



RETURN FORM OF EMPLOYER REMUNERATION FOR THE YEAR 2015

EXPLANATORY NOTES E 2015

SELF ASSESSMENT SYSTEM

Together We Develop The Nation

BASIC INFORMATION

1	NAME OF EMPLOYER AS REGISTERED	Name of employer as registered with the Companies Commission of Malaysia (CCM). If there is any change to employer's name, please indicate the former name in parenthesis. For an individual who is not registered with CCM, fill in the name as per identity card/passport.																														
2	EMPLOYER'S NO.	Employer's file number. <i>Example:</i> For employer's number E 0123456708 E 0 1 2 3 4 5 6 7 0 8																														
3	STATUS OF EMPLOYER	Enter the status code of the employer in the box provided: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Code</th> <th>Status of Employer</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Government</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Statutory</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Private</td> </tr> </tbody> </table>	Code	Status of Employer	1	Government	2	Statutory	3	Private																						
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		Enter the code in the first two boxes and followed by the income tax number in the boxes provided. <i>Example I:</i> For Income Tax No. OG 1023456708 <table border="1"> <tr> <td>0</td><td>2</td><td>1</td><td>0</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>0</td><td>8</td><td>0</td> </tr> </table> <i>Example II:</i> For Income Tax No. D 1234567809 <table border="1"> <tr> <td>0</td><td>3</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>0</td><td>9</td> </tr> </table>	0	2	1	0	2	3	4	5	6	7	0	8	0	0	3	1	2	3	4	5	6	7	8	0	9
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6	IDENTIFICATION NO.	If the employer is a partnership or sole proprietorship business, items no. 6 & 7 have to be completed by the precedent partner or sole proprietor of the business.																									
7	PASSPORT NO.																										
8	REGISTRATION NO. WITH COMPANIES COMMISSION OF MALAYSIA OR OTHERS	Number as registered with the Companies Commission of Malaysia.																									
9	CORRESPONDENCE ADDRESS	Address to be used for any correspondence with LHDNM.																									
10	TELEPHONE NO.	Telephone number of office/tax agent's firm/residence. Please ensure that the information is correct and accurate. This information will be used for LHDNM official purposes.																									
11	HANDPHONE NO.	Please ensure that the information given is correct. This information is for the official use of LHDNM only. Note: For submission via e-Filing, either one item (No. 11 or 12) is compulsorily required to be completed.																									
12	e-mail																										
13	RETURN OF C.P.8D	Fill the relevant code on the method of submission in the box provided: <table border="1"> <thead> <tr> <th>Code</th><th>Method of Submission</th></tr> </thead> <tbody> <tr> <td>1</td><td>Together with Form E</td></tr> <tr> <td>2</td><td>Via prefilled data</td></tr> <tr> <td>3</td><td>Compact disc</td></tr> </tbody> </table> Note: Form E will only be considered complete if C.P.8D is submitted before or on the due date for submission.	Code	Method of Submission	1	Together with Form E	2	Via prefilled data	3	Compact disc																	
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PART A		INFORMATION ON NUMBER OF EMPLOYEES FOR THE YEAR ENDED 31 DECEMBER 2015																									
A1	NUMBER OF EMPLOYEES	Total number of employees in the company/business as at 31 December 2015.																									
A2	NUMBER OF EMPLOYEES UNDER THE MTD SCHEME	Total number of employees subject to the Monthly Tax Deduction Scheme (MTD) during the year 2015.																									
A3	NUMBER OF NEW EMPLOYEES	Total number of employees who commenced employment in the company/business during the year 2015.																									
A4	NUMBER OF EMPLOYEES WHO CEASED EMPLOYMENT	Total number of employees who ceased employment in the year 2015.																									

A5	NUMBER OF EMPLOYEES WHO CEASED EMPLOYMENT AND LEFT MALAYSIA?	Total number of employees who ceased employment to leave Malaysia ('foreign leaver') in the year 2015.
A6	HAS THE CESSATION BEEN REPORTED TO LHDNM?	Enter "1" if the cessation has been reported to LHDNM or "2" if not reported and immediately contact the LHDNM branch which handles your employee's income tax file. This item has to be filled if item A5 is applicable.
PART B		DECLARATION
This declaration must be made by the employer in accordance with the categories of employers pursuant to the provisions of Section 66 to Section 76 and Section 86 of ITA 1967. If the return form is not affirmed and duly signed, it shall be deemed incomplete and will not be processed. Notification of Incomplete Return Form will be issued to you for information. The use of signature stamp is not allowed. Due date to furnish the Form E 2015 is 31 March 2016. Failure to submit the Form E before or on 31 March 2016 is a criminal offense and can be prosecuted in court.		

C.P. 8D RETURN OF REMUNERATION FROM EMPLOYMENT FOR THE YEAR ENDED 31ST DECEMBER 2015 AND PARTICULARS OF INCOME TAX DEDUCTION UNDER INCOME TAX RULES (DEDUCTION FROM REMUNERATION) 1994

An employer is required to fill in this section if there is any employee whose annual gross remuneration is **RM34,000 and above** OR for any employee whose annual gross remuneration is less than RM34,000 but the monthly gross remuneration is **RM2,800 and above** (inclusive of bonus but excluding remuneration in arrears in respect of preceding years) for whichever month in the year 2015.

A	No.	Enter the listing number for the employees.
B	Name of Employee	Enter the full name of the employee as per identity card/passport.
C	Income Tax No.	Enter the employee's reference number in this box. Example: SG 10234567080
D	Identity Card / Police / Army / Passport No.	Enter employee's Identity Card / Police / Army / Passport No. in the box provided.
E	Total Gross Remuneration	Total amount of taxable gross remuneration paid to employees INCLUDING benefits-in-kind and value of living accommodation benefit provided but EXCLUDING gross remuneration in arrears in respect of preceding years received in the year 2015.

F List of Tax Exempt Allowances / Perquisites / Gifts / Benefits:

NO.	SUBJECT	RESTRICTED LIMIT
1.	Petrol card, petrol allowance, travelling allowance or toll payment or any of its combination for official duties. If the amount received exceeds RM6,000 a year, the employee can make a further deduction in respect of the amount spent for official duties. Records pertaining to the claim for official duties and the exempted amount must be kept for a period of 7 years for audit purpose.	RM6,000
2.	Child care allowance in respect of children up to 12 years of age.	RM2,400
3.	Gift of fixed line telephone, mobile phone, pager or <i>Personal Digital Assistant</i> (PDA) registered in the name of the employee or employer including cost of registration and installation.	Limited to only 1 unit for each category of assets
4.	Monthly bills for subscription of broadband, fixed line telephone, mobile phone, pager and PDA registered in the name of the employee or employer including cost of registration and installation.	Limited to only 1 line for each category of assets
5.	Perquisite (whether in money or otherwise) provided to the employee pursuant to his employment in respect of:- (i) past achievement award; (ii) service excellence award, innovation award or productivity award; and (iii) long service award (provided that the employee has exercised an employment for more than 10 years with the same employer).	RM2,000
6.	Parking rate and parking allowance. This includes parking rate paid by the employer directly to the parking operator.	} Restricted to the actual amount expended
7.	Meal allowance received on a regular basis and given at the same rate to all employees. Meal allowance provided for purposes such as overtime or outstation / overseas trips and other similar purposes in exercising an employment are only exempted if given based on the rate fixed in the internal circular or written instruction of the employer.	

	8. Subsidised interest for housing, education or car loan is fully exempted from tax if the total amount of loan taken in aggregate does not exceed RM300,000. If the total amount of loan exceeds RM300,000, the amount of subsidized interest to be exempted from tax is limited in accordance with the following formula: $A \times \frac{B}{C}$ Where; A = is the difference between the amount of interest to be borne by the employee and the amount of interest payable by the employee in the basis period for a year of assessment; B = is the aggregate of the balance of the principal amount of housing, education or car loan taken by the employee in the basis period for a year of assessment or RM300,000, whichever is lower; C = is the total aggregate of the principal amount of housing, education or car loan taken by the employee	
THE ABOVE EXEMPTIONS ARE NOT APPLICABLE TO AN EMPLOYEE HAVING CONTROL OVER HIS EMPLOYER If the employee has control over his employer, the allowances / perquisites / gifts / benefits received by him is taken to be part of his employment income and subject to tax. 'Control over his employer' means: (a) for a company, the power of the employee to secure, by means of the holding of shares or the possession of voting power in or in relation to that or any other company, or by virtue of powers conferred by the articles of association or other document regulating that or any other company, that the affairs of the first mentioned company are conducted in accordance with the wish of the employee; (b) for a partnership, the employee is a partner of the employer; or (c) for a sole proprietor, the employee and the employer is the same person.		
Notes: 1. Only tax exempt allowances / perquisites / gifts / benefits listed above (No. 1 to 8) are required to declare in Part F of Form C.P. 8D. 2. Others allowances / perquisites / gifts / benefits which are exempted from tax but not required to declare in Part F of Form C.P. 8D are as below: (i) Consumable business products of the employer provided free of charge or at a partly discounted price to the employee, his spouse and unmarried children. The value of the goods is based on the sales price. Benefits received by the employee from a company within the same group of companies as his employer are not exempted from tax. The exemption is restricted to RM1,000. (ii) Leave passage for travel (confined only to the cost of fares for the employee and members of his immediate family): (a) within Malaysia including meals and accommodation for travel not exceeding 3 times in any calendar year; or (b) outside Malaysia not exceeding one passage in any calendar year, is limited to a maximum of RM3,000 (iii) Services provided free or at a discount by the business of the employer to the employee, his spouse and unmarried children. Benefits received by the employee from a company within the same group of companies as his employer are not exempted from tax. (iv) Tax exempt medical benefits are extended to include traditional medicine and maternity expenses. Traditional medicine means Malay, Chinese and Indian Traditional Medicine given by a medical practitioner registered with bodies which are certified or registered in accordance with the rules governing traditional medicine as laid down by the Ministry of Health. <i>Examples:</i> Malay traditional massage, ayurvedic or acupuncture. Complimentary medicine and homeopathy such as aromatherapy, reflexology, spa and Thai traditional massage are not included in this exemption. (v) Insurance premiums which are obligatory for foreign workers as a replacement to SOCSO contributions. (vi) Group insurance premium to cover workers in the event of an accident.		
G	Total Tax Deduction – MTD	Total amount of income tax deducted under the Income Tax Rules (Deduction from Remuneration) 1994 and remitted to LHDNM.
H	Total Tax Deduction – CP 38	Total amount of income tax deducted in accordance with the Form CP 38.



GUIDENOTES EA & EC REMUNERATION FOR THE YEAR 2015

**FORM C.P. 8A (EA)
&
FORM C.P. 8C (EC)**

SELF ASSESSMENT SYSTEM

Together We Develop The Nation

In accordance with subsection 83(1A) of the Income Tax Act (ITA) 1967, the Form C.P. 8A and C.P. 8C must be prepared and rendered to the employees on or before **29 February 2016** to enable them to complete and submit their respective Return Form within the stipulated period.

1. If the employer is a company or a body of persons, manager or principal officer, partner and sole proprietor, is deemed as an employer for the purpose of this return.
2. The amount to be specified is the gross amount paid and/or payable to the employee or on behalf of the employee in respect of his employment for the year ended 31 December 2015.
3. Under the provision of subsection 13(1) ITA 1967, the gross income from employment includes:
 - (a) Paragraph 13(1)(a)

Wages, salary, overtime pay, remuneration, leave pay, fee, commission, bonus, gratuity, tip, perquisite, tax allowance/tax borne by the employer, award, reward or allowance (whether in money or otherwise). For the purpose of Forms C.P. 8A and C.P. 8C, subsistence allowances which are exclusively reimbursements for expenditure incurred by the employee in the course of performing his duties are excluded.
(Please refer to the Public Ruling No. 2/2013 - Perquisites From Employment).
 - (b) Paragraph 13(1)(b)

BIK are benefits/amenities not convertible into money. These benefits are provided by/on behalf of the employer for the personal enjoyment by the employee, wife, family, servants, dependents or guests of that employee.
(Please refer to the Public Ruling No. 3/2013 – Valuation of Benefits-In-Kind).
 - (c) Paragraph 13(1)(c)

An amount in respect of the use or enjoyment by the employee of living accommodation in Malaysia provided by or on behalf of the employer rent free or otherwise.
(Please refer to the attached Guidelines for the Valuation of Benefit/Value of Living Accommodation Provided).
 - (d) Paragraph 13(1)(d)

So much of any amount received by the employee from an unapproved pension or provident fund, scheme or society (employer's portion only) as would not have been so received if his employer had not made contributions in respect of the employee to the fund, scheme or society or its trustees.

(e) Paragraph 13(1)(e)

Any amount received by the employee by way of compensation for loss of the employment, whether before or after his employment ceases.

4. (a) Gross income in respect of employment includes any amount received not only for any period during which the employment is exercised in Malaysia but also for any period of leave attributable to the exercise of the employment in Malaysia and for any period during which the employee performs outside Malaysia duties incidental to the exercise of the employment in Malaysia.
- (b) Gross income of a Malaysian citizen in respect of employment in the public service or service of a statutory authority includes the amount receivable for any period during which the employment is exercised outside Malaysia and for any period of leave attributable to the exercise of the employment outside Malaysia.
5. (a) Where gross income from an employment is not receivable in respect of any particular period and first becomes receivable in the year when this return is prepared, the amount has to be included in this return.
- (b) With effect from year of assessment 2009, bonus or director's fee shall, when received in the basis year, be treated as part of the gross income from employment for the basis year in which it is received and declared in Part B of the Forms C.P. 8A and C.P. 8C.
6. Tax exempted allowances / perquisites / gifts / benefits:

Please refer to the explanation in item F on pages 4 and 5 of the Form E Explanatory Notes.

GUIDELINES FOR THE VALUATION OF BENEFIT / VALUE OF LIVING ACCOMMODATION PROVIDED [PARAGRAPH 13(1)(c)]

COMPUTATION OF THE VALUE OF LIVING ACCOMMODATION BENEFIT

Where an employer provides living accommodation for the use or enjoyment by his employee, the value of this benefit determined is to be taken as part of his employee's gross employment income under the provision of paragraph 13(1)(c) ITA 1967.

With effect from year of assessment 2009, gross perquisite income in respect of the right to acquire shares in a company **shall be excluded** from the gross employment income under paragraph 13(1)(a) when computing the value of living accommodation benefit.

Refer to Public Ruling No. 3/2005 and its Addendum (issued on 11th August 2005 and 5th February 2009 respectively) regarding computation.

The value of the living accommodation benefit is determined as follows:

- (i) **Category 1** - 3% x Gross employment income under paragraph 13(1)(a) **EXCLUDING** gross income in respect of any right to acquire shares in a company
- (ii) **Category 2** - 30% x Gross employment income under paragraph 13(1)(a) **EXCLUDING** gross income in respect of any right to acquire shares in a company **OR** the Defined value, whichever is lower
- (iii) **Category 3** - Defined value

For the following examples:-

*	Gross employment income [paragraph 13(1)(a)] EXCLUDING gross income in respect of any right to acquire shares in a company	=	T
	Value of the living accommodation provided	=	Z
	Period for which the living accommodation is provided	=	n
	Length of employment	=	m
	Portion of the living accommodation provided	=	X
	The living accommodation provided as a whole	=	Y
**	Defined value (refer to footnote on page 6)	=	F

CATEGORY 1: Living accommodation provided for employee (other than officer of a Government/Statutory Body) or service director

Living accommodation provided in a:

- Hotel, hostel or similar premise;
- Premise on a plantation, in a forest or any premise which although in a rateable area, is not subject to public rates.

Value of the living accommodation = 3% x Gross employment income under paragraph 13(1)(a) **EXCLUDING** gross income in respect of any right to acquire shares in a company*

Example I

- Gross employment income * RM36,000 (**T**)
- Period for which the living accommodation is provided 12 months (**n**)
- Length of employment in the current year 12 months (**m**)

Computation of the value of living accommodation provided

$$\begin{aligned}
 \text{Value of the living accommodation (Z)} &= 3\% \times \mathbf{T} \times \mathbf{n/m} \\
 &= 3/100 \times 36,000 \times 12/12 \\
 &= \text{RM1,080}
 \end{aligned}$$

The taxable value of living accommodation benefit (**Z**) = RM1,080

Transfer amount Z to item C Working Sheet HK-2

Example II

If the living accommodation is provided for **less than 12 months in a year**, the value of the living accommodation is calculated **based on the period** the living accommodation is provided.

- Gross employment income *	RM150,000	(T)
- Period for which the living accommodation is provided	7 months	(n)
- Length of employment in the current year	9 months	(m)

Computation of the value of living accommodation provided

$$\begin{aligned}\text{Value of the living accommodation (Z)} &= 3\% \times T \times n/m \\ &= 3/100 \times 150,000 \times 7/9 \\ &= \text{RM3,500}\end{aligned}$$

The taxable value of living accommodation benefit (Z) = RM3,500

Transfer amount Z to item C Working Sheet HK-2

CATEGORY 2: Living accommodation provided for employee (other than officer of a Government/Statutory Body) or service director

Value of the living accommodation = 30% x Gross employment income under paragraph 13(1)(a) **EXCLUDING** gross income in respect of any right to acquire shares in a company*

Or

Defined value, whichever is lower

Example I: Living accommodation is not shared with any other employee

- Gross employment income *	RM150,000	(T)
- Period for which the living accommodation is provided	12 months	(n)
- Length of employment in the current year	12 months	(m)
- Rental of the living accommodation provided	RM2,000 per month	
- Defined value [2,000 x 12 months (m)]	RM24,000	(F)

Computation of the value of living accommodation provided:

$$\begin{aligned}& 30\% \times T \\ &= 30/100 \times 150,000 \\ &= \text{RM45,000}\end{aligned} \left. \vphantom{\begin{aligned} & 30\% \times T \\ &= 30/100 \times 150,000 \\ &= \text{RM45,000} \end{aligned}} \right\} \text{whichever is lower}$$

OR

$$\begin{aligned}&= F \\ &= \text{RM24,000}\end{aligned}$$

$$\begin{aligned}\text{Value of the living accommodation (Z)} &= 24,000 \times n/m \\ &= 24,000 \times 12/12 \\ &= \text{RM24,000}\end{aligned}$$

The taxable value of living accommodation benefit (Z) = RM24,000

Transfer amount Z to item C Working Sheet HK-2

Example II: Living accommodation is shared equally with another employee

- Gross employment income *	RM150,000	(T)
- Period for which the living accommodation is provided	9 months	(n)
- Length of employment in the current year	9 months	(m)
- Rental of the living accommodation provided	RM3,000 per month	
- 2 persons sharing: - portion of living accommodation provided	1	(X)
- living accommodation provided as a whole	2	(Y)
- Defined value [3,000 x 9 months (m)]	RM27,000	(F)

Computation of the value of living accommodation provided:

	30%	x	T	
	= 30/100	x	150,000	
	= RM45,000			
OR	= F	x	X/Y	
	= 27,000	x	1/2	
	= RM13,500			

} whichever is lower

Value of the living accommodation (Z) =	13,500	x	n/m
	= 13,500	x	9/9
	= RM13,500		

The taxable value of living accommodation benefit (Z) = RM13,500

Transfer amount Z to item C Working Sheet HK-2

Example III: Part of the living accommodation provided is for official use

- Gross employment income *	RM100,000	(T)
- Period for which the living accommodation is provided	9 months	(n)
- Length of employment in the current year	12 months	(m)
- Rental of the living accommodation provided	RM4,000 per month	
- 1/3 is for official use - Portion of living accommodation provided	2	(X)
- Living accommodation provided as a whole	3	(Y)
- Defined value [4,000 x 12 months (m)]	RM48,000	(F)

Computation of the value of living accommodation benefit:

	30%	x	T	
	= 30/100	x	100,000	
	= RM30,000			
OR	= F	x	X/Y	
	= 48,000	x	2/3	
	= RM32,000			

} whichever is lower

Value of the living accommodation (Z) =	30,000	x	n/m
	= 30,000	x	9/12
	= RM22,500		

The taxable value of living accommodation benefit (Z) = RM22,500

Transfer amount Z to item C Working Sheet HK-2

CATEGORY 3: Living accommodation provided for directors of controlled companies

For the director of a controlled company, the value of the living accommodation shall be the defined value of the living accommodation provided. There is no comparison with 30% of the gross employment income.

Example 1: Living accommodation is not shared

- Gross employment income *	RM200,000	(T)
- Period for which the living accommodation is provided	9 months	(n)
- Length of employment in the current year	10 months	(m)
- Rental of the living accommodation provided	RM3,000 per month	
- Defined value [3,000 x 10 months (m)]	RM30,000	(F)

Computation of the value of living accommodation provided:

$$\begin{aligned}\text{Value of the living accommodation (Z)} &= \text{F} \times \text{n/m} \\ &= 30,000 \times 9/10 \\ &= \text{RM27,000}\end{aligned}$$

The taxable value of living accommodation benefit (Z) = RM27,000

Transfer amount Z to item C Working Sheet HK-2

Example 2: Living accommodation is shared equally with another director / employee

- Gross employment income *	RM200,000	(T)
- Period for which the living accommodation is provided	12 months	(n)
- Length of employment in the current year	12 months	(m)
- Rental of the living accommodation provided	RM3,000 per month	
- 2 persons sharing: - portion of living accommodation provided	1	(X)
- living accommodation provided as a whole	2	(Y)
- Defined value [3,000 x 12 months (m)]	RM36,000	(F)

Computation of the value of living accommodation provided:

$$\begin{aligned}\text{Value of the living accommodation (Z)} &= 36,000 \times \text{X/Y} \times \text{n/m} \\ &= 36,000 \times 1/2 \times 12/12 \\ &= \text{RM18,000}\end{aligned}$$

The taxable value of living accommodation benefit (Z) = RM18,000

Transfer amount Z to item C Working Sheet HK-2

** DEFINED VALUE:

- (i) where the accommodation is not affected by any written law providing for the restriction or control of rents and the person so providing the accommodation holds the accommodation on lease, the rent which is or would have been paid if the accommodation is or had been unfurnished and the lessor and the lessee were independent persons dealing at arm's length.
- (ii) in any other case, the rateable value or, in the absence of rateable value, the economic rent.

Where the rental includes the rental of furniture, the amount used to compute the defined value shall be net of the rental of furniture. The rental of furniture is a benefit-in-kind [paragraph 13(1)(b) ITA 1967].