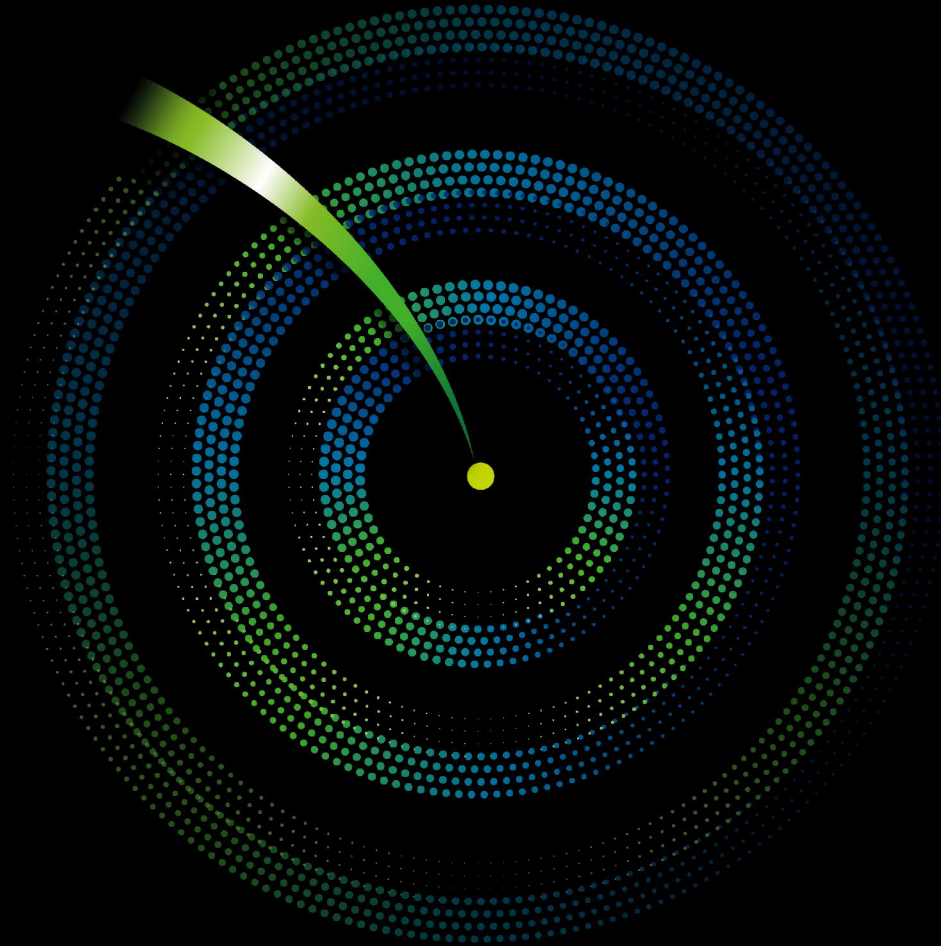


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Building a sustainable and resilient future

Au Yeong Pui Nee | 22 March 2023



Individual Income Tax

Change in income tax rates for resident individuals

Finance Bill 2023

Proposed amendment to Schedule 1, Part 1, Paragraph 1 of the Income Tax Act, 1967

Chargeable income	2022 Current Tax Rate (%)	2023 Proposed Tax Rate (%)	Reduction/Increase in tax rate
0 – 5,000	0	0	
5,001 – 10,000	1	1	
10,001 – 25,000	3	3	
35,001 – 50,000	8	6	↓ 2%
50,001 – 70,000	13	11	↓ 2%
70,001 – 100,000	21	19	↓ 2%
100,001 – 250,000	24	25	↑ 1%
250,001 – 400,000	24.5	25	↑ 0.5%
400,001 – 600,000	25	26	↑ 1%
600,001 – 1,000,000	26	28	↑ 2%
1,000,001 – 2,000,000	28	28	
2,000,001 and above	30	30	

Tax impact

Illustrative scenarios

	Scenario 1	Scenario 2	Scenario 3
Monthly income*	RM5,000	RM8,000	RM12,000
Yearly gross income	RM60,000	RM96,000	RM144,000
Tax computation			
Chargeable income (net of tax relief: Personal relief RM9k, spouse 4k, children 4k and EPF 4k)	RM39,000	RM75,000	RM123,000
Tax payable (YA 2022)	RM920	RM5,450	RM16,220
Tax payable (YA 2023)	RM840	RM4,650	RM15,150
Comparison	Decrease in tax RM80	Decrease in tax RM800	Decrease in tax RM1,070

*Assumed married, spouse has no source of income and 2 dependent children

Tax impact

Illustrative scenarios (Cont'd)

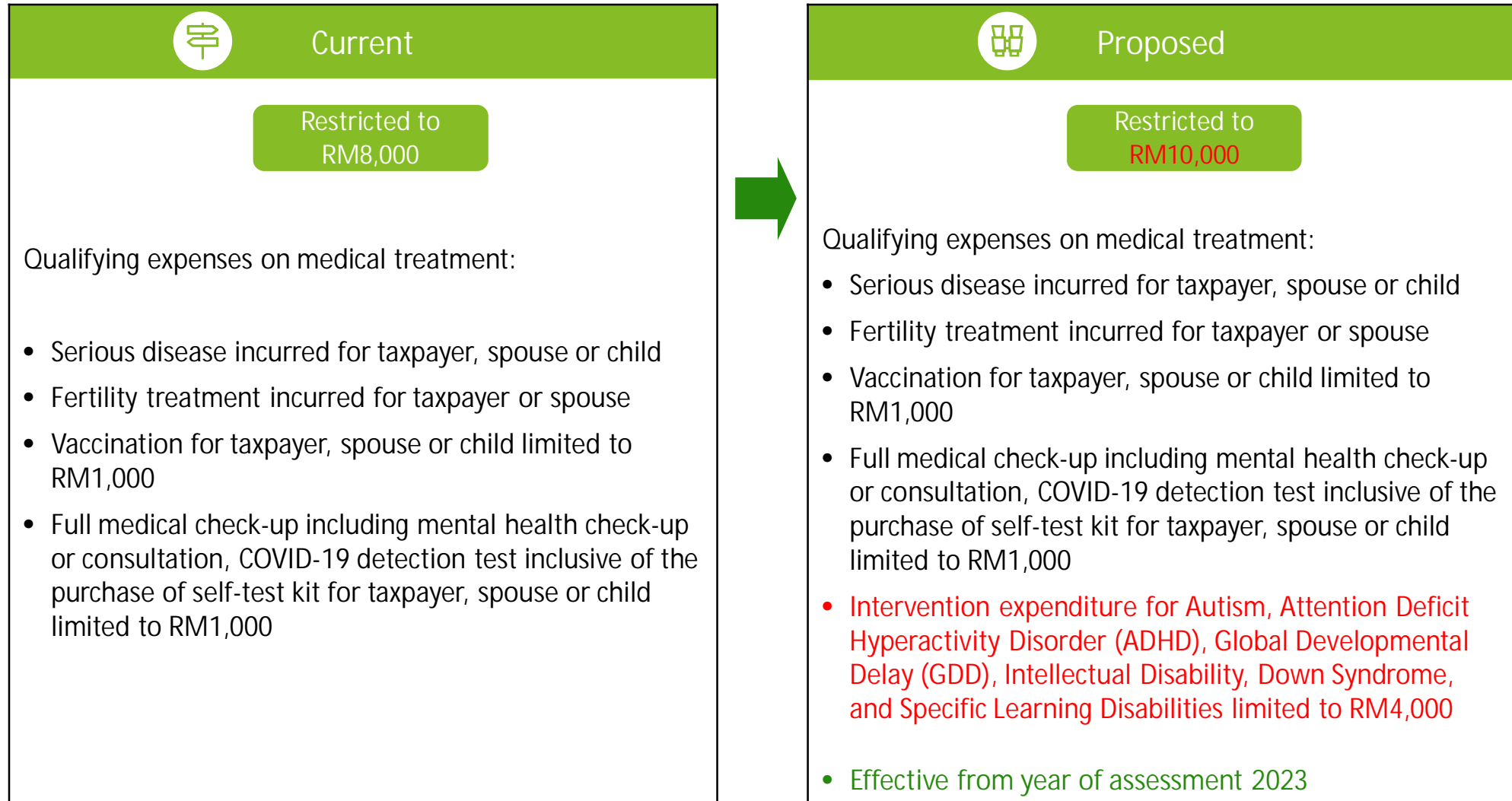
	Scenario 4	Scenario 5	Scenario 6
Monthly income*	RM20,916	RM50,000	RM85,000
Yearly gross income	RM250,992	RM600,000	RM1,020,000
Tax computation			
Chargeable income (net of tax relief: Personal relief RM9k, spouse 4k, children 4k and EPF 4k)	RM229,992	RM579,000	RM999,000
Tax payable (YA 2022)	RM41,898	RM128,200	RM237,190
Tax payable (YA 2023)	RM41,898	RM130,940	RM284,120
Comparison	Breakeven point (no change in tax)	Increase in tax RM2,740	Increase in tax RM10,930

*Assumed married, spouse has no source of income and 2 dependent children

Tax relief on medical treatment expenses

Finance Bill 2023

Proposed amendment Section 46(1)(g) of the Income Tax Act, 1967



Tax relief on Employees Provident Fund (EPF) contributions

Finance Bill 2023

Proposed amendment Subsection 49(1) and 49(1A) of the Income Tax Act, 1967

Current	
Other than Public Servant	Public Servant
Contribution to an approved scheme or voluntary contribution to EPF (not including private retirement fund) or contribution under any written law Restricted to RM4,000	Not applicable (where there is no EPF contribution / approved scheme) Restricted to RM4,000 (with EPF contribution / approved scheme)
Life insurance premium payment or Takaful contributions Restricted to RM3,000	Restricted to RM7,000 (where there is no EPF contribution / approved scheme) Restricted to RM3,000 (with EPF contribution / approved scheme)
Total allowable relief	
Maximum RM7,000	



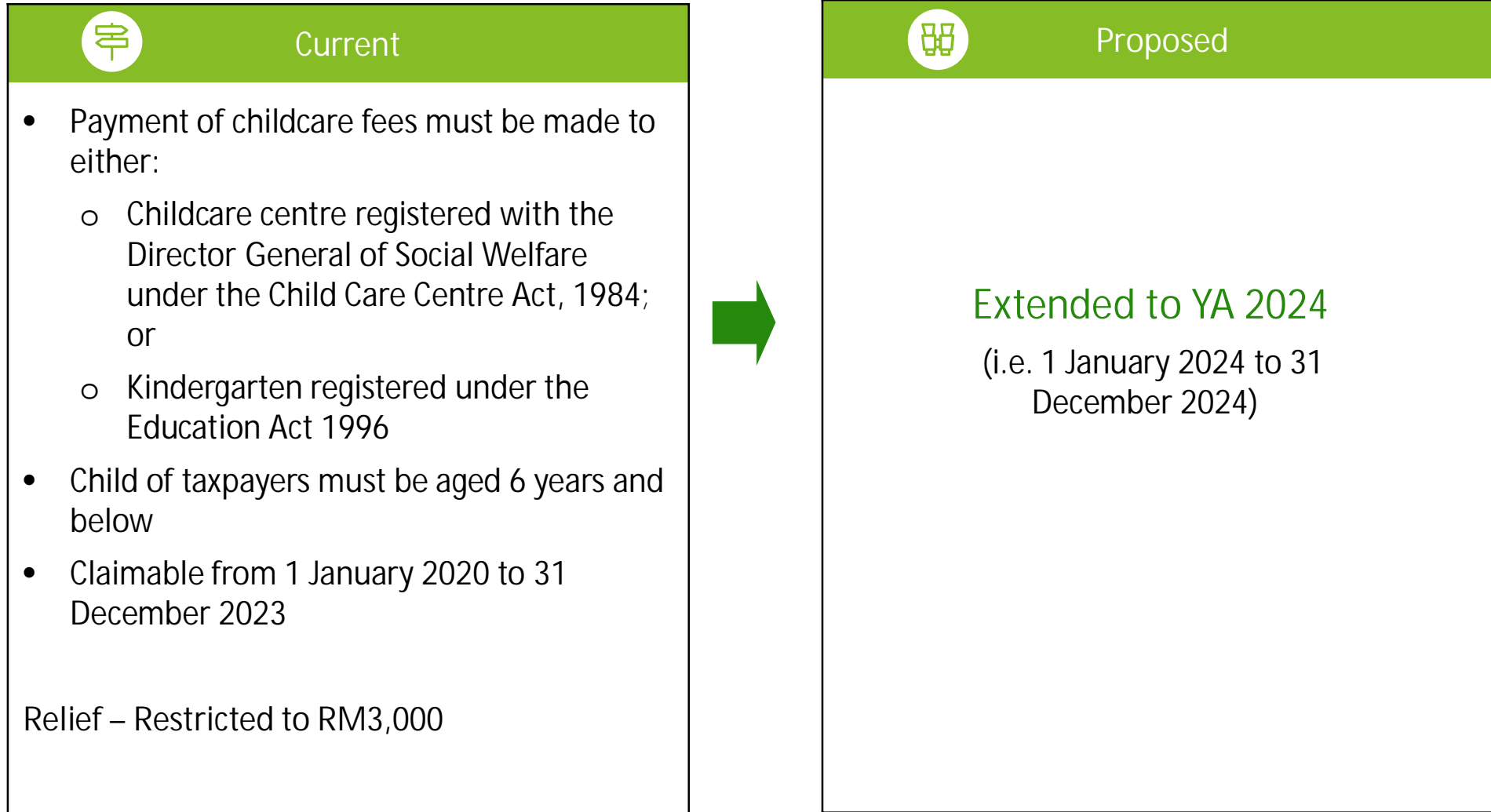
Proposed	
Other than Public Servant	Public Servant
Contribution to an approved scheme or voluntary contribution to EPF (not including private retirement fund) or contribution under any written law Restricted to RM4,000	Not applicable (where there is no EPF contribution / approved scheme) Restricted to RM4,000 (with EPF contribution / approved scheme)
Life insurance premium payment or Takaful contributions Restricted to RM3,000 or additional voluntary contribution to EPF or both	Restricted to RM7,000 (where there is no EPF contribution / approved scheme) Restricted to RM3,000 (with EPF contribution / approved scheme)
Total allowable relief	
Maximum RM7,000	

- Effective from year of assessment 2023

Tax relief: Expenses incurred for childcare fees

Finance Bill 2023

Proposed amendment Section 46(1)(r) of the Income Tax Act, 1967



Special Note

The below tax reliefs expired after YA 2022 and will not be extended

1. Special lifestyle relief
 - Purchase of a personal computer, smartphone or tablet up to RM2,500. This was a special relief introduced during the pandemic and is a further deduction to the current lifestyle relief

2. Skim Simpanan Pendidikan National (SSPN)
 - Tax relief up to RM8,000 on net annual savings/deposit to SSPN

3. Domestic tourism expenses
 - Tax relief up to RM1,000 was introduced during pandemic to spur domestic tourism





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