

Payroll Guide

MALAYSIAN 2022

Prepared by:



BrioHR comprehensive
software is LHDN approved

INTRODUCTION

What will you get from this guide:

1. What you need before starting payroll
2. Clarification on types of employment
3. Sample calculations of prorata rules
4. Sample calculations for each payroll element
5. Explanations on types of statutory compliance requirements
6. Statutory updates for assessment year 2022

By the end of this guide, you should have a basic understanding on Malaysian payroll processing and local statutory compliance requirements, which we hope will adequately equip you to run your monthly payroll accurately.

Note: The contents of this document should not be taken to constitute legal or official counsel. When in doubt, you are advised to contact the necessary government agencies or your legal counsel.



UPDATES FOR YEAR 2022

EIS CONTRIBUTIONS RATE

Referring to Section 18 and Schedule 2 of EIS Act 2017, the contribution rate is at 0.2% for each employer and employee based on employee's monthly wages which increased from RM4,000 to RM5,000, as per Budget 2022.

INCOME TAX - TAX RELIEF

Tax relief for Lifestyle

Tax relief for Lifestyle (RM2500) for purchase of personal computer, smartphone or tablet for self, spouse or child and not for business use is extended until December 2023.

Tax relief for Contribution to the Social Security Organization (SOCSO)

Increased from RM250 to RM350.

Tax relief for Child care fees

To a registered child care centre / kindergarten for a child aged 6 years and below (RM3000) is extended until 2023.

Tax relief for Payment for accommodation

At premises registered with the Commissioner of Tourism and entrance fee to a tourist attraction (RM1000) is extended until 2022.

INCOME TAX - EPF

Minimum employee EPF contribution rate is reduced from 11 percent to 9 percent beginning January 2021 until June 2022 to increase take-home pay. Employee who wish to maintain monthly contribution at 11% may do so by informing employer for notification to EPF in bulk.



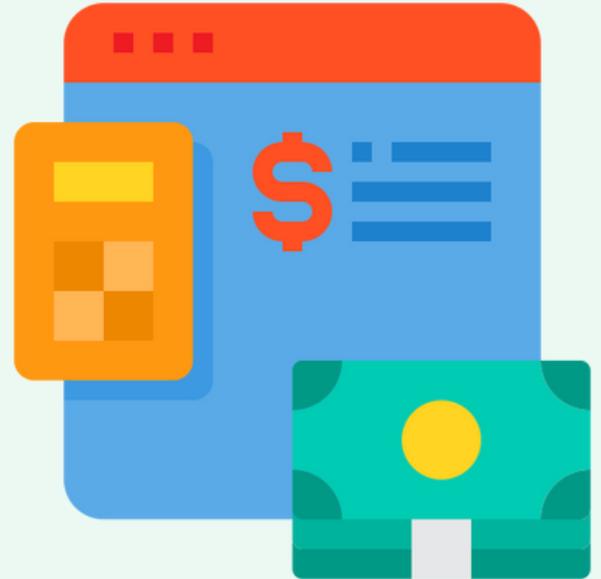
TABLE OF CONTENTS

GETTING STARTED		STATUTORY CONTRIBUTIONS	
<hr/>		<hr/>	
Pay Day	03	EPF	13
Employee Info	03-04	SOCSSO	13
Types of Employment	05	EIS	14
Types of Remuneration	06-07	EPF Contribution Rate	15
 		SOCSSO Contribution & Coverage	16
SAMPLE REMUNERATION CALCULATION		Income Tax	17
<hr/>		Monthly Tax Deduction	18
Prorated Salary	08	Sample MTD	19
Leave Payable	09	Zakat	20
Overtime	10	HRDF	21
 		OTHERS	
DEDUCTIONS		<hr/>	
<hr/>		Salary Payment & Payslips	21
Types of Deductions	11	Payment Deadlines & Channels	22
Sample Calculation	12	Related Statutory Forms	23
 		Latest News 2022	24
 		What We Offer	25-26
 		Credits & Acknowledgements	27

GETTING STARTED

All data required for payroll processing has to be in place before commencing payroll processing.

Some examples of required information are as below:



1

PAY DAY

Identify salary pay day (not later than the 7th day of the following month).

2

EMPLOYEE INFO

Collect related employee information such as:

A NAME

Must be legal name as used on official documents such as Identity Card (Malaysian) or Passport.

B ID NUMBER

Official identity document number such as IC Number or Passport number.

C NATIONALITY

Including residency status for non-Malaysians.

D TP3 FORM

Relevant employee tax information including declaration of previous employment income from the same year

E TAX RELIEFS

Via the TP1 form, if applicable.

F BANK DETAILS

Name of bank, name on bank account, bank account number, and home branch information (if necessary).



GETTING STARTED (CONT.)

G

STATUTORY INFORMATION

Statutory body membership information: Income Tax number, EPF number, SOCSO number, EIS number.

What are the examples of statutory body membership information?

- Income tax number

The income tax for an individual is divided into two categories:

Category	Details	Example
Individuals with employment income only	Tax Reference type is SG followed by 10 or 11 numerical digits	SG12345678901
Individual with other source(s) of income	Tax Reference type is OG followed by 10 or 11 numerical digits	OG12345678901

- EPF number

Below is an example of EPF employee number. It is exactly 8 numerical digits long for both Malaysians and foreigners.

Example: 15467843

- EIS number

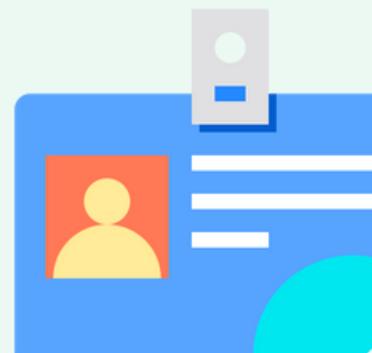
EIS number is equivalent to a Malaysian identity card number (IC).

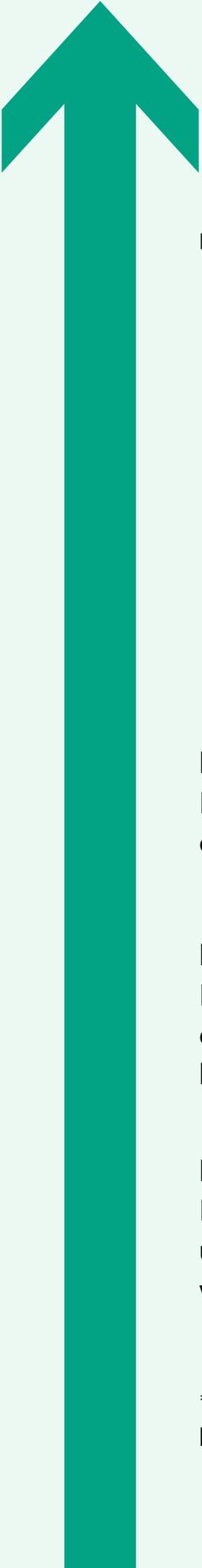
- SOCSO number

SOCSO numbers for Malaysians is their identity card number (IC). Foreigners will receive a 12 digit SSFW (Social Security Foreign Worker*) number upon registration with the Malaysian Social Security Organization (SOCSO).

Category	Example
Malaysian	999999-99-9999
Foreigner	201900372356

Also known as FWSS (Foreign Workers Social Security Number)





TYPES OF EMPLOYMENT FOR PAYROLL PROCESSING

FULL-TIME

Employee with an indefinite period of employment, and working normal hours.

PART-TIME

Employee with an indefinite or a definite period of employment, and working less than normal hours.

FIXED-TERM

Employee with a definite period of employment, usually calculated in number of months, and working normal or less than normal hours.

*Freelancers or service contractors who are not on an employment basis will be paid via service charge, not payroll processing.



EXAMPLES OF TYPES OF REMUNERATION

NORMAL

Monthly Salary

- Monthly fixed remuneration

Monthly Allowance

- Monthly fixed remuneration

OVERTIME

Overtime

- Payment made for overtime work in addition to normal hours of work

BENEFITS-IN-KIND

Motorcar

- Any benefits an employee is entitled to receive in the course of carrying out their employment that is non-monetary in nature

ADDITIONAL

Bonus

- Non-fixed remuneration which is usually paid on a yearly basis

Gratuity

- Non-fixed remuneration or any additional payment added to monthly fixed remuneration

PERQUISITE

Travel Allowance

- Any financial benefits an employee is entitled to receive in the course of carrying out their employment

VOLA

Living Accommodation

- Provided by the employer for use by the employee and/or dependents, subject to terms of agreement between employee and employer



ALLOWANCES

Allowance adds up to an employee's gross pay amount. This can be paid either on a recurring or non-recurring basis. The nature of the allowance has to be clearly justified to determine if it is subject to tax rules, EPF deductions, SOCSO and/or EIS deductions.

Some allowance is prorated if an employee does not work for a complete month. Some allowance can be categorized as perquisite with maximum tax exemption as advised by LHDN.

1. Travel allowance (perquisite)
2. Meal allowance (perquisite)
3. Phone allowance (perquisite)
4. Acting allowance (taxable): an allowance paid to employees during the period said employee is acting on additional or different roles



Examples of allowances commonly paid in Malaysia

BONUS

An optional payment decided by a company to pay to employees based on individual and/or company performance, or some such occasion that is entirely at the company's discretion. This is usually paid on an annual basis (this might vary based on company).

Bonus amounts are included in gross pay, and treated as additional remuneration for tax and EPF computation. Bonuses are **not** subject to SOCSO and EIS contributions.

COMMISSION

This is usually paid based on sales targets, as part of gross salary. Amount and occurrence might vary by month.

This is considered additional remuneration for tax, SOCSO, EIS, and EPF computations.



SAMPLE REMUNERATION CALCULATION

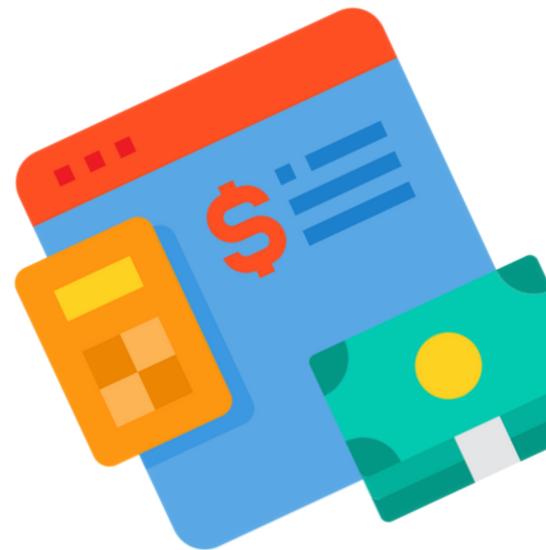
For reference only

Salary for incomplete month of work (Salary Proration)

There are three (3) options for calculating salary proration in Malaysia.

SCENARIO

Jessica Bann joined Company A on 8 January 2020. Her monthly salary is MYR5,000 and she works normal hours 5 days a week.



Option 1: Calendar Days

Formula: $[(\text{Monthly Salary}) \times (\text{Total days of the month excluding days before employment})] / \text{Total days of the month}$

Calculation: $[(5,000) \times (31 - 7)] / 31$

Prorated Salary: MYR3,870.97

Option 2: Working Days

Formula: $[(\text{Monthly Salary}) \times (\text{Number of days worked})] / (\text{Total days of the month} - \text{days off such as weekends \& public holidays})$

Calculation: $[(5,000) \times (18)] / (31-8)$

Prorated Salary: MYR3,913.04

Option 3: Fixed Number of Days

Formula: $[(\text{Monthly Salary}) \times (\text{Number of days worked})] / \text{Fixed number of days (e.g. 26 days a month)}$

Calculation: $[(5,000) \times (18)] / 26$

Prorated Salary: MYR3,461.54



SAMPLE REMUNERATION CALCULATION (CONT.)

For reference only

Leave Payable

This is payment to employees for unused accrued leave when they resign, are terminated, or retire.

SCENARIO

Victoria Bann has 3 days of leave payable which will be paid to her in January 2020. Her monthly salary is RM5,000 and she works normal hours 5 days per week.

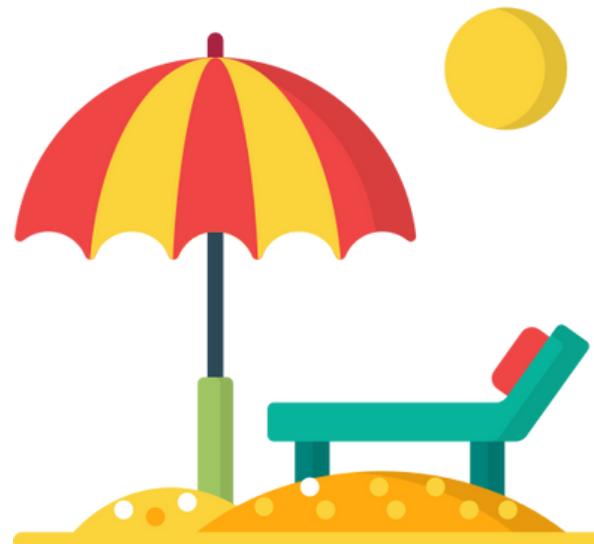
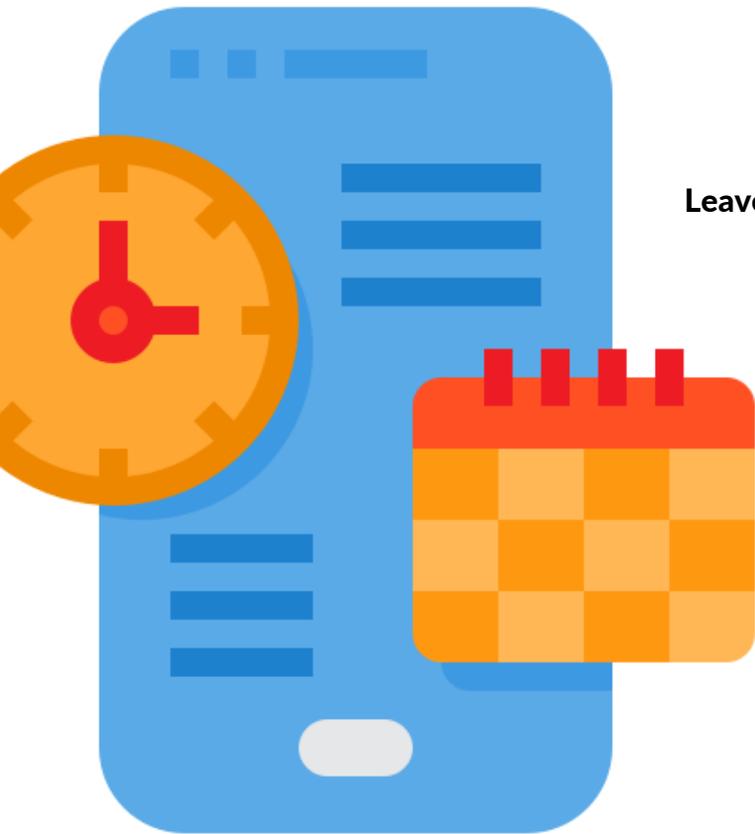


Leave payable by average number of working days in a month

Formula: (Monthly Salary) / [(26) x (Leave Payable Days)]

Calculation: 5,000 / [26 x 3]

Leave Payable: MYR576.92



SAMPLE REMUNERATION CALCULATION (CONT.)

For reference only

Overtime

If an employee who is covered by the Employment Act is required to work hours in addition to his or her normal hours of work, minimum overtime payment is calculated based on Hourly Rate using 26 days formula.

Hourly Rate Calculation: $\text{Salary} / 26 / 8 \text{ hours}^*$
*maximum normal working hours per day is 8 hours

Tips: You will come across **Ordinary Rate** terms when calculating Overtime. The Ordinary Rate is an employee's daily rate that is calculated based on $\text{Salary} / 26$

SCENARIO

Edmund Bann's monthly salary is MYR2,000. His normal hours of work are 8 hours a day, Mondays to Fridays. He was assigned to work overtime per the below schedule:

Tuesday: 3 hours overtime

Formula: Overtime on normal day = $(\text{Salary} / 26 \text{ days} / 8 \text{ hours}) \times 1.5 \times \text{Overtime Hours}$

Calculation: $(2,000 / 26 / 8) \times 1.5 \times 3$

Overtime Amount: MYR43.30 (round up)

Saturday: 10 hours overtime

Formula (First 8 Hours): Overtime on Saturday (Off Day)
= $(\text{Salary} / 26 \text{ days} / 8 \text{ hours}) \times 1.5 \times \text{Overtime Hours}$

Calculation: $(2,000 / 26 / 8) \times 1.5 \times 8$

Overtime Amount: MYR115.40 (round up)

Formula (Next 2 Hours): Overtime on Saturday (Off Day)
= $(\text{Salary} / 26 \text{ days} / 8 \text{ hours}) \times 2 \times \text{Overtime Hours}$

Calculation: $(2,000 / 26 / 8) \times 2 \times 2$

Overtime Amount: MYR38.50 (round up)

Sunday: 10 hours overtime

Formula (First 8 Hours): Overtime on Sunday / Public Holiday (Rest Day) = $(\text{Salary} / 26 \text{ days} / 8 \text{ hours}) \times 2 \times \text{Overtime Hours}$

Calculation: $(2,000 / 26 / 8) \times 2 \times 8$

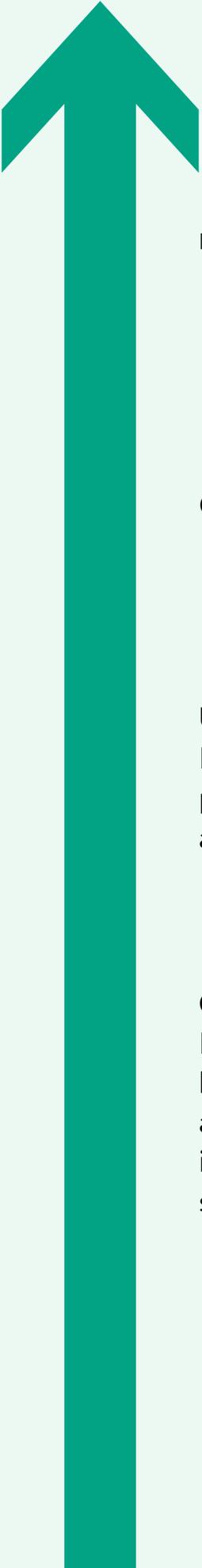
Prorated Salary: MYR153.85 (round up)

Formula (Next 2 Hours): Overtime on Sunday / Public Holiday (Rest Day) = $(\text{Salary} / 31 \text{ days} / 8 \text{ hours}) \times 3 \times \text{Overtime Hours}$

Calculation: $(2,000 / 31 / 8) \times 3 \times 2$

Prorated Salary: MYR57.70 (round up)





TYPES OF DEDUCTIONS

Common Payroll Deductions

UNPAID LEAVE

Leave that is not covered by a company's leave policy, or leave beyond an employee's allocated amount. Usually requires prior written approval.

CASH ADVANCE

Payment of pre-agreed sum to employee, made by employer before payroll processing, with agreement that sum will be deducted in full or in part from monthly salary according to a schedule.



SAMPLE DEDUCTION CALCULATION

For reference only

Unpaid Leave

If an employee has zero leave balance or has overutilized his/her available accrued annual leave, the amount equivalent to the number of days of unpaid leave taken needs to be deducted from gross salary.

There is no specific formula to calculate unpaid leave. However, the daily rate has to be defined by the employer for calculation. Below are a few options on how to calculate daily rate.

Monthly salary divided by number of working days of the month during which unpaid leave was taken (including public holidays):

1. Divide by 22 as the average number of working days if employee works 5 days a week
2. Divide by 26 as the average number of working days if employee works 6 days a week
3. Divide by an average of 22 or 26 (fixed number monthly)
4. Divide by number of calendar days

SCENARIO

Joanna Bann took 3 days of unpaid leave in January 2020. Her monthly salary is MYR5,000 and she works 5 days per week.

Option: Fixed number of days as average working days per month (e.g. 22)

Formula: $[(\text{Monthly Salary}) / 22] \times (\text{No. of days of unpaid leave taken})$

Calculation: $[5,000 / 22] \times 3$

Deduction Amount: MYR681.82

Option: Number of calendar days in month

Formula: $[(\text{Monthly Salary}) / (\text{No. of calendar days in the month})] \times (\text{No. of days of unpaid leave taken})$

Calculation: $[5,000 / 31] \times 3$

Deduction Amount: MYR483.87



STATUTORY CONTRIBUTIONS

Malaysian statutory contributions are as follows:

1

EMPLOYEES' PROVIDENT FUND

In Bahasa Malaysia, the Employees' Provident Fund (EPF) is known as Kumpulan Wang Simpanan Pekerja (KWSP). EPF is an appointed statutory body under the Ministry of Finance that manages mandatory retirement funds for private sector employees in Malaysia.

The contribution amount is calculated based on the wage earned by the employee.

EPF contribution is mandatory for both employer and employee according to eligibility tables (*page 15*). Each contribution is meant as a savings for an employee's retirement, and may be eligible for partial withdrawal for purposes such as:

- Early retirement planning at age of 50
- Home purchase
- Medical expenses
- Performing Hajj

The collected contributions by EPF will be used for investments to ensure employees or members are able to enjoy a minimum of 2.5% dividend a year. EPF encourages employees to submit nominations as soon as they commence contributions to avoid any withdrawal issues in the event of the demise of the employee.

WAGES THAT ARE SUBJECT TO EPF CONTRIBUTIONS INCLUDE:

- Salary
- Any type of allowance except travel allowance
- Incentives
- Wages earned during study leave
- Unutilized leave payment
- Commission
- Arrears of wages
- Bonus
- Any other payments received over the course of employment

WAGES NOT SUBJECT TO EPF CONTRIBUTIONS INCLUDE:

- Service charge
- Overtime payment
- Retirement benefits
- Termination benefits

2

SOCIAL SECURITY ORGANIZATION

Social Security Organization (SOCSO), or Pertubuhan Keselamatan Sosial (PERKESO), is an appointed statutory body by the Government which provides social security protection to employees and contributors through the Employment Injury Scheme and Invalidity Scheme. Effective 1 January 2019, the Government has announced the Employment Injury Scheme for Foreign Workers in addition to existing schemes.

The contribution amount is calculated based on the wage earned by the employee.

WAGES THAT ARE SUBJECT TO SOCSO INCLUDE:

- Salary
- Overtime
- Commission and service charge
- Leave payment
- Allowance

WAGES NOT SUBJECT TO SOCSO INCLUDE:

- Mileage claims
- Termination benefits (e.g. severance payment, notice in lieu payment)
- Annual bonus

Coverage of SOCSO on *page 16*.



STATUTORY CONTRIBUTIONS (CONT).

3

EMPLOYMENT INSURANCE SCHEME

The Employment Insurance Scheme (EIS) provides monetary and non-monetary assistance to private sector workers aged between 18 to 60 years old who have lost employment involuntarily.

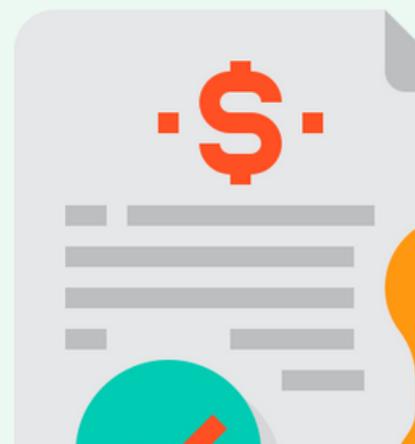
Individuals who did not opt for contribution before the age of 57 are exempted from EIS contribution.

MONETARY ASSISTANCE

- **Job Search Allowance (JSA):** monthly allowance for 3-6 months that serves as assistance for individuals who are actively searching for a job.
- **Reduced Income Allowance (RIA):** a financial allowance for individuals who have multiple employment and have lost one.
- **Training Fee (TF):** training fee subsidy for an individual for up to 6 months, capped at a maximum subsidy of RM4,000.
- **Training Allowance (TA):** a daily incentive to encourage individuals to take up training, ranging from RM10-20 per day for up to 6 months, depending on duration of training course.
- **Early Re-Employment Allowance (ERA):** this is paid to individuals who manage to get a job while they are receiving JSA.

NON-MONETARY ASSISTANCE

- **Re-Employment Placement Program:** one-on-one service by PERKESO officer in job search.
- **Career Counseling:** service provided by PERKESO officer aimed at helping identify an individual's capability gap(s).



EPF CATEGORIES AND CONTRIBUTION RATE

EPF Monthly Contribution Rate can be referred in Third Schedule, EPF Act 1991. Following the latest Budget 2022 announcement, minimum employee contribution will be reduced to nine (9) per cent, effective January 2022 until June 2022. The rate of contribution will be advised by EPF in the latest schedule from their website. The rate is rounded up to the next Malaysian Ringgit, and divided by category per the table below.

Category	Description
Part A	<ul style="list-style-type: none"> • Below age 60 • Malaysian • Permanent Resident • Non-Malaysian contributed before 1 August 1998
Part B	<ul style="list-style-type: none"> • Below age 60 • Non-Malaysian elected to contribute on or after 1 August 1998 • Non-Malaysian elected to contribute under Paragraph 3 of the First Schedule on or after 1 August 1998 • Non-Malaysian elected to contribute under Paragraph 6 of the First Schedule on or after 1 August 2001
Part C	<ul style="list-style-type: none"> • Age 60 and above • Permanent Resident • Non-Malaysian elected to contributed before 1 August 1998
Part D	<ul style="list-style-type: none"> • Age 60 and above • Non-Malaysian elected to contribute under Paragraph 3 of the First Schedule on or after 1 August 1998 • Non-Malaysian elected to contribute under Paragraph 6 of the First Schedule on or after 1 August 2001
Part E	<ul style="list-style-type: none"> • Age 60 and above • Malaysian



SOCSCO COVERAGE & CONTRIBUTION

Coverage of SOCSCO is split into three categories:

1 EMPLOYMENT INJURY SCHEME

The scheme provides protection against occupational injuries including occupational diseases and accidents.

Coverage Category	Descriptions
Industrial accident	Accident that occurs at the workplace.
Commuting accident	Accident that occurs during the employee's journey to work or a place connected to employment during work or authorized lunch break.
Accident during emergency	Accidents that occur during any emergencies when protecting others from danger.
Occupational diseases	Diseases resulting from occupation of industry as explained in the Fifth Schedule of the Employees' Social Security Act 1969, page 78

LIST OF BENEFITS

- Medical Benefit
- Temporary Disablement Benefit
- Permanent Disablement Benefit
- Constant-attendance Allowance
- Facilities for Physical / Vocational Rehabilitation
- Dependents' Benefit
- Funeral Benefit
- Education Benefit

2 INVALIDITY SCHEME

The scheme provides 24-hour protection against invalidity or death due to any cause outside working hours or not related to employment.

LIST OF BENEFITS

- Invalidity Pension
- Invalidity Grant
- Constant-attendance Allowance
- Survivors' Pension
- Funeral Benefit
- Facilities for Physical / Vocational Rehabilitation and Dialysis
- Education Benefit

3

EMPLOYMENT INJURY SCHEME FOR FOREIGN WORKERS

The scheme provides protections for foreigners who are approved to work in Malaysia. The employer is required to register and make contributions for foreign workers effective 1 Jan 2019. The protection is similar to the scheme provided to Malaysians, however some Rehabilitation benefits such as dialysis and vocational rehabilitation are excluded. The details of Foreign Worker Dependents are advisable to be updated in the SOCSCO portal.

RATE OF CONTRIBUTION

Category	Range of Wages (MYR)	Min Monthly Contribution (MYR)	Max Monthly Contribution (MYR)
First Category <ul style="list-style-type: none"> • Below age 60 • Malaysian • Permanent Resident 	Contribution is calculated based on maximum wage of 5,000	Employer : 0.10 Employee: 0.40	Employer : 69.05 Employee: 19.75
Second Category <ul style="list-style-type: none"> • Aged 60 and above • Malaysian • Permanent Resident • Foreign Worker 	Contribution is calculated based on maximum wage of 5,000	Employer : 0.30 Employee: no contribution	Employer : 49.40 Employee: no contribution



EIS CONTRIBUTION RATE

Monthly Employment Insurance System (EIS) contribution is mandatory for all employers for their employees excepts government employees, domestic workers and self-employed.

Referring to Section 18 and Schedule 2 of EIS Act 2017, the contribution rate is at 0.2% for each employer and employee based on employee's monthly wages which increased from RM4,000 to RM5,000, as per Budget 2022.

RATE OF CONTRIBUTION

Category	Range of Wages (MYR)	Min Monthly Contribution (MYR)	Max Monthly Contribution (MYR)
<ul style="list-style-type: none"> • Ages between 10 to 60 • Malaysian • Permanent Resident • Private Sector 	Contribution is calculated based on maximum wage of 5,000	Employer: 0.05 Employee: 0.05	Employer : 7.90 Employee: 7.90



INCOME TAX AND ZAKAT

Income Tax

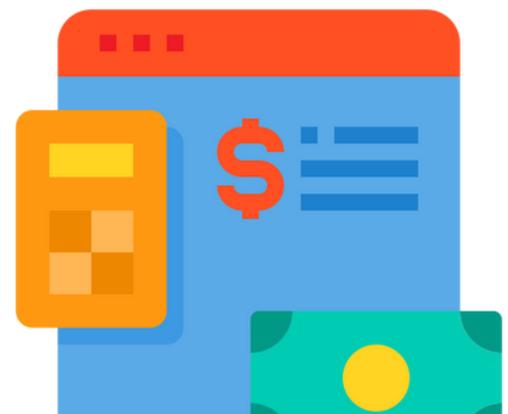
It is the responsibility of an individual to ensure he is liable for tax and declare his income to the Inland Revenue Board (IRB) of Lembaga Hasil Dalam Negeri (LHDN). The individual, or a taxpayer, is able to make income tax payment through a Monthly Tax Deduction.

Monthly Tax Deduction (MTD), or Potongan Cukai Bulanan (PCB) is to be paid to LHDN by the 15th of the following month. LHDN will be advised if there are any changes on the deadline. Employers will deduct MTD amounts from an employee's remuneration according to the Schedule of Monthly Tax Deductions or Computerized Calculation Method.

Schedule of Monthly Tax Deductions / PCB Table	The Schedule is used by a company who is not using any payroll system. The calculation is based on employees having the same monthly income throughout the year. The actual tax amount will vary if there are any changes in employee income, thus the amount is not really accurate as per tax liability amount.
Computerised Calculation Method	Most companies are currently using payroll systems in calculating employee net pay, statutory contributions and income tax amount. The calculation is according to stipulated formulae that include actual and provisional income throughout the year. Using computerised calculation gives more accuracy in defining the tax amount.

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<https://briohr.com/product/payroll/>



MTD CALCULATION

Some of the elements used to calculate MTD include tax relief, tax exemption, and tax rebate. Examples are as below.

1 TAX RELIEF

- Dependents
- Medical treatment expenses for parents
- Disabled self or dependents
- Self-education fees
- Medical examination for self or dependents
- Lifestyle relief
- [Full list of tax relief items](#)

2 TAX EXEMPTION

- Travel allowance
- Petrol card
- Gratuity
- [Full list of tax exemption items](#)

3 TAX REBATE

- Donations
- Zakat
- Rebate for departure levy while performing umrah and pilgrimage

HOW IS MTD COMPUTED?

- 1 Calculate chargeable income for the year (normal remuneration)

According to IRB/LHDN, normal remuneration is a monthly fixed remuneration paid to an employee whether the amount is fixed or variable as stated in the employment contract, written or otherwise

- 2 Define tax rate for normal remuneration to get Current MTD.

- 3 Deduct Tax Rebate and previous income tax payment in the previous month to get Net MTD.

- 4 Calculate MTD for Additional Remuneration.

- 5 Put together Current MTD for normal remuneration and MTD for additional remuneration to get the actual MTD amount for the month.

According to IRB/LHDN, this is any payment paid to an employee either in one lump sum, periodically, in arrears, non-fixed payment, or any additional payment to a current month's normal remuneration. Examples of additional remuneration include non-fixed allowance, bonus, commission, and gratuity.



SAMPLE MTD CALCULATION

SCENARIO

Calculating MTD for the month of February 2020 for a resident taxpayer, Leo Bann. He is married with a spouse who is not working, and has a 3 year old child. He joined BrioHR on 1 February 2020 after his employment with Company A until 31st January 2020.

Item	Previous Remuneration (Form TP3)	Current Remuneration
Basic Salary	MYR7,000	MYR10,000
Responsibility Allowance	MYR3,000	MYR3,000
EPF Deduction	MYR1,100	MYR1,430
Income Tax Deduction	MYR918.35	?
Tax Relief Lifestyle	MYR500	None

1. Calculate chargeable income for normal remuneration (P)

Formula : $[\sum(Y-K)+(Y1-K1)+[(Y2-K2)n] + (Yt-Kt)]-(D+S+Du+Su+QC+\sum LP+LP1)]$

= $[\sum(\text{Total previous remuneration} - \text{total previous EPF contribution}) + (\text{total current remuneration} - \text{current EPF contribution}) + [(\text{total current remuneration} - \text{EPF contribution per month for the remaining month}) \times \text{remaining month}] + (\text{Additional Income} - \text{Additional EPF}) - (\text{Individual Relief} + \text{Spouse Deduction} + \text{Deduction for disable individual} + \text{Deduction for disabled spouse} + \text{deduction for eligible children} + \text{accumulated other allowable deductions including from previous employment} + \text{accumulated other allowable deductions for current month})]$

*as we are calculating MTD for normal remuneration amount for Yt (additional income) -Kt (additional EPF) is 0

= $[\sum(10,000 - 1,100) + (13,000 - 1,430) + [(13,000 - 147) \times 10] + (0 - 0) - (9,000 + 4,000 + 0 + 0 + 2000 + 500 + 0)]$
 = MYR133,500

2. Define tax rate for normal remuneration to get Current MTD

As the chargeable income (P) is MYR133,500, the tax rate according to LHDN is within the RM100,001-250,000 per annum range, which is RM10,900 for the first RM100,000 and 24% for the remaining amount. The chargeable Income and rate might vary according to the latest announcement by LHDN.

Current MTD = $(((P-M)R + B - (Z + X)) / n + 1)$
 = $(((133,500 - (\text{Amount of first chargeable income}) \times \text{Tax Rate} + (\text{Amount tax on M}) - (\text{Accumulated Zakat /Fitrah /Levy paid other than current month} + \text{Accumulated MTD paid for previous month including previous employment}) / \text{remaining month} + 1)$
 = $(((133,500 - (100,000) \times 0,24 + (10,900) - (0 + 918.35) / 10 + 1)$
 = MYR1,638.33

Chargeable Income (MYR)	Calculation (MYR)	Rate %	Income Tax Amount (MYR)
100,001 - 250,000	On the First 100,000 Next 150,000	24	10,900 36,000

3. Calculate Net MTD

Net MTD = Current MTD - (Current month Zakat/Fitrah/Levy)
 = 1,638.33 - 0
 = 1,638.33

4. Calculate MTD for Additional Remuneration

MTD for Additional Remuneration = CS - [MTD (B) + Accumulated Zakat that have been paid]

Item	Formula	Formula Explanation	Calculation	Amount
CS	(P-M)R + B	(133,500 - Amount of First chargeable income) x Tax Rate + Amount tax on M	(133,500 - 100,000) x 0.24 + 10,900	18,940
MTD B	(X) + [Current Month MTD (n+1)]	(Accumulated MTD paid for previous month including previous employment) + [Current Month MTD (remaining month + 1)]	(918.35) + [1,638.33 x (10 + 1)]	18,940

= 18,940 - [18,939 + 0]
 = 0

5. Calculate Current Month MTD

Current Month MTD = Net MTD + MTD for Additional Remuneration
 = 1,638.33 + 0
 = MYR1,638.33 (rounding of amount per LHDN requirement, hence final amount is MYR1,638.35)

Monthly Tax Deduction for Leo Bann for the month of February 2020 is MYR1,638.35.



ZAKAT

Zakat is a contribution from Muslims to the less fortunate. It is an obligation for all Muslims that earn a certain amount to make Zakat donations. Zakat is treated as a type of tax rebate which lightens an individual's tax burden.

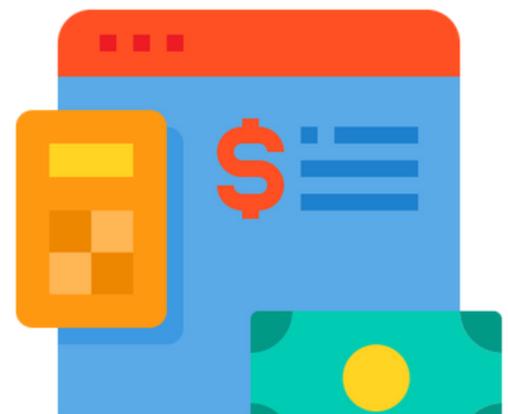
There are two ways to make Zakat donations.

1. Pay to Zakat center directly via payment at counter or online banking.

2. Deduction through monthly salary

Employers are to act only on an employee's submission of Zakat salary deduction request, as this is not a mandatory deduction for all Muslim employees. The amount of donation is based on the individual employee's request.

If an employee's Zakat deduction is made from his or her salary, the amount has to be included in the monthly payslip and yearly EA form for tax declaration purposes.



HRDF (HUMAN RESOURCES DEVELOPMENT FUND)

If you have 10 or more Malaysian employees and the scope of business listed is as in the [First Schedule of HRDF](#), you are required to register as an employer to HRDF and pay a minimum levy of 1% from total employee wages.

HRDF aims to upgrade skills for improved employee career and growth opportunities, through training programmes and initiatives launched.

Levy Calculation

10 or more Malaysian employees	= (Total wages or basic salary + fixed allowances) * 1%
5 to 9 Malaysian employees	= (Total wages or basic salary + fixed allowances) * 0.5%

SALARY PAYMENT & PAYSLEIPS

Per the Malaysian Employment Act 1955, salary payment to employees is to be made no later than the 7th of the following month. As an example, if an employee worked in the month of February 2020, his February salary needs to be processed and paid to him by or before 7th March 2020.

Most employers in Malaysia will supply a copy of a payslip to their employees. A payslip shows details of employee income and deduction(s) for the corresponding month. Payslips also sometimes will be used in official submissions to entities such as banks for loan applications and SOCSO for claim purposes.



PAYMENT DEADLINES & CHANNELS

Payment	Deadline	Payment Channel
Salary	7th of the following month	Bank transfer or cheque
EPF	15th of the following month	Internet Banking, FPX, DDA, Bank agents and EPF Counter
SOCSSO	15th of the following month	Online Portal Payment: FPX, Maybank2u, CIMB Clicks, RHB Electronic Fund Transfer
EIS	15th of the following month	Online Portal Payment: FPX, Maybank2u, CIMB Clicks, RHB Electronic Fund Transfer
Income Tax	15th of the following month	Internet Banking LHDN counter Cheque Deposit machine
HRDF	15th of the following month	Cash Local cheques Banker's order Cashier's cheques Money order Postal order

Any changes of the deadline and channel will be advised by Statutory Bodies.



RELATED STATUTORY FORMS FOR EMPLOYMENT

Statutory	Form	Description	Occurrence
EPF	FORM A	Submission by employer. Employee contribution form. The form is submitted via online through e-Caruman, Employer ii-Account	Monthly
EPF	KWSP 3	Submission by employee for EPF account registration	When required
SOCSCO	FORM 8A	Submission by employer. Employee contribution form. The form is submitted via online through the Employer ASSIST Portal	Monthly
EIS	Lampiran 1	Submission by employer. Employee contribution detail. The detail is submitted via online through the Employer ASSIST Portal	Monthly
Income Tax	CP39	Submission by employer. Employee monthly tax deduction form. The form can be submitted online or in person at an LHDN counter	Monthly
Income Tax	TP1	Submission by employee. Tax relief information for MTD calculation	When required
Income Tax	TP2	Submission by employee. BIK and VOLA amount for MTD calculation	When required
Income Tax	TP3	Submission by employee. Income and deductions from previous employment that needs to be reported for MTD calculation for the current year	When required
Income Tax	EA	Submission by employer to inform employee of their total income and deduction for the tax basis year	Annually
Income Tax	E	Submission by employer of total employment income and deduction for the tax basis year	Annually
Income Tax	CP21	Submission by employer to notify LHDN on an employee who will be leaving the country	When required
Income Tax	CP22	Submission by employer to notify LHDN on new hire	When required
Income Tax	CP22A	Submission by employer to notify LHDN on leaver/resignee	When required
HRDF	Eslip	Companies that contribute to HRDF needs to submit Eslip with payment to available submission channel by HRDF	Monthly



LATEST NEWS 2022

INCOME TAX

Income tax for resident individual

Rate reduction for chargeable income range of MYR50,001 to MYR70,000 from 14% to 13%

Income tax exemptions

Exemption limit for compensation for loss of employment is increased from MYR10,000 to MYR20,000 for each full year of service. The exemption is available for tax assessment year 2021 and 2022

Tax relief for medical treatment

Coverage expanded for expenses to cover vaccination for self, spouse and child up to annual limit of MYR1,000

Tax relief for medical expenses for serious diseases and medical check up

The limit for self, spouse and child is increased from MYR6,000 to MYR8,000 and the expenses for medical check up limit increased from MYR500 to MYR1,000

Tax relief for expenses of medical treatment, special needs and parental care

The limit increase from MYR5,000 to MYR8,000

Tax relief for disabled spouse

The limit increase from MYR3,500 to MYR5,000

Tax relief for Lifestyle

Tax relief for Lifestyle (RM2500) for Purchase of personal computer, smartphone or tablet for self, spouse or child and not for business use is expanded until December 2023

Tax relief for Private Retirement Scheme

The tax relief up to MYR3,000 will be extended until tax assessment year 2025

Tax relief for Tuition Fee

The scope of relief for tuition fee be expanded to cover expenditures incurred for attending up-skilling courses provided by certified bodies limited to 1,000 ringgit for each year of assessment.

Tax relief for Net annual savings in Skim Simpanan Pendidikan Nasional (SSPN)

The tax relief of MYR8,000 will be extended until the year of assessment 2022.

Tax relief for Contribution to the Social Security Organization (SOCSO)

Increased from RM250 to RM350

Tax relief for Child care fees

To a registered child care centre / kindergarten for a child aged 6 years and below (RM3000) is extended until 2023

Tax relief for Payment for accommodation

At premises registered with the Commissioner of Tourism and entrance fee to a tourist attraction (RM1000) is extended until 2022



LATEST NEWS 2022 CONT.

EPF

Minimum employee EPF contribution rate is reduced from 11 percent to 9 percent beginning January 2021 until June 2022 to increase take-home pay. Employee who wish to maintain monthly contribution at 11% may do so by informing employer for notification to EPF in bulk.

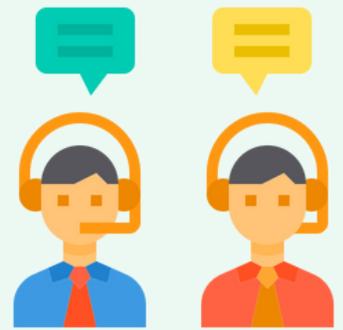
HRDF

Effective 1 January 2021, exemption of HRDF Levy payment will be given for 6 months period to the tourism sector and companies affected by COVID-19 crisis.



WHO IS BRIOHR

1. Comprehensive cloud-based HR Software.
2. Easy to Integrate, use and scale: Simple and straightforward API and interface mean easy migration and set up of BrioHR's HR management system, and the flexibility to scale according to your business' people needs. Our Payroll module is also integrated with Digital Employee Files, Leave Management, and Onboarding modules for streamlining, accuracy, and efficiency.
3. A user-friendly platform to input and calculate your payroll data.
4. Computerized payroll calculations according to statutory requirements.
5. Reduce time spent on basics: integration with Leave Management to automate calculations.
6. Remove errors: accurate, on-time disbursement, complete with reporting & analytics function.
7. Data privacy and security: top of the line best practices and tools to give you peace of mind.
8. FREE TRIAL: Zero obligations, try our entire HR management solution free!
9. Live support from our team of experts via our website, email, phone, or in a dedicated support forum.

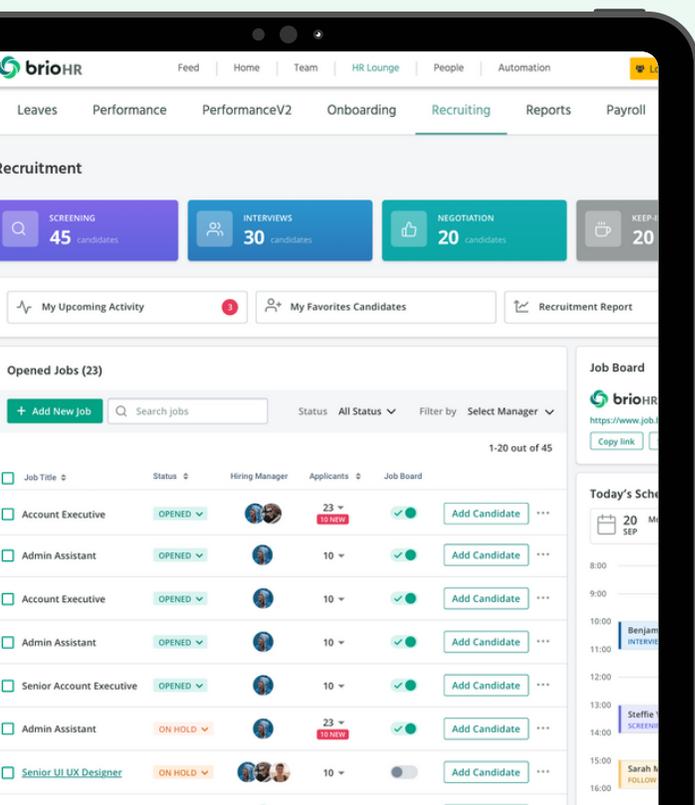


WHAT WE OFFER

OTHER MODULES IN BRIOHR'S COMPREHENSIVE, CLOUD-BASED HR SOFTWARE SOLUTION

1. Digital Employee File
2. Recruitment & Applicant Tracking
3. New Joiner Onboarding
4. Time Tracking
5. Leave Management
6. Performance Management
7. Reporting & Analytics
8. Payroll
9. Expense Claims

With a complementary mobile app to ensure you are always up to date on tasks and team members' statuses, BrioHR's simple, all-in-one HR management software is all you need to digitize your HR processes, and attract, retain and engage the right talent.



Get in touch with us to know more via our website (briohr.com) or via email to info@briohr.com.

BrioHR is an HR technology company headquartered in Kuala Lumpur, serving clients in Southeast Asia and Europe.



CREDITS & ACKNOWLEDGEMENTS

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