

15) APPLICATION PROCEDURES FOR INFORMING INLAND REVENUE BOARD (IRB) ON INCOME EARNED IN MALAYSIA

UNDER INCOME TAX ACT 1967

1. Any income earned in Malaysia is subjected to Malaysia income tax each year.
2. Exemption of income tax is given to any remittances received by an individual from outside Malaysia.
3. Types of income subject to tax:
 - a. Business, trade or profession
 - b. Employment (not applicable to Malaysia My Second Home participants)
 - c. Dividends, interest and discounts
 - d. Rents and royalties.
 - e. Special classes of income (e.g. technical advice, assistance or services rendered in connection with technical management/administration of any scientific, technical/commercial undertaking, venture or scheme)

4. Tax rate:

The tax rate for an individual will depend on his/her resident status. Generally, a non-resident individual is taxed at a flat rate of 28% for income earned from house rentals, directors' fee, distribution of partnership income or dividend payment, except for the following;

- Royalty earned from Malaysia – 10%
 - special class of income as mentioned in section (3e) – 10%
- A resident individual is taxed at a scale rate of 2% - 27%.
(Please refer to IRB's website at www.hasilnet.org.my)

5. Determination of resident status of an individual tax payer for tax purposes is determined not by nationality but the length of physical stay in Malaysia. The status is determined for each calendar year. For example, the individual will be considered as a resident if he/she stays:-
 - a. in a year amounting to 182 days or more in Malaysia; OR
 - b. if less than 182 days in a year but that period is linked to another period of more than 182 consecutive days;
e.g. from 1/3/2003 - 31/12/2003 = more than 182 days
from 1/1/2004 - 31/1/2004 = 31 days
therefore he is resident for both years of assessment; OR

- c. if 90 days or more in a year and stayed 90 days or more/resident for three out of four preceding years of assessment
e.g. 2000, 2001, 2002 - stayed 90 days or resident
2003 - stayed 90 days or more
therefore he is resident for year of assessment **2003**; OR
- d. if stayed less than 90 days or did not stay in Malaysia at all in a year but stayed as resident for three preceding years and the following year
e.g. 2000, 2001, 2002 - resident
2003 - did not stay at all or stayed less than 90 days
2004 - resident
therefore he is resident in year 2003.

For more examples, please refer to Inland Revenue Board (IRB) website: www.hasilnet.org.my

6. How to inform IRB regarding the revenue earned in Malaysia for income tax purposes
- a. Apply for income tax file reference number to the nearest IRB office. Submit following personal particulars:
- Full name as in passport
 - Date of birth
 - Passport number (please attach a copy)
 - Nationality
 - Sex
 - Present correspondence address
 - Statement of income earned / derived from Malaysia.
- b. For married woman, to furnish husband's particulars;
- Full name
 - Date of birth
 - Nationality
 - Passport number (please attach a copy)

NOTE:

Please inform IRB about your presence in Malaysia as soon as possible.

For further details, kindly contact:-



Inland Revenue Board,

Public Relations Unit,

10th Floor, Block9,

Government Office Complex,

Jalan Duta, 50592 Kuala Lumpur,

Tel : +603 – 6203 1380 (Hotline)

Fax : +603 – 6201 2430

Email : lhdn@hasilnet.org.my

Website : www.hasilnet.org.my