

Chargeable Income ^(e)	56,120
Tax on 50,000	3,475.00
Tax on the balance 6,120 @ 19%	1,162.80
Tax Charged	4,637.80
Less: S. 110	1,680.00
TAX PAYABLE	2,957.80*

Wife

Employment	
Gross/Adjusted/Statutory Income	25,200
Dividend	
Gross/Adjusted/Statutory Income	3,000
Aggregate/Total Income	28,200
Less: Relief	
Self 8,000	
Complete medical examination expenses 350	
Books/magazines 330	
Children (800 x 2) 1,600	
EPF/Life Insurance 4,284	14,564
Chargeable Income	13,636
Tax on 5,000	25.00
Tax on the balance 8,636 @ 3%	259.08
Tax Charged	284.08
Less: Rebate ^(g)	284.08
	NIL
Less: S.110	840.00
REPAYMENT	840.00*

Note:

- (a) Exemption on overseas fare limited to RM3,000
- (b) Deduction for father's medical expenses limited to RM5,000
- (c) Deduction for books/magazines limited to RM500

(d) Child Relief for a child studying in a local institution of higher learning is 4 times the normal child relief i.e RM800 x 4 = RM3,200

(e) EPF and insurance premium limited to RM5,000

(f) R. Kumar is not eligible for a tax rebate as his chargeable income exceeds RM35,000

(g) Tax rebate for the wife is given limited to actual tax charged

Tax computation for R. Kumar for the Year of Assessment 2002 (Combined Assessment)

Employment	
Salary	67,200
Entertainment allowance	4,800
	72,000
Leave Passage (5,800 - 3,000)	2,800
Value of living accommodation: 3% x 72,000	2,160
Gross/Adjusted/Statutory Income	76,960
Dividend	
Gross/Adjusted/Statutory Income	6,000
Payment for articles	
Gross/Adjusted/Statutory Income	740
Aggregate/Total Income of Husband	83,700

Wife Employment	
Gross/Adjusted/Statutory Income	25,200
Dividend	
Gross/Adjusted/Statutory Income	3,000
Aggregate/Total Income of wife	28,200
Combined Total Income of husband & wife	111,900
Less: Relief	
Self 8,000	
Medical expenses 5,000	
Medical examination 500	
Books/magazines 500	
Wife 3,000	
Children (800 x 2) 1,600	
Children (3,200 x 2) 6,400	
EPF/Life insurance 5,000	
Education insurance 2,400	32,400
Chargeable Income	79,500
Tax on 70,000	7,275.00
Tax on the balance 9,500 @ 24%	2,280.00
	9,555.00
Less: S. 110	2,520.00
TAX PAYABLE	7,035.00*

Note:

* Note the difference between a Combined Assessment and Separate Assessment. Taxpayer is given the option to select combined assessment or separate assessment for each year of assessment.

INCOME TAX RATE FOR YEAR OF ASSESSMENT 2002 FOR INDIVIDUALS RESIDENT IN MALAYSIA			
	Chargeable Income	Rates %	Tax RM
First	2,500	0	0.00
Next	2,500	1	25.00
	5,000		25.00
Next	15,000	3	450.00
	20,000		475.00
Next	15,000	7	1,050.00
	35,000		1,525.00
Next	15,000	13	1,950.00
	50,000		3,475.00
Next	20,000	19	3,800.00
	70,000		7,275.00
Next	30,000	24	7,200.00
	100,000		14,475.00
Next	150,000	27	40,500.00
	250,000		54,975.00
Exceeding	250,000	28	

Tax rate for individuals not resident in Malaysia is 28%

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**TAX COMPUTATION
FOR
INDIVIDUALS**

(EMPLOYMENT INCOME)

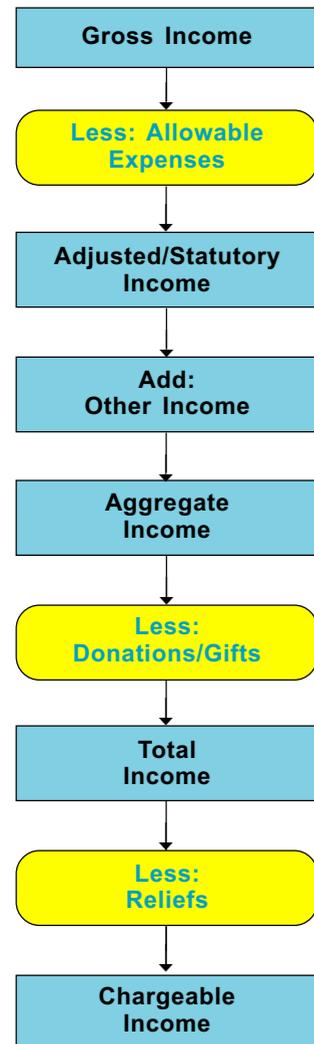
Memberi Khidmat

**MESRA
MEMBANTU
MEMUASKAN**

TAX COMPUTATION FOR INDIVIDUALS (EMPLOYMENT INCOME)

1. Introduction

Under the Self Assessment System, every individual is required to compute his/her own tax and declare it in the Form B. Below are the steps to compute taxable income for individuals who receive employment income and other income (excluding business income).



2. Example of Tax Computation for Individuals

Murad Abdullah (unmarried) is a resident in Malaysia for the Year of Assessment 2002. He is employed by Splash Dot Com Bhd. Details of his income for the basis year 2002 are as follows:

Income received from Splash Dot Com Bhd.

	RM
Salary	50,400
Bonus (for year ended 31.12.2002)	4,200
Travelling allowance	8,400

Living accommodation is provided by the employer and it is to be shared with another employee. Rental of RM600 per month is being paid by the employer.

Income received from letting out a house

Rental received (one year)	5,760
Expenses on the house:	
Assessment	320
Penalty for late payment of assessment	32
Payment for bank loan (including interest RM2,136)	10,620
Repairs of roof	280

Murad claimed the following expenditure:

EPF	RM6,930
Premium on medical insurance	RM2,640
Cash donation to an approved institution	RM420
Books & magazines	RM440
Zakat	RM1,575

Tax computation for Murad Abdullah for the Year of Assessment 2002

Employment	
Salary	50,400
Bonus	4,200
Travelling allowance	8,400
Gross Employment	63,000

Gross Employment	63,000
Value of living accommodation: Defined value $600 \times 12 \times \frac{1}{2} = 3,600$ OR $30\% \times 63,000 = 18,900$ whichever is the lower	<u>3,600</u>
Gross/Adjusted/Statutory Income	66,600
Rental Income	
Gross Rental	5,760
Less: Expenses	
Assessment ^(a)	320
Interest ^(b)	2,136
Repairs	<u>280</u>
Adjusted/Statutory Income	<u>2,736</u>
Aggregate Income	69,624
Less: Cash donation	<u>420</u>
Total Income	69,204
Less: Relief	
Self	8,000
Books/magazines	440
EPF ^(c)	5,000
Insurance	<u>2,640</u>
Chargeable Income ^(d)	<u>16,080</u>
Tax on 50,000	3,475.00
Tax on the balance $3,124 @ 19\%$	<u>593.56</u>
Tax charged	4,068.56
Less: Zakat	<u>1,575.00</u>
TAX PAYABLE	2,493.56

Note:

- Penalty for late payment of assessment is not allowable.
- Repayment of bank loan is a non-allowable expense.
- EPF deduction is limited to RM5,000.
- No rebate is given as chargeable income exceeds RM35,000.

3. Example of Tax Computation For Married Individuals

R. Kumar and his wife are resident in Malaysia for the Year of Assessment 2002. They are both employed by Green Growth Bhd. and have declared the following income for the basis year 2002:

R. Kumar

	RM
Salary	67,200
Entertainment allowance	4,800
Leave passage to Sydney	5,800

Living accommodation is provided on the plantation owned by the employer.

Dividend (net)	4,320
Payment received for articles published in magazines	740

Wife

	RM
Salary	25,200
Dividend (net)	2,160

Additional information:

- R. Kumar and his wife have four (4) unmarried children; two (2) are studying in local university and two (2) are schooling. The wife has claimed a relief for the two (2) school-going children.
- The expenses claimed by R. Kumar and his wife are as follows:

EPF of husband/wife	RM8,640/3,024
Medical expenses for parent (husband)	RM5,320
Expenses for complete medical examination of husband/wife	RM280/350
School books & magazines - husband/wife	RM770/330
Life insurance premium for husband/wife	RM2,480/1,260
Education insurance premium for husband	RM2,400

Tax computation for R. Kumar and his wife for the Year of Assessment 2002 (Separate Assessment)

R. Kumar

Employment	
Salary	67,200
Entertainment allowance	<u>4,800</u>
Leave passage ^(a) (5,800 – 3,000)	2,800
Value of living accommodation: $3\% \times 72,000$	<u>2,160</u>
Gross/Adjusted/Statutory Income	76,960
Dividend	
Gross/Adjusted/Statutory Income	6,000
Payment for Articles	
Gross/Adjusted/Statutory Income	740
Aggregate/Total Income	<u>83,700</u>
Less: Relief	
Self	8,000
Medical expenses for parent ^(b)	5,000
Complete medical examination expenses	280
Books/magazines ^(c)	500
Children $(3,200 \times 2)$ ^(d)	6,400
EPF/Life Insurance ^(e)	5,000
Education insurance	<u>2,400</u>
Chargeable Income ^(f)	<u>27,580</u>
Chargeable Income^(f)	56,120