



Tax Alert

March 2017

Welcome to Grant Thornton Malaysia Tax Alert. This newsletter provides information on the latest tax updates.

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Have you filed your personal income tax return for the Year of Assessment 2016?

Recap of the New Tax Reliefs / Increases in Tax Relief for Individuals for the Year of Assessment 2016

1. Increase in tax relief for children below 18 years of age

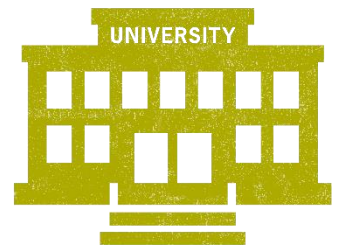
To assist a taxpayer to bear the cost of bringing up children, the tax relief for each unmarried child below 18 years of age is increased from RM1,000 to RM2,000.



2. Increase in tax relief for children studying at tertiary level

To assist taxpayers to reduce the costs of higher education for their children, the tax relief for each unmarried child studying at tertiary level is increased from RM6,000 to RM8,000. The child must be over the age of 18 years and pursuing full time education at:

- diploma level and above at a recognised institution of higher learning in Malaysia; or
- degree level and above at a recognised institution of higher learning outside Malaysia.



For a handicapped child, this tax relief is in addition to the handicapped child relief of RM6,000 for each handicapped child.

3. Increase in tax relief for taxpayers whose spouse has no income and pays alimony to a former wife

To assist an individual taxpayer whose spouse has no income and / or pays an alimony to his former wife, the tax relief is increased from RM3,000 to RM4,000.

4. Increase of tax relief on fees for tertiary education

To encourage life-long learning and to support the nation's aspiration towards producing world-class talents, the tax relief on study fees is increased from RM5,000 to RM7,000 per year for individual taxpayers who pursue any course of study up to tertiary level in selected fields of study, or Master or Doctorate level in any field, at any institution or professional body in Malaysia recognised by the Government or approved by the Minister of Finance. The fields of study are as follows:

Levels of Education Field of Study	Fields of Study
Certificate / Diploma / Degree	Law, Accounting, Islamic Financing, Vocational, Technical, Industrial, Scientific or Technological skills or qualifications
Master / Doctorate	All fields

5. New tax relief for parental care

To assist a taxpayer to reduce the cost of parental care, a new tax relief of RM1,500 for a mother and RM1,500 for a father is given subject to the following conditions:

- i. The individual who is qualified to claim this tax relief is a legitimate child or legally adopted child. Claim for this tax relief is not allowed in respect of step-parents.
- ii. The individual did not claim medical treatment, special needs and carer expenses expended for his parents under Section 46(1)(c) of ITA 1967 for the same year.
- iii. If more than one individual is entitled to claim this tax relief, the amount of tax relief has to be equally apportioned according to the number of individuals who claim the tax relief in respect of the same parent.
- iv. The mother and / or father is 60 years of age and above at any time in the year concerned, and resident in Malaysia.
- v. The annual income of each parent does not exceed RM24,000 for that year of assessment.

If more than one individual claims this tax relief, Working Sheet HK-15 of the Form BE / B Guidebook has to be completed and kept for future reference / inspection by the IRB.

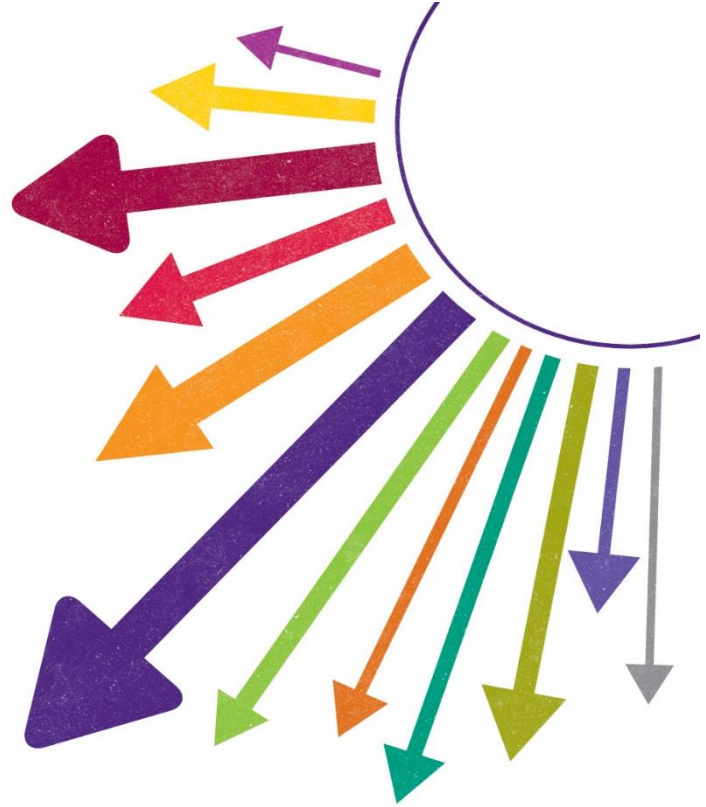
6. New tax relief on employee's contributions to social security protection scheme

To encourage more employees to voluntarily contribute to the social security protection scheme, a new tax relief not exceeding RM250 per year is allowed on the contributions to the Social Security Organisation (SOCSO) pursuant to the Employees' Social Security Act 1969.

Contact us

For further enquiries on any information included in this Tax Alert, please get in touch with your local Grant Thornton Malaysia team in our offices.





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