
TECHNICAL

Direct Tax

IRB WILL ISSUE INSTRUCTIONS TO DEDUCT SALARY TOWARDS SETTLEMENT OF INCOME TAX ARREARS

In a Media Release dated 2 June 2014, the Inland Revenue Board of Malaysia (IRBM) has made an announcement which applies to all taxpayers earning income from employment sources and have tax unpaid, that an Instruction to Deduct Salary (CP38 Instruction) will be issued to their employers on 16 June 2014.

The following are details relating to the CP 38 Instruction:

- It requires the employer to make additional deductions in monthly installments from the taxpayer's salary (other than a Monthly Tax Deduction) towards settlement of taxpayer's income tax arrears.
- Deductions are effective from July 2014 salary until December 2014.
- Taxpayers will receive a copy of CP38 Instructions through e-mail or by post.
- Taxpayers receiving CP38 Instruction may obtain clarifications on this matter by calling the IRBM Call Centre at 1-800-88-5436 or the IRBM Branch where their tax file is registered.

The announcement further disclosed that, as at 24 May 2014, the IRBM's record shows an estimated 156,158 individual taxpayers that will receive the CP38 Instruction involving tax arrears amounting to nearly RM 418 million.

You may also read the announcement at [Media Release](#) at the IRBM's website or the [Institute's website](#).

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