

C H A P T E R S I X : P E R S O N A L R E L I E F A N D C O M P U T A T I O N O F P E R S O N A L T A X

Chapter Topic List:

- Introduction
- 1. Personal reliefs
- 2. Tax Implication of Employment
- 3. Derivation of Employment Income

Learning Outcome:

On completion of this chapter, learners should be able to:

- 1. Explain the types of personal reliefs;
- 2. Explain the tax rebates;
- 3. Calculate chargeable income and tax payable by an individual

Introduction

To arrive at the amount of tax payable by an individual, all the sources of income as being discussed earlier will be aggregated to arrive at total income. Any reliefs and rebate available would reduce the amount of income tax payable.

1. Reliefs

Only tax resident individuals will enjoy reliefs. The reliefs comprise of :-

- i. personal
- ii. wife
- iii. children
- iv. insurance premium
- v. EPF contribution

2. Rebates

- i. Where chargeable income of a resident individual for a YA does not exceed RM35,000, a rebate of RM350 would be given to be set off against income tax payable.
- ii. An additional RM350 would be given to the husband who claimed wife relief or alimony payment where his chargeable income does not exceed RM35,000.
- iii. For any zakat or fitrah paid shall be granted rebate .
- iv. A rebate of RM500 for any purchase of a personal computer.
- v. An additional RM350 would be given to the husband who claimed wife relief or alimony payment where his chargeable income does not exceed RM35,000.

3. Personal Taxation

The format of tax computation will be:

	RM
S4(a) Statutory income – business (if any)	x
S4(b) Employment	x
S4(c) Dividend	x
S4(d) Interest	x
S4(e) Royalties	x
S4(f) Others	<u>x</u>
Aggregate income / Total income	xx
Less: Reliefs	<u>(x)</u>
Chargeable income	<u>xx</u>