



LEMBAGA HASIL DALAM NEGERI

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

BENEFITS-IN-KIND

Translation from the original Bahasa Malaysia text.

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DATE OF ISSUE: 17 JANUARY 2006



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MALAYSIA**

Date of Issue: 17 January 2006

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A Public Ruling may be withdrawn, either wholly or in part, by notice of withdrawal or by publication of a new ruling which is inconsistent with it.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

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

1. LHDN has received numerous enquiries from employers regarding the application of subparagraph 4.4 (i) of the Public Ruling No. 2/2004 in respect of benefits-in-kind relating to "goods and services offered at discounted prices".
2. The purpose of this Second Addendum to the Public Ruling No. 2/2004 is to explain the circumstances under which goods and services offered at discounted prices can qualify for an administrative concession and be regarded as benefits-in-kind which are not taxable.
3. It is pointed out that:
 - 3.1 The benefits-in-kind classified under this category and treated as not taxable as stated in subparagraph 4.4.(i) of the Public Ruling No. 2/2004 are goods and services that -
 - (i) are not convertible into money by the employee even though they have money's worth. The meaning of "not convertible into money" is that when the benefit is provided to the employee, it cannot be sold, assigned or transferred either due to the contract of employment or the type of benefit which is provided;
 - (ii) must be for the benefit of the employee and is used by the employee personally;
 - (iii) are provided to employees as a whole and not provided specifically to a certain group of employees only; and
 - (iv) are *consumables*, products of the employer, the value of which is not substantial. "Not substantial" means the total value of the goods and services is RM200 or less. If the value exceeds RM200, then the full amount will be taxable.
 - 3.2 Any benefits provided for the spouse, family, servants, dependants or guests of the employee will be treated as benefits made to the employee.
4. This Second Addendum forms part of the Public Ruling No.2/2004. This Second Addendum is effective from 17 January 2006.

Ketua Pengarah
Hasil Dalam Negeri, Malaysia
Date: 17 January 2006