

TECHNICAL

Direct Taxation

**PUBLIC RULING NO. 6/2018 – TAXATION OF A RESIDENT INDIVIDUAL PART III
COMPUTATION OF INCOME TAX AND TAX PAYABLE**

This [Public Ruling](#) was issued by the IRBM on 13 September 2018 (reported in our [e-CTIM TECH-DT 61/2018](#) dated 25 September 2018). It replaces PR 2/2005 – “Computation of Income Tax Payable by a Resident Individual” (paragraph 8 of this PR).

This PR must be read together with PR No. 4/2018 (refer to our [e-CTIM TECH-DT 72/2018](#) dated 17 October 2018) and [PR No. 5/2018](#) (refer to our e-CTIM TECH-DT 76/2018 dated 1 November 2018).

An outline of the contents as shown by the headings of each paragraph is given below:

Para. #	All sections quoted below refer to sections of the ITA unless otherwise stated.
1	Objective The objective is to explain the computation of income tax and the tax payable by an individual who is resident in Malaysia.
2	Relevant Provisions of the Law The sections of the Income Tax Act 1967 (ITA) which contain the provisions upon which this PR is based are stated here.
3	Interpretation Provides the meanings of specific words found in this PR. (The words whose meanings are given here are underlined below.)
4	Computation of Income Tax and Tax Payable
4.1	Income tax charged / payable, or tax repayable to an <u>individual</u> is computed after computing chargeable income (CI). (Refer PR No. 5/2018)
4.2	The table shows the computation of tax payable/ repayable which is arrived at by deducting tax rebates (for self, spouse and zakat and fitrah) and tax credits (from unit trusts or REITs; bilateral / unilateral credits) from tax charged on chargeable income.
5	Tax Rebate
5.1 to 5.3	Tax rebate is available for an individual resident in Malaysia for the basis year (BY) for a <u>year of assessment</u> (YA) under S6A(2) and (3). It is deducted from the amount of tax charged on CI. If tax rebate is greater than tax charged, the excess amount of rebate cannot be refunded to the taxpayer or be carried forward for deduction in subsequent years.
5.4	Personal rebate The following rebates are available for individuals with CI not exceeding RM 35,000: (1) An individual who has been allowed a deduction of relief for
	<u>Amount*</u> RM 400

	<p>self and dependent relatives under S46(1)(a)</p> <p>(2) A husband who has been allowed wife relief under S47(1) or (2) 400</p> <p>(3) A wife who has been allowed relief for husband under S45A 400</p> <p>* Prior to YA 2009, the amount was RM350</p> <p>Examples 1 to 4 illustrate the deduction of tax rebate for the above categories of individuals.</p>
5.5	Rebate for zakat and fitrah payments
5.5.1	Under S6A(3), a resident individual who has CI is entitled to claim tax rebate for any zakat, fitrah or other Islamic dues/ obligatory payments which are paid to an <i>appropriate religious authority</i> established under any <i>written law</i> . The amount of rebate allowed is limited to the income tax charged for a YA. (The meanings of the words in italics are given in paragraph 5.5.2 and 5.5.3 respectively.)
5.5.4	Where a husband and his wife are separately assessed, each will be given rebate for zakat paid by each of them respectively.
5.5.5	<p>Where an individual elects for combined assessment in the name of his wife/ her husband, rebate for zakat is given to the spouse in whose name the assessment is made, for the zakat payment made by him/ her (the spouse who is assessed).</p> <p>Zakat paid by the spouse who:</p> <ul style="list-style-type: none"> • elects for combined assessment; or • is unemployed/ has no source of income/ has no total income; <p>is not given as a rebate against the total tax charged of the husband/ wife who is assessed.</p> <p>Examples 5 to 9 are illustrations of the application of the above (paragraphs 5.5.1, 5.5.4 and 5.5.5).</p>
6	Bilateral Credit and Unilateral Credit
6.1 to 6.2	<p>Bilateral credit under S132 may be claimed by an individual resident in Malaysia. Unilateral credit under S133 may be claimed by an individual whether or not he/she is resident in Malaysia.</p> <p>Refer to PR No. 11/2011 titled "Bilateral Credit and Unilateral Credit" for the full explanation on the claims for bilateral and unilateral credit.</p>
7	Payment of Husband's or Wife's Tax under a Combined Assessment
	<p>In a combined assessment of income of husband and wife, the spouse in whose name the assessment is made is responsible to pay the tax.</p> <p>However, if necessary, the portion of tax attributable to the income of each spouse may be collected from the spouse concerned. The apportionment is made according to the formula found in paragraph 7.</p>
8	Application (See introduction above).
9	Disclaimer
	The examples in this PR are illustrative and not exhaustive

Please read the PR in full at the website of the [Institute](#) and the [LHDNM](#).

You may write to the Institute at technical@ctim.org.my or secretariat@ctim.org.my in respect of any suggestions, concern or comments you may have on the [PR No. 6/2018](#).

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