

SELF ASSESSMENT FOR INDIVIDUALS

1. Introduction

Self Assessment for individuals will begin in Year 2004. The implementation of Self Assessment is based on the concept of “*Pay, Self-Assess and File*”. Under the Self Assessment System, taxpayers are entrusted with the responsibilities to assess and pay their taxes due to the Government. It is an act that should be carried out voluntarily by everyone who is liable to tax. Nevertheless, the Inland Revenue Board (IRB) will carry out audits on a selective basis to verify the information provided by taxpayers.

2. What does Self Assessment involve?

There are four (4) easy steps to follow under Self Assessment:



STEP (1) Payment of Tax

- ❖ For individuals earning employment income, monthly tax deductions will be made by the employer for remittance to IRB. These deductions are used towards settlement of tax on the current year's income.
- ❖ For individuals earning business income, instalment payments must be made based on the notice of instalment payment issued by the Director General of Inland Revenue (DGIR).



STEP (2) Completing the Income Tax Form

- ❖ Income Tax Form will be issued to individuals registered with IRB. Those who did not receive any form must contact the nearest tax office.
- ❖ Individuals must ensure that the form is properly completed and signed.



STEP (3) Calculating Tax Payable

- ❖ Individuals are required to compute their own tax payable in accordance with the provisions of the law.
- ❖ Assistance/guidance will be provided at all tax offices.



STEP (4) Submitting Income Tax Form

- ❖ Individuals are required to submit the completed Income Tax Form for a year of assessment stating income and tax payable to IRB by **30 April** of the following year.
- ❖ If the total of the monthly tax deductions/instalment payments is less than the actual tax computed, taxpayers are required to remit the difference to IRB by **30 April** of the following year.

3. Important Changes Under Self Assessment

Income Tax Form

A new Income Tax Form will be provided to facilitate individuals to compute their tax.

Issuance – In the case of separate assessment for husband and wife, the Income Tax Form will be issued separately. Each will be required to complete their own form and be responsible for their own tax matters.

Submission – All Income Tax Forms must be submitted by **30 April** of the following year.

Calculation of Tax Payable

Individuals are required to compute their own tax payable. It is therefore very important for them to understand the steps involved in determining the tax payable.

Final Payment of Tax

Upon determining the actual tax payable for a year of assessment, the balance of tax i.e. the actual tax payable less the deductions/instalment payments (if any) must be paid by **30 April** of the following year.

❑ Notice of Assessment

Under the Self Assessment System, no notice of assessment (Form J) will be issued to taxpayers. Taxpayers are expected to compute their own tax payable in the Income Tax Form to be submitted to IRB. The DGIR is deemed to have made an assessment based on the tax computation furnished in the Income Tax Form. The Income Tax Form is deemed to be a notice of assessment. The date of filing is deemed to be the date on which the notice of assessment is served on the individual.

4. Tips on Self Assessment

Keeping Proper Records

- ❑ Ensure that proper records are kept at all times. These records form the basis of all the information submitted in the Income Tax Form.
- ❑ Types of records to be kept are as follows:
 - ❖ Employment Income - EA Form, pay slips etc.
 - ❖ Business Income - Sales and purchases invoices, cash bills, payment vouchers, official receipts for payments, bank statements, cheque butts and other relevant documents.
 - ❖ Original receipts to substantiate all claims made.

Making Payment

- ❑ Ensure that all tax payments (deductions/instalments) are made to the correct tax file number together with name and I.C. number. Payment receipts must be kept.
- ❑ In respect of monthly tax deductions made by the employer, pay slips can be referred to verify payments.

Completing Income Tax Form

- ❑ Fill your Income Tax form as accurately as possible based on the records you have and sign on the space provided.

Calculating Tax Payable

- ❑ To ensure the correct amount of tax is computed, it is important to know the types of relief/deductions and rebates you are entitled to claim.
- ❑ Ensure the correct tax rate is used in the tax computation.

Consulting IRB for Advice

- ❑ For further clarification or advice, kindly contact the nearest tax office for assistance.

The content of this leaflet is intended as a guide only.

web-site address:
<http://www.hasilnet.org.my>

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SELF ASSESSMENT SYSTEM A GUIDE FOR INDIVIDUALS

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