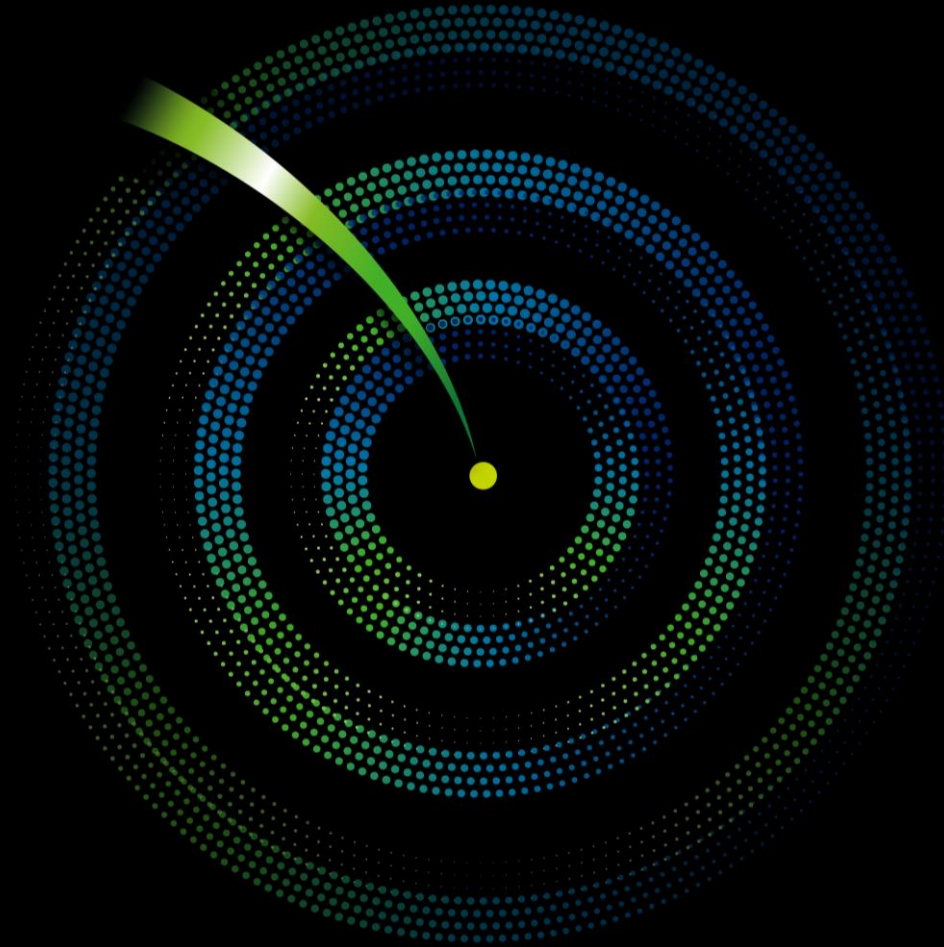


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Building a sustainable and resilient future

Ang Weina and Chee Ying Cheng | 16 March 2023



# Speakers



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# 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	RM12,000	RM20,916	RM50,000
<b>Yearly gross income</b>	RM144,000	RM250,992	RM600,000
<b><u>Tax computation</u></b>			
<b>Chargeable income (Note*)</b>	RM123,000	RM229,992	RM579,000
<i>Tax relief claimed : Personal relief, spouse relief, children and EPF contribution</i>			
<b>Tax payable (YA 2022)</b>	RM16,220	RM41,898	RM128,200
<b>Tax payable (YA 2023)</b>	RM15,150	RM41,898	RM130,940
<b>Comparison</b>	Decrease in tax RM1,070	Breakeven point (no change in tax)	Increase in tax RM2,740

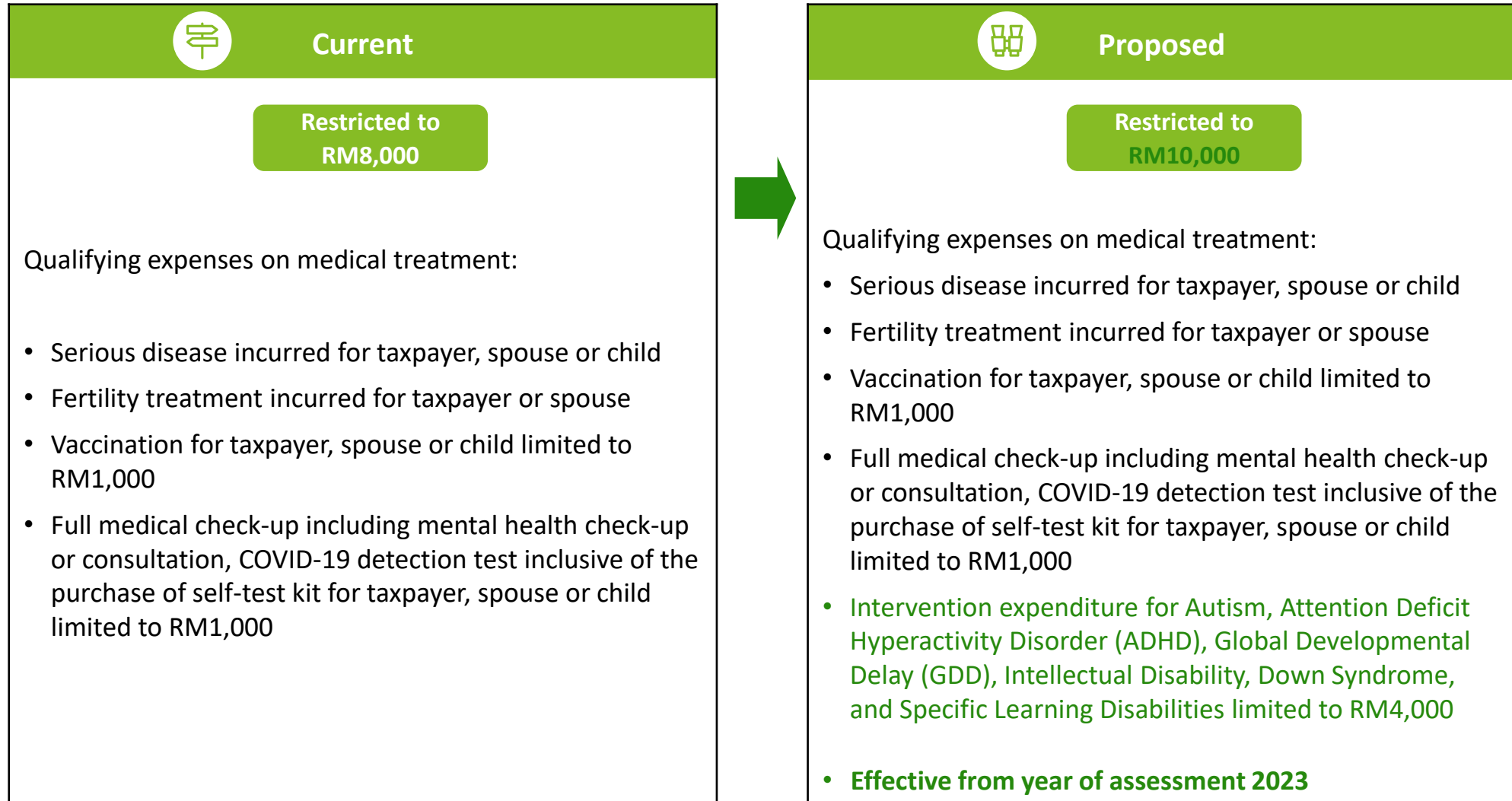
Note \* Assumed married, spouse has no source of income and 2 dependent children

# Tax Relief

# 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

 <b>Current</b>	
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)
<b>Total allowable relief</b>	<b>Maximum RM7,000</b>




 <b>Proposed</b>	
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 <b>or additional voluntary contribution to EPF or both</b>	Restricted to RM7,000 (where there is no EPF contribution / approved scheme) Restricted to RM3,000 (with EPF contribution / approved scheme)
<b>Total allowable relief</b>	<b>Maximum RM7,000</b>
<ul style="list-style-type: none"> <li><b>Effective from year of assessment 2023</b></li> </ul>	




# Tax relief: Expenses incurred for childcare fees

Finance Bill 2023

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

 Current
<ul style="list-style-type: none"><li>• Payment of childcare fees must be made to either:<ul style="list-style-type: none"><li>○ Childcare centre registered with the Director General of Social Welfare under the Child Care Centre Act, 1984; or</li><li>○ Kindergarten registered under the Education Act 1996</li></ul></li><li>• Child of taxpayers must be aged 6 years and below</li><li>• Claimable from 1 January 2020 to 31 December 2023</li></ul> <p><b>Relief – Restricted to RM3,000</b></p>



 Proposed
<p><b>Extended to YA 2024</b> (i.e. 1 January 2024 to 31 December 2024)</p>

## 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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