

TECHNICAL

Direct Tax

MONTHLY TAX DEDUCTION 2016

A. [Income Tax \(Deduction from Remuneration\) \(Amendment\) Rules 2015 \[P.U. \(A\) 311/2015\]](#)

The above Rules were gazetted under [\[P.U.\(A\) 311/2015\]](#) on 29 December 2015 to amend the *Income Tax (Deduction from Remuneration) Rules 1994 [P.U.(A) 507/1994]* (the “principal Rules”).

The following are the salient points of the Rules:

Rule	Content
1	The Rules are effective from 1 January 2016.
2	Rule 17 of the principal Rules is amended by substituting for the words “two thousand ringgit” with the words “twenty thousand ringgit” as follows: <i>Any person, who without reasonable excuse, fails to comply with subrule 10(1) or rule 13 shall be guilty of an offence and shall on conviction, be liable to a fine not less than two hundred ringgit and not more than <del>two thousand ringgit</del> twenty thousand ringgit or to imprisonment for a term not exceeding six months or to both.</i>
3(a)	By substituting the <b>Table 1 : Value of P, M, R and B</b> in Rule 4(1) of <a href="#">P.U.(A) 362/2014*</a> . (Note: Refer to S.24(a)(i) of the <a href="#">Finance Act 2015**</a> .)
3(b)	By substituting Rule 7 of <a href="#">P.U.(A) 362/2014*</a> with the following: <b>Determination of amount of Monthly Tax Deduction for additional remuneration of previous years</b> <i>7. The amount of Monthly Tax Deduction for additional remuneration before the year 2016 which is received in the current year shall be calculated in accordance with the method and Table of Monthly Tax Deduction applicable for the year the additional remuneration is received.</i>

\* Reported in [e-CTIM TECH-DT 4/2015](#) dated 8 January 2015.

\*\* Reported in [e-CTIM TECH-DT 2/2016](#) dated 5 January 2016.

Members may read the Rules at the official website of the [Attorney-General's Chambers](#).

B. Documents issued by LHDNM relating to Monthly Tax Deduction 2016

The LHDNM has also issued and uploaded the following documents related to Monthly Tax Deduction (MTD) 2016 on their website:

1. [Guidelines for Monthly Tax Deduction under Income Tax \(Deduction From Remuneration\) \(Amendment\) Rules 2015 \(BM version\)](#)
2. [Table of MTD \(with effect from 2016\)](#)
3. [Specification For MTD Calculations Using Computerised Calculation for 2016](#)

4. [Form PCB/TP1 \(1/2016\) Individual Deduction and Rebate Claim form](#)
5. [Form PCB/TP3 \(1/2016\) Previous Employer Employment information in Current Year for MTD purpose Claim Form](#)
6. [Questions for MTD Calculation Using Computerised Calculation Method 2016](#)

You may write to the Institute at [technical@ctim.org.my](mailto:technical@ctim.org.my) or [secretariat@ctim.org.my](mailto:secretariat@ctim.org.my) in respect of any suggestions, concern or comments you may have on the [Rules](#) and Guidelines, Specification and Forms so that we may raise them to the Inland Revenue Board (LHDNM).

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