HOW TO GET IRB OFF YOUR BACK:

EA FORM 101

Speaker

SARAH SOO

Executive Director
Chartered Accountant

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LOCAL LIFE

FAS

MY STORY

Chartered Accountant |Member of MIA | FCCA | Affiliate member of MAICSA |MBA |Licensed GST Agent
20 years experience in Accounts, Finance, Taxation

Clients I Have Helped:

khcycle

Air Liquide creative oxygen

PREMIUMTEC CONSTRUCTION

OGAS solutions

ST STEADNET Technology

Geraldine Yeoh, Arjunan & Assoc., Petaling Jaya

KOTA RODA KR

CAKES & PASTRIES Lamanila HOUSE

And many more...

DISCLAIMER

All the content/information provided in this webinar are for reference:-

- You need to check whether the contained information is up-to-date, accurate and complete on a timely basis.

- Seek for independent/professional advice whenever it deemed necessary.

HOW TO GET IRB OFF YOUR BACK

Here is what we will be discussing today:-

- The concept of form EA, what to disclose and what not to disclose?
- The deadline and penalties applied for not submitting the forms
- Perquisites that is exempted and those are being tax

To start off, we focus on the forms that "Employers" should file.

1. CP 22
2. CP 22A
3. CP 22B
4. CP 21
5. FORM E

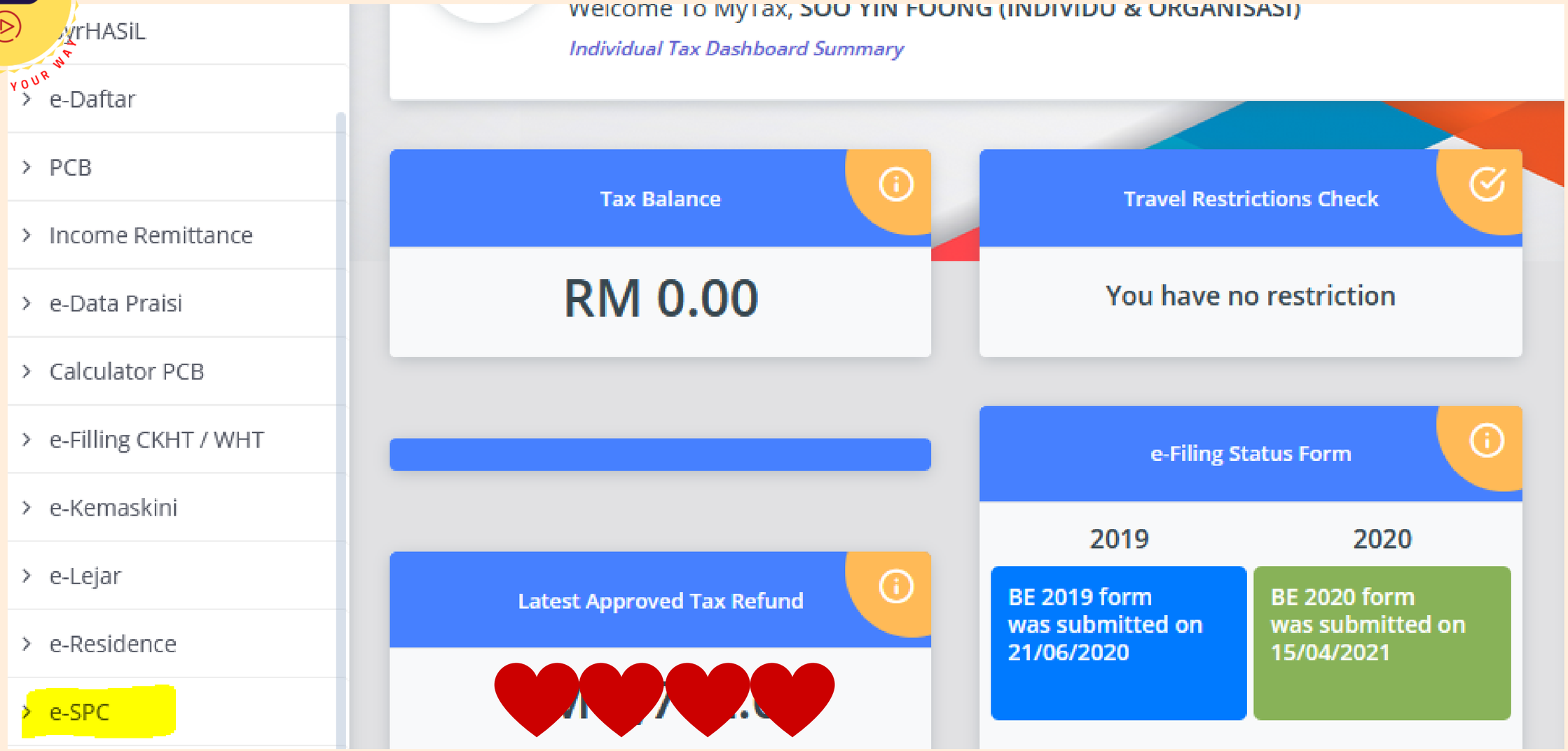
WHEN TO FILE THOSE FORMS ?

1. CP 22-When you hire new staff
2. CP 22A-When a staff resigned or death for **Private Sector**
3. CP 22B-When a staff resigned or death for **Public Sector**
4. CP 21-When a staff resigned and leave country
5. Form E-Annual filing to IRB

WHEN TO SUBMIT THE FORM AND METHOD OF SUBMISSION?

CP 22	Within 30 days upon commencement of employment	BY POST OR BY HAND TO IRB
CP 22A/B	Not less than 30 days before termination of employment or Not later than 30 days after receiving death notice	BY POST OR BY HAND TO IRB OR ONLINE VIA E-SPC
CP 21	Not less than 30 days before expected date of departure	BY POST OR BY HAND TO IRB OR ONLINE VIA E-SPC

HTTPS://WWW.HASIL.GOV.MY



E-SPC LOGIN VIA MYTAX

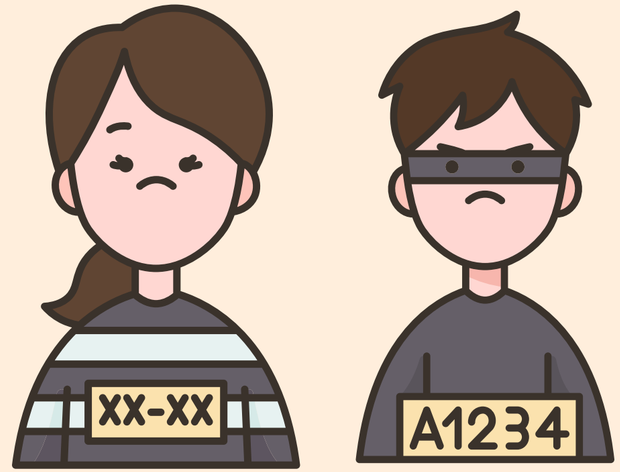
SERIOUSLY PLAY

LEARNING, YOUR WAY

FAILURE TO SUBMIT, ANY PENALTY?

OF COURSE

RM200 TO RM20,000 OR 6 MONTHS IMPRISONMENT OR BOTH



SERIOUSLY PLAY

LEARNING, YOUR WAY

Today

LET'S FOCUS ON EA FORM

Form E

Section 83(1): Every employer shall, for each year, furnish to the Director General a return in the prescribed form E.

Every employers include:-

- Sole Proprietorship
- Partnership/ LLP
- Company

It's a declaration report to inform the IRB on the **number of employees** and the **list of employee's income details.**

Form EA

A form given by employer to employee which state their **accumulated employment income** for the **year before.**

Let's say an employee is **working at 2 companies** who receive employment income, he/she will get **2 EA forms.**

The 2 forms will state the accumulated income at each specific companies.

FORM EA – KEY POINTS TO TAKE NOTE

Timing :

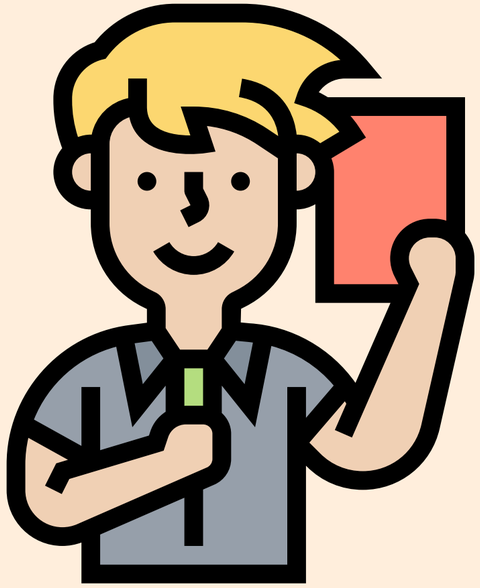
- EA form is on a **calendar basis** regardless of what your year end is.
- Even if you hire a staff on **31.12.2021** you should prepare the EA form for the staff.
- Therefore, EA form should include all employees for the year from **1.1.2021 to 31.12.2021.**

FORM EA – EMPLOYERS' RESPONSIBILITIES

The **due date** for employers to render EA Form to employees is on **28 Feb 2022** for 2021 EA.

If Employers didn't perform it: Penalties applied Section: 120(1)(b)

Fail to furnish a return/statement under Section [83(1)/83(1A)]



On conviction

- RM200 – RM20,000; or
- Imprisonment for a term not exceeding six months; or
- Both

FORM EA – EMPLOYEES' RESPONSIBILITIES

After Employers render the Form EA to employees with the specific yearly remuneration statement stated, it's now the r**esponsible of employees to declare their personal income** through submitting

FORM B & BE

SERIOUSLY PLAY

LEARNING, YOUR WAY

Form B

Form B is for those carrying on **business** and with or without employment income

When is the due date for form B

30 June 2022

[GRACE PERIOD 15 DAYS IF USING E-FILING -15 JULY 2022]

Form BE

Form BE is for employment income

When is the due date to submit Form BE?

30 April 2022.

[GRACE PERIOD 15 DAYS IF USING E-FILING -15 MAY 2022]

FORM EA CONTAINS 6 PART WHICH IS

Part A :Particulars Of Employee

Part B : Employment Income, Benefits & Living Accommodation

Part C : Pension & Others

Part D : Total deduction

Part E : Contributions paid by employee to approved provident/pension fund and Socso

Part F : Total tax exempt allowance / perquisites / gifts/ benefits

WHAT CONSTITUTES EMPLOYMENT INCOME?

Under subsection 13(1) of ITA 1967, the Gross income from Employment INCLUDES:

- **S13 (1) (a)**: Monetary Benefits
- **S13 (1) (b)**: Benefits In Kind **[Refer Public Ruling : PR_11_2019_BIK]**
- **S13 (1) (c)**: Value of Living Accommodation **[Refer PR3_2005_Living Accommodation]**
- **S13 (1)(d)**: Refund from Unapproved Fund
- **S13 (1)(e)**: Compensation for loss of employment

S13 (1) (a): ***Monetary Benefits***

1(a). Salary, Wages, Leave Pay (refer to unutilised leaves), Overtime Pay

1(b). **Fee (refer to director fee)**, Commission, Bonus

1(c). Tips, **Perquisite**, awards/rewards or other allowances

1(d). Income Tax borne by the Employer in respect of his Employee

1(e). Employee Share Option Scheme (ESOS) benefit

1(f). Gratuity

B **EMPLOYMENT INCOME, BENEFITS AND LIVING ACCOMMODATION**
(Excluding Tax Exempt Allowances/Perquisites/Gifts/Benefits)

1. (a) Gross salary, wages or leave pay (including overtime pay)

   (b) Fees (including director fees), commission or bonus

   (c) Gross tips, perquisites, awards/rewards or other allowances (Details of payment:

   (d) Income Tax borne by the Employer in respect of his Employee

   (e) Employee Share Option Scheme (ESOS) benefit

   (f) Gratuity for the period from ..... to .....

WHAT IS PERQUISITES ?

[REFER PR_05_2019_2_Perquisites from employment]

"Any benefits in cash or in kind which can be **converted into money** received by an employee from **his employer** or from ***third parties*** in respect of **having or exercising an employment**".

If received in kind, the items must have money's worth and can be sold, assigned, transferred or converted into cash.

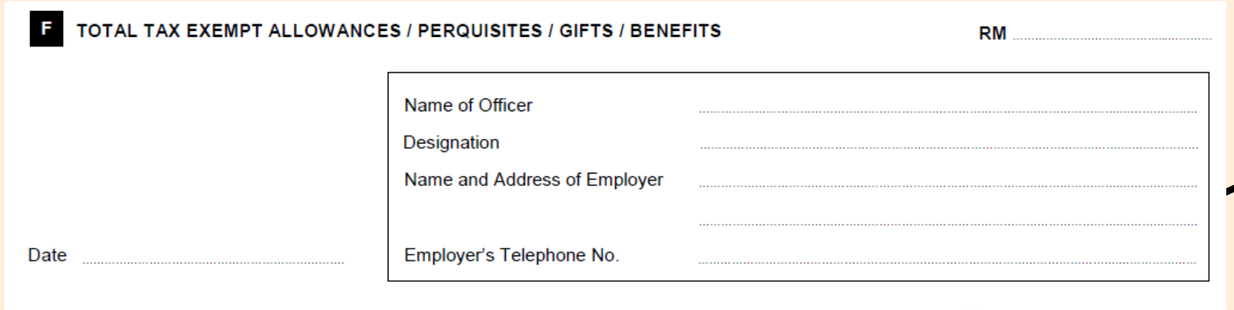
WHAT CONSTITUTE AN INCOME FROM THIRD PARTIES?

Example : A waiter who has received tips from customer would be taxed as he received from third party in his capacity of exercising employment

However it is the responsibilities of the waiter to disclose in his BE form

EXAMPLES OF PERQUISITES

1. PRS paid by company for director but under the director's name. **[Budget 2022, PRS relief extended to YA 2025]**
2. Free shares given to employees [ESOS]
3. Watch given to an employee for long service **[RM2,000 exemption]**
4. Ang Pow given during CNY to employees.
5. Employer paying utilities bills for the employees.
6. Income tax payment made by employer.


F TOTAL TAX EXEMPT ALLOWANCES / PERQUISITES / GIFTS / BENEFITS RM .....

Name of Officer .....
Designation .....
Name and Address of Employer .....
.....
Employer's Telephone No. .....

Date .....

PERQUISITES

EXEMPTED FROM TAX

NEED TO DISCLOSE IN SEC F OF EA FORM

NO NEED TO DISCLOSE IN EA FORM

TAX

DISCLOSE IN EA FORM

EXAMPLES OF PERQUISITE EXEMPTED FROM TAX THAT NEED TO BE DISCLOSED IN SEC F OF FORM EA

1.Petrol allowance, travelling allowance or toll payment for official duties.	**RM6,000 per year**
2.Child care allowance for children up to 12 years old.	**RM2,400 per year**
3.Gift of mobile phone, tablet, pager or personal digital assistant whether in the name of employer or employee is equally fine.	**Limited to only 1 unit for each category of asset**

EXAMPLES OF PERQUISITE EXEMPTED FROM TAX THAT NEED TO BE DISCLOSED IN SEC F OF FORM EA

4. Monthly bills for mobile phone or subscription of broadband whether register in the name of employee or employer is fine.	**Limited to only 1 line for each category of asset**
5. Past achievement award given to employee or long service award (employee has worked for the Company for more than 10 years)	**RM2,000**
6. Parking allowance or parking fees paid by employer to parking operator.	**Actual amount expended**

EXAMPLES OF PERQUISITE EXEMPTED FROM TAX THAT NEED TO BE DISCLOSED IN SEC F OF FORM EA

7. Meal allowance given to all employees at the same rate and it has been written in staff manual of the Company.	**Actual amount expended**
8. Subsidised interest for housing, education or car loan	**Fully exempted if loan amount below RM300,000**
9. Employer paid for employee of his/ her PTPTN loan.	**Actual amount expended** **From YA 2019-2021 only**

SERIOUSLY PLAY

LEARNING, YOUR WAY

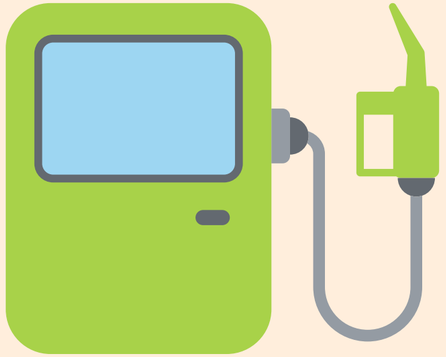
BAD NEWS

IF you are the employee who has control over the company, sole prop or partners of partnership or LLP. sorry this exemption is not for you!

Example :

Mr A being a Marketing Manager of Seri Jati Sdn Bhd is being paid RM8,000 petrol allowance for his official duties.

In year 2021, he incurred petrol of RM7,500 in carrying out his duties. How much will he be exempted from tax and how much he should declare in his form BE?



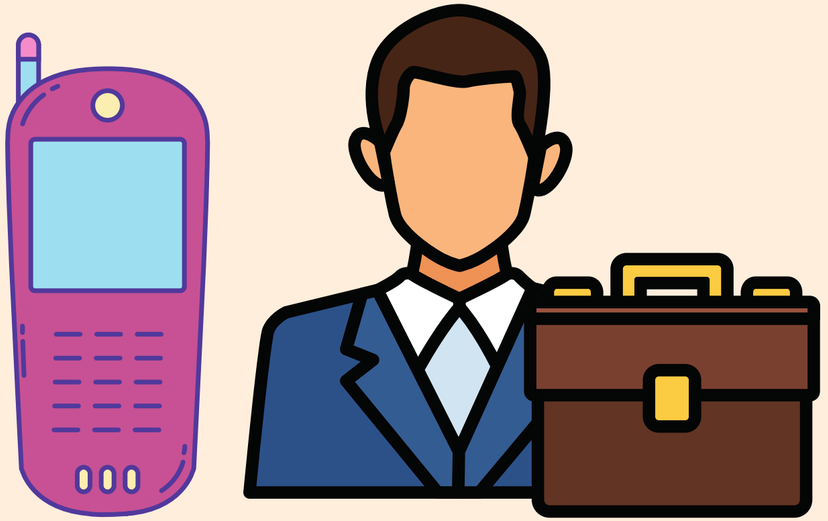
Answer :

In his EA form he will see RM6,000 being disclosed under Sec F and RM2,000 being disclosed under 1 (c). Meaning he will be taxed RM2,000 and need to disclose in his form BE.

But he incurred RM7,500 for petrol, can he claim? He can make a claim of RM1,500 if he can prove the amount spent is for official duties.

Example :

Mr B received a fixed allowance RM300 per month for his mobile phone. Do you think where will this allowance appear in his EA and will he be taxed?



Answer :

In his EA form he will see RM3,6000 being disclosed under 1 (c).

He will be taxed in full for the telephone allowance received.

EMPLOYMENT INCOME, BENEFITS AND LIVING ACCOMMODATION
(Excluding Tax Exempt Allowances/Perquisites/Gifts/Benefits)

1. (a) Gross salary, wages or leave pay (including overtime pay)

   (b) Fees (including director fees), commission or bonus

   (c) Gross tips, perquisites, awards/rewards or other allowances (Details of payment:

   (d) Income Tax borne by the Employer in respect of his Employee

   (e) Employee Share Option Scheme (ESOS) benefit

   (f) Gratuity for the period from ..... to .....

THERE IS A DIFFERENCE BETWEEN ALLOWANCE AND REIMBURSEMENT

ALLOWANCE

Benefit that going straight to employee's pocket

REIMBURSEMENT

Transfer of an expense burden incurred by the employee to the employer

EXAMPLES OF PERQUISITES

exempted from tax but not required to be declared under Sec F of EA form

- **Employer give his Company's product to the employee free of charge or the employee paid for the product at a discounted price (Restricted to RM1,000)**
- **Service provided free or at a discounted price (No tax)**
- **Insurance premium for foreigner as a replacement to Socso**
- **Medical benefit (Including TCM)**
- **Leave passage -3 times local trip + 1 time overseas trip (Restricted to RM3,000)**

IS THERE ANY DIFFERENCES BETWEEN PERQUISITES AND BENEFIT IN KIND (BIK)??

PERQUISITES

Benefits which are convertible to money

SEC 13(1)(A)

BIK

Benefits that are not able to convert to money

SEC 13(1)(B)

WHY IS IT IMPORTANT TO DISTINGUISH PERQUISITES AND BIK?

As perquisites fall under Sec 13 (1)(a) and we use this in value of accommodation calculation Sec 13 (1)(c). If you include wrong section your value of accommodation will also be calculated wrongly.

OH, I SEE

COMMONLY ASKED QUESTIONS

Is wedding gift given to a staff a taxable perquisite?

Pure gifts received by an employee from his employer or third
parties purely for personal appreciation or for specific personal reasons are not taxable as such gifts are not related to having or exercising the employment.

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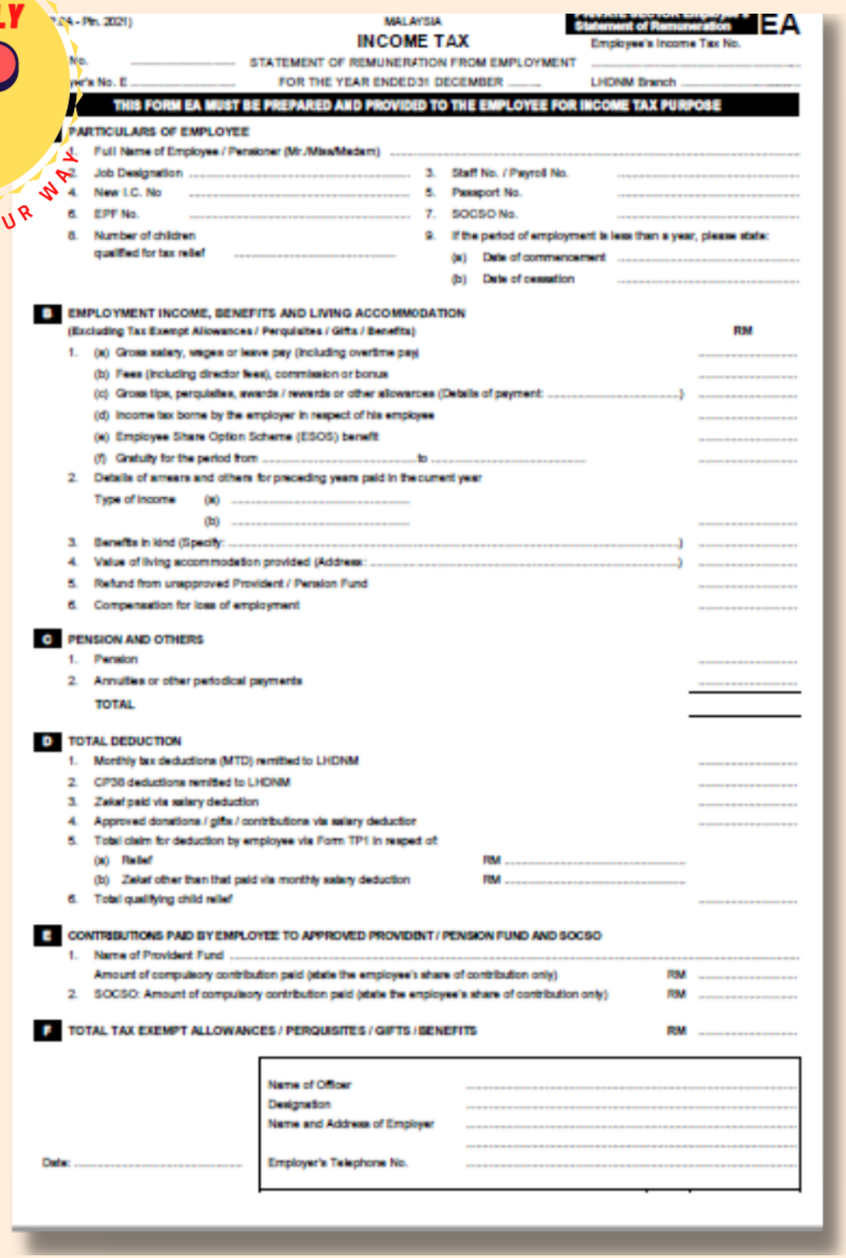

MALAYSIA

INCOME TAX

STATEMENT OF REMUNERATION FROM EMPLOYMENT

FOR THE YEAR ENDED 31 DECEMBER .....

EA

Employee's Income Tax No. .....

LHDNM Branch .....

THIS FORM EA MUST BE PREPARED AND PROVIDED TO THE EMPLOYEE FOR INCOME TAX PURPOSE

A PARTICULARS OF EMPLOYEE

1. Full Name of Employee / Pensioner (Mr./Miss/Madam) .....
2. Job Designation .....
3. Staff No. / Payroll No. .....
4. New I.C. No .....
5. Passport No. .....
6. EPF No. .....
7. SOCSO No. .....
8. Number of children qualified for tax relief .....
9. If the period of employment is less than a year, please state:
   (a) Date of commencement .....
   (b) Date of cessation .....

B EMPLOYMENT INCOME, BENEFITS AND LIVING ACCOMMODATION
(Excluding Tax Exempt Allowances / Perquisites / Gifts / Benefits) — RM

1. (a) Gross salary, wages or leave pay (including overtime pay)
   (b) Fees (including director fees), commission or bonus
   (c) Gross tips, perquisites, awards / rewards or other allowances (Details of payment: .....)
   (d) Income tax borne by the employer in respect of his employee
   (e) Employee Share Option Scheme (ESOS) benefit
   (f) Gratuity for the period from ..... to .....
2. Details of arrears and others for preceding years paid in the current year
   Type of income (a) .....
   (b) .....
3. Benefits in kind (Specify: .....)
4. Value of living accommodation provided (Address: .....)
5. Refund from unapproved Provident / Pension Fund
6. Compensation for loss of employment

C PENSION AND OTHERS

1. Pension
2. Annuities or other periodical payments

TOTAL

D TOTAL DEDUCTION

1. Monthly tax deductions (MTD) remitted to LHDNM
2. CP38 deductions remitted to LHDNM
3. Zakat paid via salary deduction
4. Approved donations / gifts / contributions via salary deduction
5. Total claim for deduction by employee via Form TP1 in respect of:
   (a) Relief — RM .....
   (b) Zakat other than that paid via monthly salary deduction — RM .....
6. Total qualifying child relief

E CONTRIBUTIONS PAID BY EMPLOYEE TO APPROVED PROVIDENT / PENSION FUND AND SOCSO

1. Name of Provident Fund .....
   Amount of compulsory contribution paid (state the employee's share of contribution only) — RM .....
2. SOCSO: Amount of compulsory contribution paid (state the employee's share of contribution only) — RM .....

F TOTAL TAX EXEMPT ALLOWANCES / PERQUISITES / GIFTS / BENEFITS — RM .....

Name of Officer .....
Designation .....
Name and Address of Employer .....
.....
Employer's Telephone No. .....

Date: .....

THE E & EA FORM ONLINE TO DOWNLOAD:

https://phl.hasil.gov.my/pdf/pdfborang/Form_E2020_2.pdf

COMMON MISTAKES BY EMPLOYERS

1.Employer always think that if no employee no need to submit form E. This is wrong ! You are still require to submit. **[Dormant companies which have not commenced business are required to furnish form E w.e.f. YA 2014]**

2. Companies are mandatory to submit form E via e-filing from year 2016 onwards. Other than companies have the option to submit via e-filing or manually.

COMMON MISTAKES BY EMPLOYERS

3. EA form and Form E is on annual basis and do not follow the financial year end of the Company.

4. Employee who has control over the company, sole proprietorship and partners of the partnership cannot claim exemption for perquisites that are disclosed in Section F of the EA form.

TOO OVERWHELMED WITH TOO MANY INFORMATION?

Free 30-minute **Result-based Consultation** Appointment

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