership - taxed under paragraph 13(1)(a) of the ITA 1967</li><li>Term membership - is taxed on the amount of payment made under paragraph 13(1)(a) of the ITA 1967</li></ul>
Corporate	Employer	<ul style="list-style-type: none"><li>Entrance fee - not taxable</li><li>Monthly/annual membership subscription fees for club membership - taxed on the prescribed value under paragraph 13(1)(b) of the ITA 1967</li></ul>



**House Telephone Bill: Paragraph 3, Item 1 of Appendix 2**

Telephone bill benefit	Payer	Tax treatment
Where telephone is subscribed by the employer	Employer	The benefit is taxed under paragraph 13(1)(b) of the ITA 1967. The prescribed value is RM300 per telephone. Where the formula method is used, the value of the benefit is the amount of the actual cost of the private bills paid by the employer.
Where the telephone is subscribed by the employee	Employer	The benefit is taxed under paragraph 13(1)(a) of the ITA. The benefit to be taxed is the amount of the actual bills paid by the employer.

In accordance with the explanation made above in respect of house telephone benefit, paragraph 2, category 4 of Appendix 2 is amended as follows:

Category	Type of benefit	Annual Prescribed Value of BIK (RM)
4	Service charges and other bills such as water and electricity.	Service charges and bills paid by the employer.

3. This Addendum forms part of the Public Ruling No.2/2004 which is effective from 8 November 2004. With this Addendum, LHDN's letter dated 12 March 1998 addressed to the Malaysian International Chamber of Commerce And Industry (MICCI) in respect of the above items is withdrawn with effect from 8 November 2004.

Ketua Pengarah  
Hasil Dalam Negeri, Malaysia  
Date: 20 May 2005