

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. Gains or profits from a business, for whatever period of time carried on;
 - b. Gains or profits from an employment;
 - c. Dividends, interest or discounts;
 - d. Rents, royalties or premiums;
 - e. Pensions, annuities or other periodical payments not falling under any of the foregoing paragraphs;
 - f. Gains or profits not falling under any of the foregoing paragraphs.

4. Tax rate:

The tax rate for an individual will depend on his/her resident status. A resident individual is taxed at a scale rate of 2% - 27%. (Please refer to IRB website at www.hasilnet.org.my) Generally, a non-resident individual is taxed at a flat rate of 28%.

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 amounted to 182 days or more in Malaysia; OR
 - b. if less than 182 days in 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 stay less than 90 days or did not stay in Malaysia at all in a year but stayed as resident for three preceding year 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 of the relevant page)
 - 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 of the relevant page)

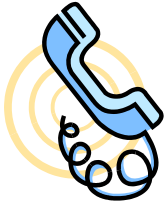
7. The current tax assessment concept (Self Assessment System) requires taxpayers the responsibilities to assess and pay the taxes due to the Government of Malaysia.

Taxpayers are required to submit the completed Income Tax Form for a year of assessment stating the income and tax payable to the Inland Revenue Board by 30th April of the following year. The actual tax payable must be paid by 30th April.

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