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## **Deloitte TaxMax- the 42<sup>nd</sup> series**

**Budget 2017 – Personal Income Tax Highlights**

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8 November 2016

# Gross employment income

# Highlights of 2017 Budget

## Gross employment income

### Finance Bill 2016

Proposed new subsection 13(1A) to the Income Tax Act

### Subsection 13(1A)

The total amount of gross income in subsection (1) shall include any amount of output tax paid under Goods and Services Tax Act 2014 in connection with the gross income which is borne by the employer.

**Effective: From YA 2015 onwards**



# Changes to income tax reliefs

# Highlights of 2017 Budget

## Changes to Income Tax Relief – Spouse (Husband / wife) relief

### Finance Bill 2016

- Proposed new subsection 45A(2) and subsection 47(6) to the Income Tax Act

### Subsections 45A(2) and 47(6)

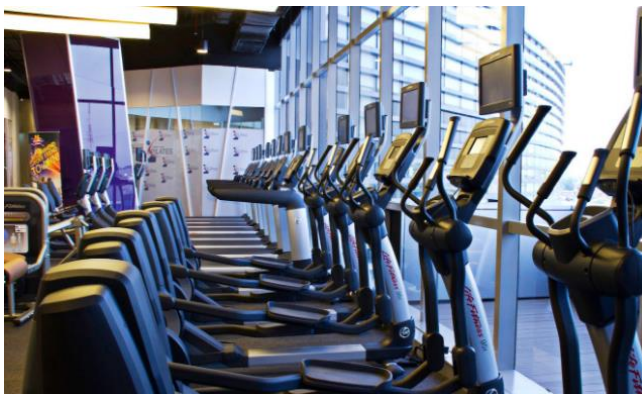
- The spouse relief shall not apply, where the spouse has foreign sourced income, which is more than current spouse relief of RM4,000.
- However, this change shall not apply to a disabled spouse.

**Effective: From YA 2017 onwards**



# Highlights of 2017 Budget

## Changes to Income Tax Relief – Lifestyle relief



# Highlights of 2017 Budget

## Changes to Income Tax Reliefs – Tax relief for lifestyle

### Finance Bill 2016

- Proposed deletion of Subsection 46(1)(i),(j),(l),(m) and new subsection 46(1)(p) to the Income Tax Act

#### Subscription of broadband internet (YA 2010 – 2012)

RM 500

#### Purchase of computer

RM 3,000 (once in every 3 years)

#### Purchase of sports equipment

RM 300

#### Purchase of reading materials

RM 1,000

### Proposed new Subsection 46(1)(p)

These reliefs to be combined into a new relief known as **the lifestyle relief** with a limit of up to RM 2,500

The lifestyle relief will also include:-

1. Purchase of printed daily newspaper
2. Purchase of smartphone or tablet
3. Internet subscription
4. Gymnasium membership fee

#### Effective Date:

**YA 2017 and subsequent YAs**

# Polling question

Do you think that the proposed tax relief for lifestyle is more beneficial to taxpayers compared with the current tax reliefs?

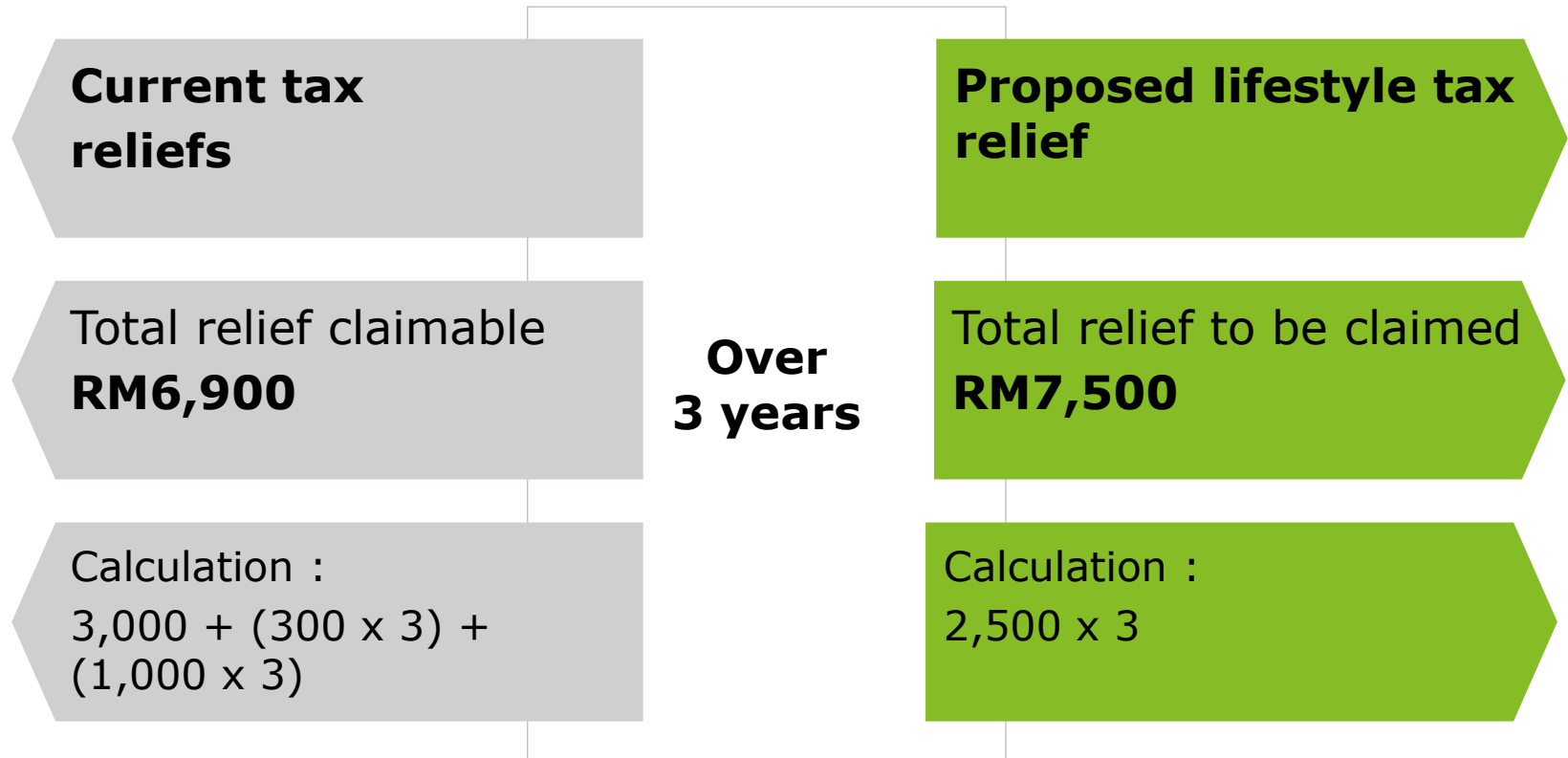
Options:

(A) Yes

(B) No



# Polling question - Answer



# Highlights of 2017 Budget

## Changes to Income Tax Reliefs –

### Tax relief for fees paid to childcare centres and kindergartens



# Highlights of 2017 Budget

## Changes to Income Tax Reliefs –

### Tax relief for fees paid to childcare centres and kindergartens

#### Finance Bill 2016

Proposed new Subsection  
46(1)(r) to the Income Tax Act

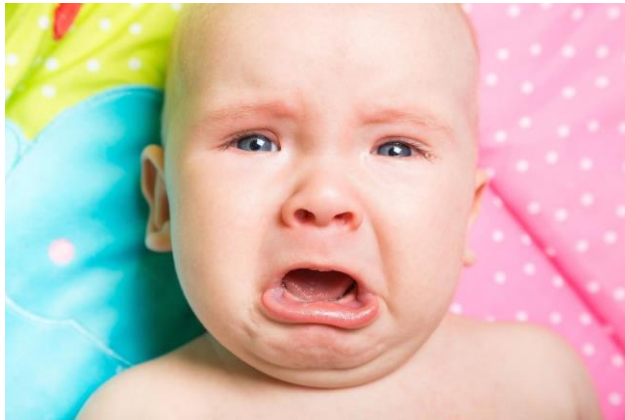
#### Proposed Subsection 46(1)(r)

- A tax relief of up to **RM 1,000** can be claimed by **either parent** who enroll their children **aged up to 6 years**, in a child care centre registered with the Director General of Social Welfare under the Child Care Centre Act 1984 or kindergartens registered under the Education Act 1996.

**Effective: YA 2017 and subsequent YAs**

# Highlights of 2017 Budget

## Changes to Income Tax Reliefs – Breastfeeding equipment relief



# Highlights of 2017 Budget

## Changes to Income Tax Reliefs – Breastfeeding equipment relief

### Finance Bill 2016

Proposed new Subsection 46(1)(q) to the Income Tax Act

#### Proposed new Subsection 46(1)(q)

- A tax relief of **up to RM 1,000** which can be claimed once in every 2 years.
- The purchase can be made **either in a complete set or a separate part** consisting of :-
  - Breast pump (manual or electric)
  - Cooler bag
  - Containers for collection and storage
- Applicable to **women** tax payers with **children aged up to 2 years**.
- The relief claim is not allowable for joint assessment under husband's name

**Effective: YA 2017 and subsequent YAs**



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