



B 2010

INCOME TAX OF AN INDIVIDUAL

SHORT NOTES

(RESIDENT WHO CARRIES ON BUSINESS)

(ADDITIONS & AMENDMENTS)

This Notes is an extract from the Form B 2010 Explanatory Notes in respect of additions and amendments which require explanation for the Year of Assessment 2010 pursuant to the Income Tax 1967 (ITA 1967). A more detailed version of the Notes is available at the website of Lembaga Hasil Dalam Negeri Malaysia (LHDNM), <http://www.hasil.gov.my>

Item	Subject	Explanation
A5	TYPE OF ASSESSMENT	<p>Enter:</p> <ul style="list-style-type: none"> (i) '1' if the wife elects for joint assessment to be raised in the name of the husband. She does not have to fill in items C35 and C36, Part D, Part E and Part F of her Form B; or (ii) '2' if the husband elects for joint assessment to be raised in the name of his wife. He does not have to fill in items C35 and C36, Part D, Part E and Part F of his Form B; or (iii) '3' if the individual and spouse elect for separate assessment; or (iv) '4' if the individual is married with a spouse who has no source of income or has income which is tax exempt. (v) '5' if the individual is single / a divorcee / a widow / a widower / a deceased person. <p>Note: Conditions on eligibility to elect for joint assessment:</p> <ul style="list-style-type: none"> (i) the husband and the wife were living together in the basis year for a year of assessment and did not in that basis year cease to live together; (ii) the husband or the wife must have total income to be aggregated with the total income of the spouse; (iii) must be a Malaysian citizen if not resident in Malaysia; (iv) the aggregation can be made with one wife only.
A9	APPROVED BY THE MINISTER AS A KNOWLEDGE WORKER	<p>Enter '1' if your application to be subject to tax under Paragraph 1 of Part XIV Schedule 1 of ITA 1967 as a knowledge worker is approved by the Minister; or '2' if not applicable.</p> <p>For further details, refer to P.U.(A) 344/2010 in the LHDNM website.</p>
A9a	DATE OF APPROVAL BY THE MINISTER	If A9 = 1, enter the date of approval by the Minister.
C11	DIVIDENDS	<p>Enter dividends / distribution of income received from companies and unit trust [other than real estate investment trust (REIT) and property trust funds (PTF)] which have been charged to tax at 25%. Please submit Working Sheet HK-3 together with your Form B if you are entitled to a tax refund in item E15.</p> <p>Amount C(iii) from Working Sheet HK-3.</p>
D1	INDIVIDUAL AND DEPENDENT RELATIVES	Relief of RM9,000 for an individual in respect of himself and his dependent relatives is granted automatically. Paragraph 46(1)(a)

D12	PAYMENT OF BROADBAND SUBSCRIPTION	An amount limited to a maximum of RM500 is deductible in respect of expenses expended by the individual for the payment of broadband subscription under the individual's name. This deduction is only allowed for Years of Assessment 2010, 2011 and 2012. Paragraph 46(1)(m)																				
D13	INTEREST ON HOUSING LOAN	<p>An amount limited to a maximum of RM10,000 is deductible for each basis year for a period of three consecutive years of assessment beginning from the date in which the interest is first expended.</p> <p>Conditions for eligibility:</p> <ul style="list-style-type: none"> (i) an individual who is a citizen and resident; (ii) the purchase of the residential property is limited to one unit only; (iii) the Sale and Purchase Agreement has been executed from 10 March 2009 to 31 December 2010; and (iv) that residential property must not be rented out <p>Where:</p> <ul style="list-style-type: none"> (a) 2 or more individuals are each entitled to claim deduction in respect of the same residential property; and (b) the total amount of interest expended by those individuals exceed the amount of deduction allowable for that relevant year, <p>there shall be allowed to each of those individuals for that relevant year an amount to be determined in accordance with the following formula:</p> $A \times \frac{B}{C}$ <p>Where;</p> <p>A = total amount of deduction allowed for that relevant year; B = total interest expended in the basis year for the relevant year by that individual; and C = total interest expended in the basis year for that relevant year by all such individuals.</p> <p>Section 46B</p>																				
D18	<p>DEFERRED ANNUITY</p> <p>A further deduction is given in respect of any payment of premium for deferred annuity contracted on or after 01/01/2010, the total deduction for D17 and D18 is limited to a maximum of RM7,000. However, the total deduction in respect of life insurance premium and EPF contribution (item D17) is limited to RM6,000. Subsection 49(1A).</p> <p>Example:</p> <table border="1" data-bbox="201 1559 1538 1749"> <thead> <tr> <th>Individual</th> <th>Life Insurance and EPF (RM)</th> <th>Deduction Allowed [Item D17] (RM)</th> <th>Deferred Annuity (RM)</th> <th>Total Deduction Allowed (RM)</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>6,500</td> <td>6,000</td> <td>1,200</td> <td>7,000</td> </tr> <tr> <td>B</td> <td>8,000</td> <td>6,000</td> <td>800</td> <td>6,800</td> </tr> <tr> <td>C</td> <td>5,000</td> <td>5,000</td> <td>1,500</td> <td>6,500</td> </tr> </tbody> </table>		Individual	Life Insurance and EPF (RM)	Deduction Allowed [Item D17] (RM)	Deferred Annuity (RM)	Total Deduction Allowed (RM)	A	6,500	6,000	1,200	7,000	B	8,000	6,000	800	6,800	C	5,000	5,000	1,500	6,500
Individual	Life Insurance and EPF (RM)	Deduction Allowed [Item D17] (RM)	Deferred Annuity (RM)	Total Deduction Allowed (RM)																		
A	6,500	6,000	1,200	7,000																		
B	8,000	6,000	800	6,800																		
C	5,000	5,000	1,500	6,500																		
E2a	Chargeable Income Subject to Part XIV of Schedule 1	<p>FILL IN THIS ITEM IF A9 = 1.</p> <p>Only an individual who has been approved by the Minister as knowledge worker is qualified to fill in this item. This item need not be completed if A9 = 2</p>																				
E2b & E2c	Income Tax Computation In Respect of Chargeable Income Subject to Part I of Schedule 1	Match the chargeable income which is not subject to Part XIV of Schedule 1 (E2a) with the range of chargeable income as provided in the tax schedule on page 4 of this Explanatory Notes.																				

EXAMPLE ON HOW TO FILL IN THE ITEMS E2a, E2b AND E2c

Example I:

A9 = 2

Chargeable income (E1) : RM220,000

Item E2a need not be completed as it is not applicable.

Chargeable Income Subject to Part I of Schedule 1 = RM220,000

[Refer category I of the tax schedule]

Enter in items E2a, E2b, E2c and E3 in Form B as follow:

E2a	=	<input type="text"/>	At Rate 15%	<input type="text"/>
E2b	Tax on the first	<input type="text" value="100000"/>		<input type="text" value="1432500"/>
E2c	Tax on the balance	<input type="text" value="120000"/>	At Rate (%) 26	<input type="text" value="3120000"/>
E3	TOTAL INCOME TAX (E2a + E2b + E2c)		E3	<input type="text" value="4552500"/>

Example II:

A9 = 1

Chargeable income (E1) : RM220,000

Chargeable income from employment with a designated company : RM250,000

Total gross income from all sources : RM250,000

Chargeable income subject to Part XIV of Schedule 1 (15%)

$$= \frac{250,000}{250,000} \times 220,000$$

$$= 220,000$$

Items E2b and E2c need not be completed as it is not applicable.

Enter in items E2a, E2b, E2c and E3 in Form B as follow:

E2a	=	<input type="text" value="220000"/>	At Rate 15%	<input type="text" value="3300000"/>
E2b	Tax on the first	<input type="text"/>		<input type="text"/>
E2c	Tax on the balance	<input type="text"/>	At Rate (%) <input type="text"/>	<input type="text"/>
E3	TOTAL INCOME TAX (E2a + E2b + E2c)		E3	<input type="text" value="3300000"/>

Contoh III:

A9 = 1

Chargeable income (E1) : RM220,000

Chargeable income from employment with a designated company : RM180,000

Total gross income from all sources : RM250,000

Chargeable income subject to Part XIV of Schedule 1 (15%)

$$= \frac{180,000}{250,000} \times 220,000$$

$$= \text{RM}158,400$$

Chargeable income subject to Part I of Schedule 1

= RM220,000 – RM158,400

= RM61,600 [Refer category G of the tax schedule]

Enter in items E2a, E2b, E2c and E3 in Form B as follow:

E2a	=	<input type="text" value="158400"/>	At Rate	<input type="text" value="15%"/>	<input type="text" value="2376000"/>
E2b	Tax on the first	<input type="text" value="50000"/>			<input type="text" value="332500"/>
E2c	Tax on the balance	<input type="text" value="11600"/>	At Rate (%)	<input type="text" value="19"/>	<input type="text" value="220400"/>
E3	TOTAL INCOME TAX (E2a + E2b + E2c)			E3	<input type="text" value="2928900"/>

TAX SCHEDULE				
CATEGORY	RANGE OF CHARGEABLE INCOME (a)	COMPUTATION RM (b)	RATE % (c)	TAX RM (d)
A	0 - 2,500	First 2,500	0	0
B	2,501 - 5,000	Next 2,500	1	25
C	5,001 - 10,000	First 5,000 Next 5,000	3	25 150
D	10,001 - 20,000	First 10,000 Next 10,000	3	175 300
E	20,001 - 35,000	First 20,000 Next 15,000	7	475 1,050
F	35,001 - 50,000	First 35,000 Next 15,000	12	1,525 1,800
G	50,001 - 70,000	First 50,000 Next 20,000	19	3,325 3,800
H	70,001 - 100,000	First 70,000 Next 30,000	24	7,125 7,200
I	Exceeding 100,000	First 100,000 For every next ringgit	26	14,325

CLAIM CODES	
SPECIAL DEDUCTIONS	
Code	Claim
142	Deduction for investment in an approved consolidation of management of smallholding and idle land project
144	Expenditure on registration of patent and trade mark

HK-3:

TAX DEDUCTION UNDER SECTION 51 OF FINANCE ACT 2007 (DIVIDENDS)

Name

Income Tax No.

 I/C No.

Year of Assessment

 Business Registration No.

Submit this Working Sheet if entitled to a tax refund (Use separate HK-3 for dividends regressed)

A. List of dividend income:

No.	Date of Payment	For Year Ended	Warrant No. / Serial No.	Name of Company	Gross Dividend		Tax Rate	Tax Deducted		Net Dividend		
					RM	sen		RM	sen	RM	sen	
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
TOTAL NET DIVIDEND												
Total Regressed												

X [amount from B(i)]

Y [amount from B(ii)]

Note: Proceed with the computation overleaf if the rate of tax deducted on dividend received as per voucher / certificate differs from the tax rate for current year of assessment

B. Computation of regressed dividend and tax deemed deducted

If the rate of tax deducted as per dividend voucher / certificate differs from the current year's tax rate for corporations, please use the following formula to regress the net dividend received and compute the tax deemed deducted:-

(i) Dividend regressed (**X**)

$$\begin{aligned} &= \text{Net dividend} \times \frac{1}{(1 - Z^*)} \\ &= \frac{\text{Net dividend}}{(1 - Z^*)} \\ &= \text{(X)} \end{aligned}$$

(ii) Tax deemed deducted (**Y**)

$$\begin{aligned} &= \text{X} \times Z^* \\ &= \text{(Y)} \end{aligned}$$

* Where **Z** is the current year's tax rate for corporations

C. Computation of Statutory Income from Dividends

(i) Gross Dividend (**X**)

Less:

(ii) Interest on loan employed in the production of the above dividend income

(iii) Statutory Income

D. Tax deduction under section 51 of Finance Act 2007 (dividends) (as per amount Y above)