



# TAX CLEARANCE LETTER



03-8911 1000  
Hasil Care Line



/LhdnTube



/LHDNM



[www.hasil.gov.my](http://www.hasil.gov.my)



03-8751 1000  
Hasil Recovery Call Centre



/LHDNMofficial



/LHDNM

# TAX CLEARANCE APPLICATION PROCEDURE (INDIVIDUAL)



**INTRODUCTION**

**EMPLOYERS RESPONSIBILITIES**

**APPLICATION METHOD**

**EMPLOYEES RESPONSIBILITIES**

**IRBM RESPONSIBILITIES**

KETUA SETIAUSAHA  
KEMENTERIAN PENGAJIAN TINGGI  
S/USAHA BHGN PEMBANGUNAN SUMBER MANUSIA  
KEMENTERIAN PENGAJIAN TINGGI  
NO. 2 MENARA 2, JLN P5/6, PRESINT 5  
62200 PUTRAJAYA  
WP PUTRAJAYA

No. Rujukan Majikan :  
Tarikh : 17/04/2018

Tuan,

SURAT PENYELESAIAN CUKAI PENDAPATAN  
NAMA PEMBAYAR CUKAI :  
NO. KAD PENGENALAN/POLIS/TENTERA/PASPORT :  
NO. CUKAI PENDAPATAN : SG 037640

**SAMPLE**

Saya merujuk kepada permohonan tuan bertarikh 09/01/2018.

2. Dimaklumkan tanggungan cukai pegawai tersebut di atas adalah sebanyak RM 32,972.73 selepas mengambilkira potongan-potongan yang telah dibuat daripada pendapatannya sehingga bulan Mac 2018. Bagi tujuan surat penyelesaian cukai, jumlah di atas hendaklah dikurangkan dengan jumlah potongan yang telah dibuat selepas bulan berkenaan sehingga bulan beliau menerima gaji terakhir.

3. Pegawai tuan perlu mengemukakan Borang Nyata bagi Tahun Taksiran 2018 pada / sebelum 30 April 2019 jika tiada punca pendapatan perniagaan atau pada / sebelum 30 Jun 2019 jika ada punca pendapatan perniagaan untuk menentukan cukai sebenar yang perlu dibayar.

Sekian, terima kasih.

" BERKHIDMAT UNTUK NEGARA "  
" BERSAMA MEMBANGUN NEGARA "

Saya yang menurut perintah,

b.p. Ketua Pengarah Hasil Dalam Negeri  
Lembaga Hasil Dalam Negeri Malaysia

## WHAT IS TAX CLEARANCE LETTER (TCL)?

IT IS AN APPROVAL BY INLAND REVENUE BOARD OF MALAYSIA (IRBM) TO THE EMPLOYER REGARDING DECEASED/RETIRING/RESIGNING EMPLOYEE'S TAX LIABILITY IN ORDER FOR EMPLOYER TO MAKE FINAL PAYMENT OF SALARY/COMPENSATION/GRATUITY TO THE SAID EMPLOYEES

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**sample**

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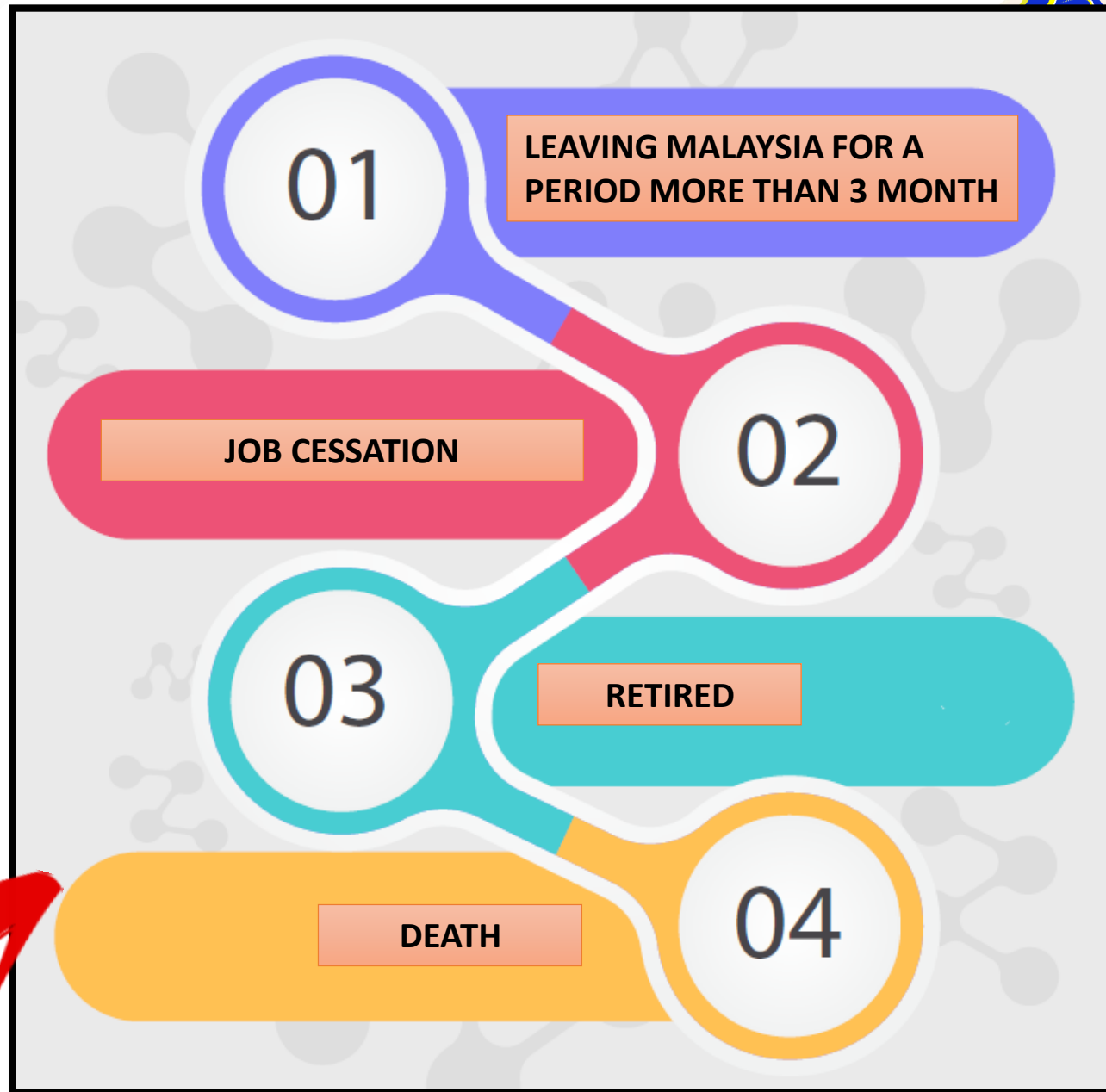
## WHY TCL IS BEING ISSUED?

- **EMPLOYEE MUST SUBMIT THEIR INCOME RETURN FORM ON OR BEFORE THE DATE MENTIONED IN ITA 1967 SO THE FINAL TAX POSITION WILL BE FINALIZED AND RELEASED**
- **SETTLEMENT OF ALL THE TAX OUTSTANDING AMOUNT MUST BE DONE BEFORE THE EMPLOYEE RESIGN/CEASE OR LEAVE THE COUNTRY**



**WHEN SHOULD THE EMPLOYER  
APPLY FOR  
TAX CLEARANCE LETTER (TCL) ?**

**WHEN THE EMPLOYEE WAS IN  
THESE SITUATION**



# EMPLOYER'S RESPONSIBILITIES

# EMPLOYER'S RESPONSIBILITIES

EMPLOYER'S RESPONSIBILITIES	SUBSECTION	PENALTY / FINE
Inform IRBM if there are any cessation/retirement of an employee	Subsection 83(3) ITA 1967	Failure to notify, the employer will be charged under paragraph 120(1) (c) and / or subsection 107(4)
Inform to IRBM not more than 1 month before the date of an employee intending to leave Malaysia	Subsection 83(4) ITA 1967	



# EMPLOYER'S RESPONSIBILITIES

EMPLOYER'S RESPONSIBILITIES	SUBSECTION	PENALTY / FINE
<p>Suspend any money that will or may be paid to an employee who will cease working / retire or intends to leave Malaysia for a period exceeding three (3) months</p>	<p>Subsection 83(5) ITA 1967</p>	<p>If the employer failed, they shall be liable under paragraph 120 (1) (e) and / or subsection 107 (4)</p>
<p>Employers can not pay any portion of this money without the approval of the DGIR within 90 days from the date the TCL application form is received by the DGIR.</p>		
<p>The employer shall pay all or part of the amount detained by the DGIR when ordered at any time during the period</p>		

# EMPLOYER'S RESPONSIBILITIES

## Subsection 83(3)

Giving notice within 1 month from the expected cessation date of his employee whom

Chargeable to tax

Likely to be chargeable to tax

FORM;

FORM CP22A (Private)

FORM CP22B (Government)

Electronic platform : *ezHasil - eSPC*

### Example

Mr. Ali is expected to finish his employment on 30/04/2020.

Employer must submit Form CP22A within 1 month before 30/04/2020

# EMPLOYER'S RESPONSIBILITIES

## Subsection 83(3).....(continue)

However, employers do NOT have to give notice if;

- a) Income from employment is subject to deduction under Section 154 (1) (a) of the ITA 1967.
- b) Monthly remuneration from employment are below the level subject to deduction under Section 154 (1) (a) of the ITA 1967.

and the employer knows the employee is NOT RETIRED from his payroll.

Employers need to send CP22A if PCB is not being deducted.

State the amount of money detained in Form CP22A



# EMPLOYER'S RESPONSIBILITIES

## Subsection 83(4)

Providing written notice within a period of not less than 1 month before the departure of the taxable employee who will leave Malaysia or intend to leave Malaysia for a period exceeding 3 months.

FORM : FORM CP21 (Private & Government)

Electronic platform : *ezHasil - eSPC*

### Example 5

Mr. Michael Smith will leave Malaysia on 30/04/2020.

Employer must submit Form CP21 within 1 month before 30/04/2020.

# EMPLOYER'S RESPONSIBILITIES

## Subsection 83(5)

Where notice under Subsection 83 (3) & Subsection 83 (4) is submitted, the employer is required to withhold 90 days of any money to be paid to his employees.

Employers are required to comply with the Tax Clearance Letter issued by IRBM.

State the amount of money retained in Form CP21 / CP22A.

### Example 5

Mr. Michael Smith will leave Malaysia / retire on 30/04/2020.

Employer must submit Form CP21 / CP22A within 1 month before 30/04/2020.

The employer withholds money for 90 days from the date of CP21 / CP22A Form received by IRBM.

Employer complies with Tax Clearance Letter.

# EMPLOYER'S RESPONSIBILITIES

## COMPENSATION PAYMENT ON LOSS OF EMPLOYMENT

Payment of compensation for loss of employment can be made;

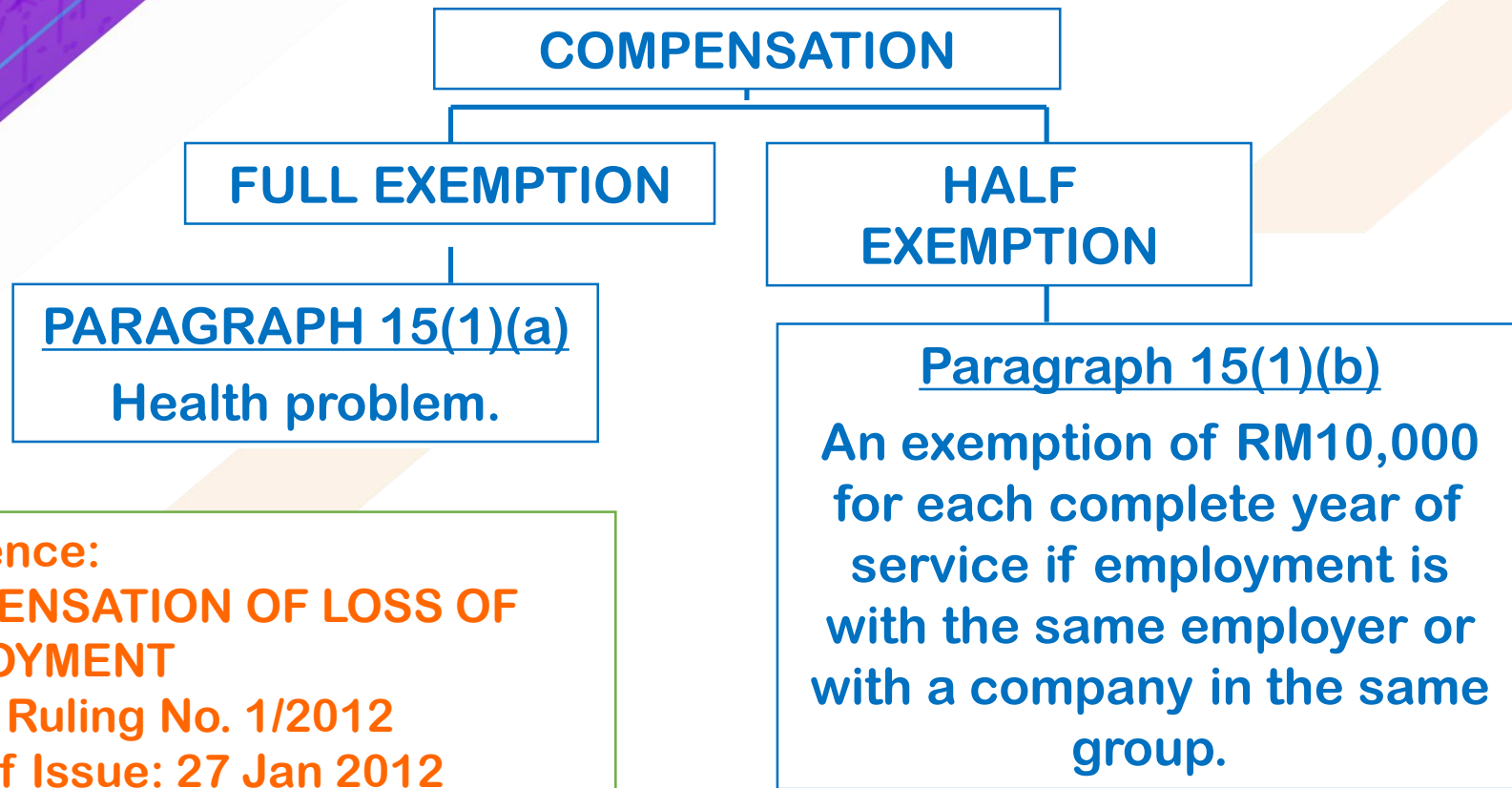
- a) Where employment is terminated before the contract ended. Example;
  - i. Excessive workers.
  - ii. The job is terminated before the time comes.
  - iii. Reduction of workers.
  - iv. Termination of certain types of work (redundant).
  - v. Closure of business or department.
- b. Under a court order due to wrongful termination or breach of contractual terms or by way of settlement between the parties connected with the act of retrenchment or the settlement of a claim relating to the retrenchment action which it may deserve to be taken; or
- c. By compensation for the elimination of any right, where the violation on it will caused legal action



# EMPLOYER'S RESPONSIBILITIES

## TAX TREATMENT ON COMPENSATION ON LOSS OF EMPLOYMENT

Full or partial exceptions are based on Paragraph 15 of the Schedule



Reference:  
**COMPENSATION OF LOSS OF EMPLOYMENT**  
Public Ruling No. 1/2012  
Date of Issue: 27 Jan 2012

# APPLICATION PROCEDURE

**All application should be made by the employer to IRBM not more than one (1) month before the date of cessation of the employee/retirement or the date the employee is expected to leave Malaysia by the following method:**

- I. e-SPC at IRBM official website**
- II. Form which can be downloaded from IRBM official website**

<b>FORM</b>	<b>DETAILS</b>
CP21	To Inform IRBM any employee whom will be leaving Malaysia by private and government sector employer
CP22A	To inform IRBM of any cessation/retirement or death by private sector employer
CP22B	To inform IRBM of any cessation/retirement or death by government sector employer



## **SOFT REMINDER**

**All complete forms should be submitted to IRBM branches which directly handle the employee's tax file or visit IRBM nearest branches**

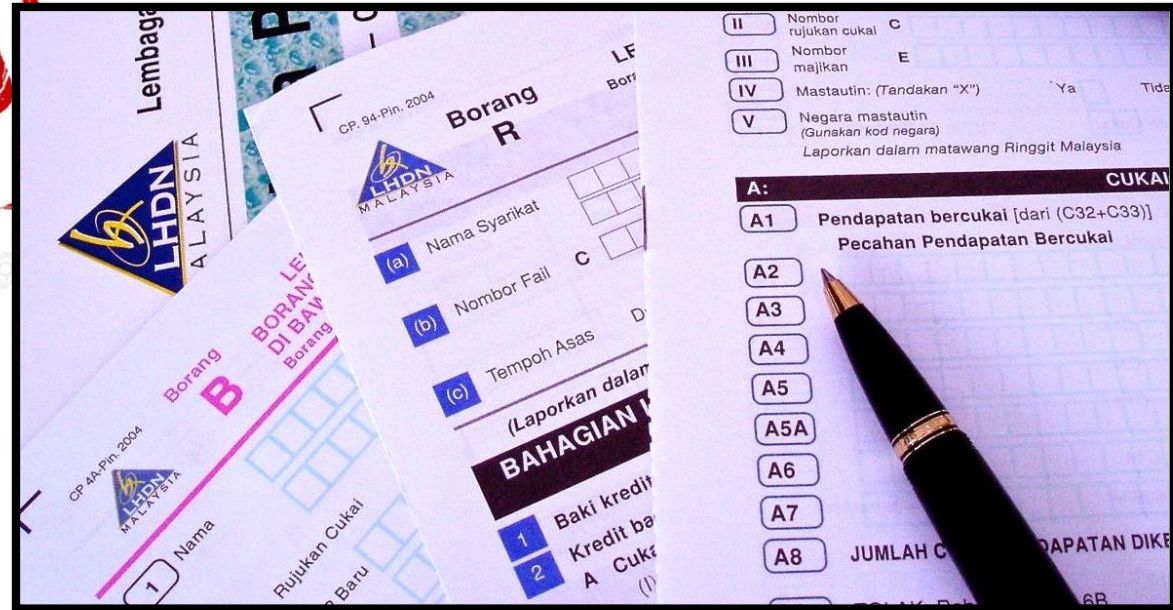
# EMPLOYEE'S RESPONSIBILITIES



# THE EMPLOYEES MUST

- I. If there are any cessation/retirement/ leaving the country of an employee, they must make sure that all their Income Tax Return Forms backward were in order and complete

**COMPLETED**



The image shows several overlapping tax forms from LHDN Malaysia. The most prominent form is Form R (Borang R), which includes fields for company name, company number, and tax type. Below it is Form B (Borang B), which includes fields for name and tax reference. To the right, a portion of Form A (Borang A) is visible, showing a table for reporting taxable income (Pendapatan bercukai) and a list of boxes (A1 to A8) for reporting different types of income. A large red stamp with the word "COMPLETED" is overlaid on the forms. A black pen is positioned over the bottom right corner of the forms.



# WHAT IS MONTHLY TAX DEDUCTION AS A FINAL TAX?



# INTRODUCTION TO MONTHLY TAX DEDUCTION AS FINAL TAX

- Taxpayers are given an option to either submit the Income Tax Return Form (ITRF) via e-filing or manually
- Final Tax will be enforced beginning Year of Assessment 2014
- Taxpayers who have one only employment income and have Monthly Tax Deduction (MTD) need not fill ITRF according to the terms below:

## **MONTHLY TAX DEDUCTION AS FINAL TAX'S CONDITIONS:**

**5 conditions that need to be fulfilled:**

- (a) Having one source of employment including Benefits-In-Kind (BIK) & Value of Living Accommodation (VOLA)**
- (b) MTD is deducted according to Income Tax Rules;**
- (c) Service with the same employer**
- (d) Tax is not borne by the employer; and**
- (e) Husband and wife elect for separate assessment.**



# THE EMPLOYEES MUST

Employees intend to cease/retire/ leaving the country:

MTD AS FINAL TAX	NOTIFICATION
<p><b>QUALIFIED</b></p>	<p>Income Tax Return Form (ITRF) for current year of assessment-<b><i>NO NEED TO SUBMIT</i></b> ITRF for the year of which the employee cease from her/his service <b><i>MUST BE SUBMITTED</i></b> in the following year</p>
<p><b>DISQUALIFIED</b></p>	<p>Income Tax Return Form (ITRF) for current year of assessment and ITRF for the year of which the employee cease from her/his service <b><i>MUST BE SUBMITTED</i></b> in the following year</p>



# CHECKLIST

## SENARAI SEMAK PERMOHONAN SURAT PENYELESAIAN CUKAI (SPC) INDIVIDU LEMBAGA HASIL DALAM NEGERI MALAYSIA



### JENIS BORANG

- |                          |       |   |
|--------------------------|-------|---|
| <input type="checkbox"/> | CP21  | Pemberitahuan Oleh Majikan Bagi Pekerja Yang Hendak Meninggalkan Malaysia |
| <input type="checkbox"/> | CP22A | Pemberitahuan Pemberhentian Kerja (Swasta)                                |
| <input type="checkbox"/> | CP22B | Pemberitahuan Pemberhentian Kerja (Agensi Kerajaan)                       |

### PERKARA

- |                          |  |
|--------------------------|--|
| <input type="checkbox"/> | Borang CP21 / CP22A / CP22B telah diisi dengan lengkap               |
| <input type="checkbox"/> | Borang Nyata Cukai Pendapatan (BNCP) sehingga tahun taksiran terkini |
| <input type="checkbox"/> | Salinan borang EA / EC   |
| <input type="checkbox"/> | Salinan Passport (Kes CP21 sahaja)                                   |
| <input type="checkbox"/> | Jadual perjalanan keluar / masuk Malaysia (Kes CP21 sahaja)          |

Makluman: Borang yang lengkap hendaklah dikemukakan ke Cawangan LHDNM yang mengendalikan fail cukai pendapatan pekerja atau ke cawangan LHDNM yang berhampiran

### KEGUNAAN PEJABAT

- |                          |               |
|--------------------------|---------------|
| <input type="checkbox"/> | LENGKAP       |
| <input type="checkbox"/> | TIDAK LENGKAP |

### COP PENERIMAAN

### CATATAN:

All documents submitted must be complete for verification process

This checklist will be given by the employer for your reference

# LHDNM RESPONSIBILITIES



## OUR COMMITMENT

- All TCL complete application will be processed within 14 working days based on LHDNM Client Charter
- All TCL for individual will be handed to their employer and the employee will have the said copy.

## OUR CONCERN:

- IRBM may proceed any legal action under subsection 107(4) ITA 1967 to those employers whom failed to pay the amount demanded in the individual TCL
- IRBM may also initiated sanction order from travelling under section 104 ITA 1967 to the employees whom failed to settle their outstanding tax amount



# THANK YOU



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/LhdnTube



/LHDNM



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