

PENSION



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 schemes 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

RETIRE 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 / CP22 / 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 :
 1. Receives other income which is taxable
 2. Until the year of assessment when retirement happens

TERMS AND CONDITIONS FOR EXEMPTED PENSION

TERMS

Attain the compulsory age of retirement **1**

CONDITIONS

- 55 years of age or at the compulsory age of retirement under any written law

TERMS

Due to ill-health **2**

CONDITIONS

- Approved by medical board

TERMS

Wound and disability pension **3**

CONDITIONS

- Specially for armed forces
 - Injuries / casualties in service
 - Pension received by widow / dependent

TERMS

Widow's and orphans' pension **4**

CONDITIONS

- Paid under any approved pension scheme

TERMS

Political pension **5**

CONDITIONS

- Attained the age of 55
- Retired due to ill-health

PENSION



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