

# Income Tax Return Filing - How to save money

**Employment Income –  
Benefits in Kind (BIK) Version**

# Benefits in Kind (BIK)

## 实物/物品福利

1

Benefits given by employer to employee which are not convertible to money  
老板给员工的不能兑现的利益

2


The benefits cannot be sold, assigned or exchanged for cash  
该利益不能变卖，分配和兑现

3

Taxable under employment income  
必须呈报为其中一项雇佣收入所得税



As BLKs are not cash payments, they might not always appear on the employee's pay slips however, the value of a BLK may need to be determined for tax purposes. The **taxable value for BLKs will be based on formula or prescribed value method.** There are also **certain benefits are exempted from tax**

A grey pushpin icon is positioned at the top right corner of the red text box, appearing to pin the text to the background.

*“Tax filling is not limited to how much you earn and how much you report. Being uninformed on certain matters will let you to pay more than you supposed”*

*“报税，不只是你领多少钱，报多少钱，那么简单，还有一些税务条例，使你的收入变得“多一些”。很多人不清楚，所以，最近常常有很多人，中招了。”*



## List of Benefits in Kind (BLKs) which are taxable;

a) Motorcar and other related benefits  
汽车与其他相关福利

b) Petrol 汽油

c) Driver 司机

d) Household furnishings, apparatus and appliances  
家庭装饰，器具和电器用品

e) Other assets 其他资产

f) Other benefits 其他福利



## **a) Motorcar with petrol provided to employee**

### a) Motorcar with petrol provided to employee

- Used for travelling between office and the employee's home
- Kept at the employee's home where the motorcar can be used by employee or his family at anytime.

### b) Ways to ascertain the taxable value of benefit provided

#### i) Formula method

$$\frac{\text{Cost of the asset provided}}{\text{Prescribed Average Life Span*}} \times 80 \% = \text{Annual Value of BIK}$$

*\*Refer Appendix 1 for Prescribed Average Life Span Table*



## **a) Motorcar with petrol provided to employee (continue)**

### **ii) Prescribed value method**

#### **PRESCRIBED VALUE OF BENEFITS IN KIND COMMONLY PROVIDED BY EMPLOYERS TO EMPLOYEES**

##### **1. THE PRESCRIBED VALUE OF MOTORCAR AND ITS RELATED BENEFITS**

<b>Cost Of Motorcar (New) RM</b>	<b>Annual Prescribed Benefit Of Motorcar RM</b>	<b>Annual Prescribed Benefit Of Petrol RM</b>
Up to 50,000	1,200	600
50,001-75,000	2,400	900
75,001-100,000	3,600	1,200
100,001-150,000	5,000	1,500
150,001-200,000	7,000	1,800
200,001-250,000	9,000	2,100
250,001-350,000	15,000	2,400
350,001-500,000	21,250	2,700
500,001 and above	25,000	3,000



## **b) Petrol 汽油**

Taxable at total petrol value provided to employee

## **c) Driver 司机**

Taxable under employment income at RM600 per month

## **d) Household furnishings, apparatus and appliances 家庭装饰，用具和电器用品**

a) Ways to ascertain the taxable value of benefit provided

I. Formula method

$$\frac{\text{Cost of the asset provided}}{\text{Prescribed Average Life Span}^*} \times 80 \% = \text{Annual Value of BIK}$$

*\*Refer Appendix 1 for Prescribed Average Life Span Table*



## d) Household furnishings, apparatus and appliances 家庭装饰，用具和电器用品 (continue)

### ii) Prescribed value method

#### 2. PRESCRIBED VALUE OF HOUSEHOLD FURNISHINGS, APPARATUS AND APPLIANCES

CATEGORY	TYPE OF BENEFIT	ANNUAL PRESCRIBED VALUE OF BIK PROVIDED (RM)
1	Semi-furnished with furniture in the lounge, dining room or bedroom.	840
2	Semi-furnished with furniture as in Column 1 and one or two of the following: <ul style="list-style-type: none"> <li>▪ air-conditioners</li> <li>▪ curtains and alike</li> <li>▪ carpets</li> </ul>	1,680
3	Fully furnished with benefits as in Columns 1 and 2 as above plus one or more of kitchen equipment, crockery, utensils and appliances	3,360
4	Service charges and other bills such as water and electricity.	Service charges and bills paid by the employer.



### **e) Other assets 其他资产**

- I. Provided to employees for entertainment, recreation or other purposes, such as piano, television, swimming pool & etc.
- II. Taxable value should be separately accessed based on formula

### **f) Other benefits 其他福利**

- I. Ways to ascertain the taxable value of benefit provided
  - Prescribed value method (Refer Diagram 3)
  - Benefits not listed in Diagram 3 : -

$$\frac{\text{Cost of the asset provided}}{\text{Prescribed Average Life Span*}} = \text{Annual Value of BIK}$$



### 3. PRESCRIBED VALUE OF OTHER BENEFITS

ITEM	TYPE OF BENEFIT		VALUE OF BIK PER YEAR
1	Telephone (including mobile phone)		i) Hardware - fully exempt for one unit for each asset category  ii) Bills - fully exempt in respect of one unit per asset excluded in paragraph (i) above.
2	Recreational club membership	a) Individual membership – Membership subscription paid or reimbursed by employer	Tax treatment on the benefit received by the employee as follows- i) Entrance fee for club membership - taxed under paragraph 13(1)(a) of the ITA;  ii) Monthly/annual membership subscription fees for club membership - taxed under paragraph 13(1)(a) of the ITA;  iii) Term membership – taxed on the amount of payment made under paragraph 13(1)(a) of the ITA.
		b) Corporate membership – Membership subscription paid by employer	Tax treatment on the benefit received by the employee as follows -  i) Entrance fee - not taxable;  ii) Monthly/annual membership subscription fees for club membership - taxed on the prescribed value under paragraph 13(1)(b) of the ITA.
3	Gardener		RM3,600 per gardener
4	Household servant		RM4,800 per servant

**Diagram 3**



# Tax Exemption on BLKs

BLKs items received by employee which are not taxable : -

a) Dental benefit

b) Child-care benefit (child-care centres provided by employer to employees)

c) Food and drink provided free of charge

d) Free transportation between pick-up points or home and place of work (to and from)

e) Insurance premiums (obligatory for foreign workers as replacement to SOCSO contributions)

f) Group insurance premium to cover workers in case of accident



# Tax Exemption on BLKs (continue)

BLKs items received by employee which are not taxable;

g) Benefit consisting of;

- Leave passage in Malaysia (not more than 3 times in one calendar year)
- Overseas leave passage of not more than once in any calendar year (limited to maximum amount of RM3,000)
- Only applicable if it is provided to employee and his immediate family

h) Benefits solely for purpose of performing employment duty

i) Discounted price for consumable business products of employer and discounted price for services provided by employer

j) Monthly bills for fixed line telephone, mobile phone, pager, personal digital assistant (PDA) and broadband subscription

k) Modern medicine, traditional medicine and maternity

l) Benefit on free petrol



## However, the tax exemption for BLKs is non applicable for;

a) If employee who was given BLK has control over his employer (holding shares or possession of voting power)

b) Partnership (where the employee is partner of employer)

c) Sole proprietor (employer and employee is the same person)



# Employers' Responsibilities

## 雇主需要做什么呢？

1

Report employees' statement of remuneration (Form EA & EC) and Form E for employer, all payment regarding to services provided by employees including all types of BLK, such as : - Benefits provided for spouse, family, servants, dependent or guest of employee

2

Keep records and receipts pertaining to all claims on expenses incurred on the employees for 7 years

3

Prepare a detailed list of all BLK received and tax exempted by each employee



## **Deduction Claim By Employers** 雇主可以拿到什么税务折扣？

Capital expenditure  
incurred to provide BIK  
to employees

Entitled to capital  
allowances and  
industrial building  
allowance

Entitled to special  
deductions in  
ascertaining adjusted  
income from business



**PRESCRIBED AVERAGE LIFE SPAN OF VARIOUS ASSETS PROVIDED BY  
EMPLOYERS TO EMPLOYEES**

ASSETS	PRESCRIBED AVERAGE LIFE SPAN (YEARS)
1. Motorcar	8
2. Furniture and fittings: (i) Curtains and carpets (ii) Furniture, sewing machine (iii) Air conditioner (iv) Refrigerator	5 15 8 10
3. Kitchen equipment (i.e. crockery, rice cooker, electric kettle, toaster, coffee maker, gas cooker, cooker hood, oven, dish washer, washing machine, dryer, food processor etc.)	6
4. Entertainment and recreation: (i) Piano (ii) Organ (iii) TV, video recorder, CD/ DVD player, stereo set (iv) Swimming pool (detachable), sauna	20 10 7 15
5. Miscellaneous	5

## Appendix 1



## Reference

[http://lampiran1.hasil.gov.my/pdf/pdfam/PR\\_11\\_2019.pdf](http://lampiran1.hasil.gov.my/pdf/pdfam/PR_11_2019.pdf)

[http://lampiran1.hasil.gov.my/pdf/pdfam/PR3\\_2013.pdf](http://lampiran1.hasil.gov.my/pdf/pdfam/PR3_2013.pdf)

