

**EXPLANATORY NOTES  
FORM E**

**RETURN FORM OF EMPLOYER**

**E**

**REMUNERATION FOR THE YEAR**

**2005**

## BASIC INFORMATION

### 1 NAME OF EMPLOYER

Name of employer as registered with the Companies Commission of Malaysia (CCM). For an individual who is not registered with CCM, fill in the name as per identity card/ passport.

### 2 REFERENCE NO.

Employer's reference number.

*Example:* For reference no. E 0123456708

E 

0	1	2	3	4	5	6	7	0	8
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### 3 STATUS

Status codes for employers are as follows:-

Code	Status
01	Government
02	Government (computerised)
03	Statutory
04	Statutory (computerised)
05	Private
06	Private (computerised)
07	Public Education Centre
08	Public Education Centre (computerised)
09	Private Education Centre
10	Private Education Centre (computerised)
11	Army

*Note:* '**COMPUTERISED**' means the Forms EA/EC used by the employer are computer-generated and not forms provided by LHDNM.

### 4 TAX REFERENCE NO.

Employer's income tax reference number.

Code	File Type
01	SG (Individual - Non-business source)
02	OG (Individual)
03	D (Partnership)
04	C (Company)
05	J (Hindu Joint Family)
06	F (Association)
07	TP (Deceased Person's Estate)
08	TA (Trust Body)
09	TC (Unit/Real Property Trust)
10	CS (Co-Operative Society)
11	Others

Enter the code in the first two boxes and followed by the reference number in the boxes provided.

*Example I:* For reference no. OG 10234567080

0	2	1	0	2	3	4	5	6	7	0	8	0
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*Example II:* For reference no. D 1234567809

0	3	1	2	3	4	5	6	7	8	0	9
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**5 NEW IDENTITY CARD NO.**

New identity card number of precedent partner/sole proprietor.

**6 OLD IDENTITY CARD NO.**

Old identity card number of precedent partner/sole proprietor.

**7 PASSPORT NO.**

Passport number of precedent partner/sole proprietor as per passport book.

**8 REGISTRATION NO. WITH COMPANIES COMMISSION OF MALAYSIA OR OTHERS**

Number as registered with the Companies Commission of Malaysia.

*Note: Company/Co-Operative director need not be filled in items 5, 6 dan 7.*

**PART A: INFORMATION ON NUMBER OF EMPLOYEES FOR THE YEAR ENDED 31 DECEMBER 2005**

**A1 NUMBER OF EMPLOYEES**

Total number of employees in your company/business as at 31 Desember 2005.

**A2 NUMBER OF EMPLOYEES UNDER THE STD SCHEME**

Total number of employees subject to the Schedule Tax Deduction Scheme (STD) during the year 2005.

**A3 NUMBER OF NEW EMPLOYEES**

Total number of employees who commenced employment in your company/business during the year 2005 .

**A4 NUMBER OF EMPLOYEES WHO CEASED EMPLOYMENT**

Total number of employees who ceased employment in the year 2005.

**PART B: PARTICULARS OF INCOME TAX DEDUCTION UNDER INCOME TAX RULES (DEDUCTION FROM RENUNERATION) (AMENDMENT) 1994**

**B1 TOTAL GROSS REMUNERATION**

Total gross amount of remuneration paid to employees excluding benefits-in-kind and benefit/value of living accomodation provided.

**B2 TOTAL GROSS REMUNERATION SUBJECT TO INCOME TAX RULES**

Total gross amount of remuneration paid to employees who are subjected to the Schedule Tax Deduction Scheme (STD).

**B3 TOTAL INCOME TAX TO BE DEDUCTED AS REQUIRED UNDER THE INCOME TAX RULES**

Total amount of employees' income tax (before deduction for zakat) to be deducted in accordance with the Income Tax Rules i.e. Schedular Tax Deduction Scheme (STD).

**B4 TOTAL INCOME TAX DEDUCTED UNDER THE INCOME TAX RULES AND REMITTED TO LHDNM**

Total amount of employees' income tax (STD) deducted and remitted to LHDNM.

**B5 TOTAL ZAKAT DEDUCTED AND REMITTED TO PUSAT PUNGUTAN ZAKAT**

Total amount of employees' zakat deducted and and remitted to Pusat Pungutan Zakat.

**B6 TOTAL INCOME TAX DEDUCTED UNDER THE INCOME TAX RULES IN RESPECT OF THE GRANTING OF SHARES TO EMPLOYEES AND REMITTED TO LHDNM**

Total amount of income tax deducted and remitted to LHDNM in respect of the granting of shares to the employees such as Employee Share Option Scheme (ESOS), Employee Share Purchase Plan (ESPP) and other similar scheme.

**PART C: PARTICULARS OF FOREIGN LEAVERS****C1 HAS ANY EMPLOYEE CEASED EMPLOYMENT TO LEAVE MALAYSIA?**

Enter "1" if any employee has ceased employment to leave Malaysia in the basis period or "2" if none.

**C2 HAS THE CESSATION BEEN REPORTED TO LHDNM?**

Fill in "1" if the cessation has been reported to LHDNM or "2" if not reported and immediately contact the LHDNM branch which handles your employee's income tax file.

This item is applicable if item C1 = 1

**PART D: PARTICULARS OF EMPLOYER****D1 CORRESPONDENCE ADDRESS**

Address to be used for any correspondence with LHDNM.

**D2 TELEPHONE NO.**

Office/House telephone numbers.

**D3 e-mail**

e-mail address (if any).

**PART E: DECLARATION**

If the form is not affirmed and duly signed, it shall be deemed incomplete and returned to you. Penalty will be imposed in case of late resubmission of the form to Lembaga Hasil Dalam Negeri Malaysia.

**GUIDENOTES**  
**FORM C.P. 8A (EA)**  
**& C.P. 8C (EC)**

**EA**  
**& EC**

## GUIDENOTES FOR FILLING OUT THE FORMS C.P. 8A (EA) AND C.P. 8C (EC)

This Form C.P. 8A and C.P. 8C must be prepared and provided for the employee to enable them to complete and submit their respective Return Form within the stipulated period.

1. If the employer is a company or a body of persons, manager or principal officer, partner and sole proprietor, is deemed as an employer for the purpose of this return.
2. The amount to be specified is the gross amount paid and/or payable to the employee or on behalf of the employee in respect of his employment for the year ended 31 December 2005.
3. Under the provision of subsection 13(1) ITA 1967, the gross income from employment includes:

(a) Paragraph 13(1)(a)

Wages, salary, overtime pay, remuneration, leave pay, fee, commission, bonus, gratuity, tip, perquisite, tax allowance/tax borne by the employer, award, reward or allowance (whether in money or otherwise). For the purpose of Forms C.P. 8A and C.P. 8C, subsistence allowances which are exclusively reimbursements for expenditure incurred by the employee in the course of performing his duties are excluded.

The following allowances and amenities received by Government officers (including officers of Statutory Bodies and Local Authorities) are **deemed wholly expended** for income tax purposes:-

*Imbuan Tetap Perumahan/Perumahan Khas/Perumahan Wilayah, Imbuan Tetap Khidmat Awam, Elaun Bekalan Elektrik dan Air Percuma, Bayaran Insentif Singapura, Bayaran Tambahan Insentif Singapura, Kemudahan Telefon Bimbit, Elaun Khas Mengendalikan Reaktor, Elaun Bayaran Lesen Memandu, Elaun Keraian, Elaun Bantuan Menyenggara Rumah, Kemudahan Kereta Rasmi Kerajaan, Elaun Bantuan Orang Gaji dan Drebar.*

These allowances and amenities must be entered in item B2 Form C.P. 8C for the calculation of Living Accommodation Benefit under paragraph 13(1)(c).

(b) Paragraph 13(1)(b)

BIK are benefits/amenities not convertible into money. These benefits are provided by/on behalf of the employer for the personal enjoyment by the employee, wife, family, servants, dependents or guests of that employee.

[please refer to the enclosed Guidelines on the Valuation of Benefits-In-Kind (BIK)].

(c) Paragraph 13(1)(c)

An amount in respect of the use or enjoyment by the employee of living accommodation in Malaysia provided by or on behalf of the employer rent free or otherwise.

(please refer to the attached Guidelines for the Valuation of Benefit/Value of Living Accommodation Provided).

(d) Paragraph 13(1)(d)

So much of any amount received by the employee from an unapproved pension or provident fund, scheme or society (employer's portion only) as would not have been so received if his employer had not made contributions in respect of the employee to the fund, scheme or society or its trustees.

(e) Paragraph 13(1)(e)

Any amount received by the employee by way of compensation for loss of the employment, whether before or after his employment ceases.

4. (a) Gross income in respect of employment includes any amount received not only for any period during which the employment is exercised in Malaysia but also for any period of leave attributable to the exercise of the employment in Malaysia and for any period during which the employee performs outside Malaysia duties incidental to the exercise of the employment in Malaysia.
  - (b) Gross income of a Malaysian citizen in respect of employment in the public service or service of a statutory authority includes the amount receivable for any period during which the employment is exercised outside Malaysia and for any period of leave attributable to the exercise of the employment outside Malaysia.
5. (a) Where gross income from an employment is not receivable in respect of any particular period and first becomes receivable in the year when this return is prepared, the amount has to be included in this return.
  - (b) Where bonuses and commissions paid by an employer for an accounting period not ending on 31 December, the actual amount paid and the period for which it is paid must be stated in the Forms C.P. 8A and C.P. 8C.

### **BENEFITS-IN-KIND (BIK)**

- (i) These are benefits/amenities not convertible into money provided by/on behalf of the employer for the personal use/enjoyment by his employee, wife, family, servants, dependents or guests of that employee.
- (ii) The employer is required to report annually in the employee's Statement of Remuneration and in the Form E for employer, all values of the BIK provided to his employees.
- (iii) The value of the BIK determined according to Public Ruling No. 2/2004 and its Addendum (issued on 8 November 2004 and 20 May 2005) is to be taken as part of the employee's gross employment income. This Public Ruling supercedes the Income Tax Ruling ITR 1997/2 issued on 25 August 1997.

### **VALUATION OF BIK**

- (i) The two methods which may be used to determine the value of BIK are:-
  - (a) the prescribed value method; and
  - (b) the formula method.
- (ii) Whichever method used as the basis of computing the benefit must be consistently applied throughout the period of provision of the benefit.
- (iii) In any cases where motorcar is provided with/without petrol, the employer is required to report the type, year of manufacture and model of the motorcar as well as the date on which it is provided, in the employee's Statement of Remuneration.
- (iv) Toll fees paid by the employer is regarded as inclusive in the value of BIK on the motorcar. Maintenance costs such as servicing, repairs, annual road tax and annual insurance premium are not regarded as part of the benefit of the employee.
- (v) Where an amenity and its related benefits are provided, the method of valuation for those related benefits will depend on the method used to value the amenity provided.

#### **A. THE PRESCRIBED VALUE METHOD**

##### **1. Under this method, the value of the BIK can be abated if the BIK is:-**

- (i) provided for less than a year; or/and
- (ii) shared with another employee.

However, there is no abatement on the value of the BIK provided to the employee for business usage or deduction for any expense incurred by the employee in acquiring the benefit.

##### **2. PRESCRIBED VALUE OF MOTORCAR AND ITS RELATED BENEFITS**

- (i) The following table can be used to determine the value of benefit from the private usage of motorcar and petrol provided:

Cost of Motorcar when New RM	Annual Prescribed Benefit of:		Cost of Motorcar when New RM	Annual Prescribed Benefit of:	
	Motorcar RM	Petrol RM		Motorcar RM	Petrol RM
Up to 50,000	1,200	600	200,001 - 250,000	9,000	2,100
50,001 - 75,000	2,400	900	250,001 - 350,000	15,000	2,400
75,001 - 100,000	3,600	1,200	350,001 - 500,000	21,250	2,700
100,001 - 150,000	5,000	1,500	500,001 and above	25,000	3,000
150,001 - 200,000	7,000	1,800			

- (ii) Under this method, the valuation will be based on the actual cost of the motorcar inclusive of accessories but excluding financial charges, insurance premium and road tax at the time when it was new. This treatment is also applied to secondhand, leased or rented motorcars. New motorcar includes a reconditioned motorcar at the time when it was first registered in Malaysia.

Example: Employee A is provided with a motorcar leased by his employer from a leasing company. His employer paid a monthly lease rental of RM3,000 for 48 months. The cost of the motorcar when new is RM90,000.

The annual value of BIK taxable as part of A's gross employment income in respect of the motorcar is RM3,600. Payment for the lease rental is ignored.

- (iii) The annual value of the BIK in respect of the motorcar can be reduced to half (1/2) of the prescribed value if the motorcar provided is more than five (5) years old. However, the value of the BIK in respect of petrol remains unchanged.

### 3. PETROL PROVIDED WITHOUT MOTORCAR

The taxable benefit is the total value of petrol provided to the employee.

### 4. DRIVER PROVIDED

The value of this benefit is fixed at RM600 per month. Where the driver is not specifically provided to the employee but comes from a pool of drivers provided by the employer solely for business purposes, no benefit will be taxable on the employee.

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

- (i) To avoid detailed computation, please refer to the following table:

Category	Type of Benefit	Annual Value of BIK
(a)	Semi-furnished with furniture in the lounge, dining room or bedroom	RM840
(b)	Semi-furnished with furniture as in 5(i)(a) above and one or two of the following:- air-conditioners, curtains and alike, carpets	RM1,680
(c)	Fully-furnished with benefits as in 5(i)(a) and 5(i)(b) above plus one or more of kitchen equipment, crockery, utensils and appliances	RM3,360
(d)	Service charges and other bills such as water and electricity	Service charges and bills paid by the employer

- (ii) The value of the benefit can be adjusted accordingly depending on whether any or all of the furnishings, apparatus and appliances mentioned above have been provided. If an employee has been provided with all except those in item 5(i)(a), the value of the benefit to be assessed shall be RM2,520 ( RM3,360 - RM840 ).
- (iii) The value of the benefit can also be apportioned based on the period for which the benefit is provided. If an employee is provided with the benefit as per item 5(i)(a) from 01.04.2005, then the value of benefit for the period 01.04.2005 - 31.12.2005 to be assessed for the Year of Assessment 2005, shall be RM630 ( RM840 x 9/12 ).
- (iv) Reasonable adjustment on the value of the BIK can be made if the use of the benefit is shared with another employee.  
*Example:* Facts of the case are the same as in example 5(iii) above. If the benefit is shared equally with another employee, the value of the benefit for the Year of Assessment 2005 will be RM315 ( RM630 x 1/2 ).
- (v) Fans and water heaters are treated as part of the residential premise and therefore disregarded.

## 6. PRESCRIBED VALUE OF OTHER BENEFITS

Item	Type of Benefit	Value of BIK per Year						
(a)	(i) Mobile phone	Hardware : RM 300 per telephone Bills : RM 300 per telephone						
	(ii) House telephone subscribed by the employer	Bills : RM 300 per telephone						
	<i>Note: Where the telephone is subscribed by the employee, the actual bills paid by the employer is the benefit to be taxed under paragraph 13(1)(a) ITA 1967</i>							
(b)	Gardener	RM3,600 per gardener						
(c)	Household servant	RM4,800 per servant						
(d)	Recreational club membership: Type of membership - Corporate	(i) Entrance fee : Not taxable  (ii) Monthly/Annual membership subscription fees for club membership paid by the employer is the prescribed value to be taxed						
	<p><b>Note:</b></p> <table> <tr> <td><i>Type of membership - Individual</i></td> <td>(1) Entrance fee</td> <td rowspan="3">} Amount paid or reimbursed by employer is taxed under paragraph 13(1)(a)</td> </tr> <tr> <td></td> <td>(2) Monthly/Annual membership subscription fees</td> </tr> <tr> <td></td> <td>(3) Term membership</td> </tr> </table>		<i>Type of membership - Individual</i>	(1) Entrance fee	} Amount paid or reimbursed by employer is taxed under paragraph 13(1)(a)		(2) Monthly/Annual membership subscription fees	
<i>Type of membership - Individual</i>	(1) Entrance fee	} Amount paid or reimbursed by employer is taxed under paragraph 13(1)(a)						
	(2) Monthly/Annual membership subscription fees							
	(3) Term membership							

## B. THE FORMULA METHOD

1. The value of BIK based on formula method can be abated if the BIK is:-
- provided for less than a year; or/and
  - shared with another employee; or/and
  - used for the purpose of the employer's business.

2. Under this method, the value of each benefit provided is ascertained by using the formula below:

$$\frac{\text{Cost* of the asset provided as benefit/amenity}}{\text{Prescribed average life span* of the asset}} = \text{Annual value of the benefit}$$

\* Note: (i) 'Cost' means the actual cost incurred by the employer.

(ii) 'Prescribed average life span' tabulated in item B6 must be applied for any benefit/amenity regardless of whether the asset is old or new.

3. Where the formula method is used to value the BIK in respect of the private usage of telephone, the calculation of the benefit is as follows:

(a) Mobile phone

- (i) In relation to the benefit of the hardware:

$$\frac{\text{Cost of the asset (telephone)}}{\text{Prescribed average life span of the asset}} = \text{Annual value of the benefit}$$

- (ii) In respect of the private usage of telephone bills:

Actual cost of the employee's private bills paid by the employer

(b) House telephone subscribed by the employer

Actual cost of the employee's private bills paid by the employer.

#### 4. Where a motorcar and its related benefits are provided

- (i) An abatement of 20% which is deemed to be the value of the motorcar at the time when it is returned to the employer by the employee is given and the following formula is to be applied:

$$\frac{\text{Cost of the motorcar}}{8 \text{ (Prescribed average life span)}} \times 80\% = \text{Annual value of benefit of the motorcar}$$

- (ii) The value of the benefit in respect of petrol is the actual value of petrol provided to the employee irrespective of whether a motorcar is provided or not.

- (iii) Under this method, NO ABATEMENT IS AVAILABLE if the motorcar provided is more than five (5) years old.

- (iv) However, a reduction in the value of the benefits can be made if the:

- (a) motorcar is used partly for business purposes; or/and  
(b) employee is required to pay a sum of money to his employer for the benefits provided.

Example: Employee B is provided with a 6-year old motorcar with free petrol throughout the year 2005. The motorcar was purchased by the employer at a cost of RM200,000. The total mileage of the motorcar in the year 2005 is 36,000 km. of which 12,000 km. is in respect of B's private use. His employer has expended RM8,400 on petrol in respect of this motorcar. B is required to pay his employer RM1,200 to subsidize the cost of petrol. The cost of the motorcar when new was RM280,000.

The annual value of BIK for the year of assessment 2005 is computed as follows:

MOTORCAR : RM6,667 (RM200,000/8 x 80% x 12,000/36,000)

PETROL : RM1,600 [(RM8,400 x 12,000/36,000) - RM1,200]

## 5. OTHER ASSETS

Other assets provided to the employee for his entertainment, recreation or other purposes such as piano, organ, television, stereo set, swimming pool and others will be treated as additional benefits and have to be separately assessed based on the formula.

## 6. PRESCRIBED AVERAGE LIFE SPAN OF VARIOUS ASSETS PROVIDED BY EMPLOYERS TO EMPLOYEES:

Category	Assets	Prescribed Average Life Span (Years)
(a)	Motorcar	8
(b)	Furniture and fittings: Curtains and carpets Furniture, sewing machine Air-conditioner Refrigerator	5 15 8 10
(c)	Kitchen equipment: crocery, rice-cooker, electric kettle, toaster, coffee maker, gas cooker, cooker hood, oven, dish-washer, washing machine, dryer, food processor	6
(d)	Entertainment and recreation : Piano Organ TV, video recorder, CD/DVD player, stereo set, swimming pool (detachable), sauna	20 10 7 15
(e)	Miscellaneous	5

## C. TAX EXEMPT BENEFITS

- (a) Medical, dental benefit or child-care benefit;
- (b) Leave passage for travel (confined only to the cost of fares for the employee and members of his immediate family):
  - within Malaysia not exceeding three times in any calendar year; or
  - outside Malaysia not exceeding one passage in any calendar year, is limited to a maximum of RM3,000;
- (c) The benefit is used by the employee solely for purposes of performing his employment duty;
- (d) Goods and services offered at discounted prices;
- (e) Food and drinks provided free of charge;
- (f) Free transportation between pick-up points or home and the place of work (to and fro);
- (g) Insurance premiums which are obligatory for foreign workers as a replacement to SOCSO contributions;
- (h) Group insurance premium to cover workers in the event of an accident.



**Example II**

If the living accommodation is provided for **less than 12 months in a year**, the value of the living accommodation is calculated **based on the period** the living accommodation is provided.

-	Gross employment income [paragraph 13(1)(a)]	RM150,000	(T)
-	Period for which the living accommodation is provided	7 months	(n)
-	Length of employment in the current year	9 months	(m)

Computation of the value of living accommodation provided :

$$\begin{aligned}
 \text{Value of the living accommodation (Z)} &= 3\% \quad \times \quad T \quad \times \quad n/m \\
 &= 3/100 \quad \times \quad 150,000 \quad \times \quad 7/9 \\
 &= \text{RM3,500}
 \end{aligned}$$

The taxable value of living accommodation benefit (Z) = RM3,500

**Transfer amount Z to item C Working Sheet HK-2**

**CATEGORY 2: Living accommodation provided for employee (other than officer of a Government/Statutory Body) or service director**

$$\begin{aligned}
 \text{Value of the living accommodation} &= 30\% \quad \times \quad \text{Gross employment income} \\
 &\quad \text{OR} \\
 &\quad \text{The *defined value*} \\
 &\quad \text{(whichever is lower)}
 \end{aligned}$$

**Example I: Living accommodation is not shared with any other employee**

-	Gross employment income [paragraph 13(1)(a)]	RM150,000	(T)
-	Period for which the living accommodation is provided	12 months	(n)
-	Length of employment in the current year	12 months	(m)
-	Rental of the living accommodation provided	RM2,000 per month	
-	Defined value [2,000 x 12 months (m)]	RM24,000	(F)

Computation of the value of living accommodation provided:

$$\begin{aligned}
 &= 30\% \quad \times \quad T \\
 &= 30/100 \quad \times \quad 150,000 \\
 &= \text{RM45,000} \\
 \text{OR} &= \text{F} \\
 &= \text{RM24,000}
 \end{aligned}
 \quad \left. \vphantom{\begin{aligned} &= 30\% \times T \\ &= 30/100 \times 150,000 \\ &= \text{RM45,000} \end{aligned}} \right\} \text{whichever is lower}$$

$$\begin{aligned}
 \text{Value of the living accommodation (Z)} &= 24,000 \quad \times \quad n/m \\
 &= 24,000 \quad \times \quad 12/12 \\
 &= \text{RM24,000}
 \end{aligned}$$

The taxable value of living accommodation benefit (Z) = RM24,000

**Transfer amount Z to item C Working Sheet HK-2**

**Example II: Living accomodation is shared equally with another employee**

- Gross employment income [paragraph 13(1)(a)]	RM150,000	(T)
- Period for which the living accomodation is provided	9 months	(n)
- Length of employment in the current year	9 months	(m)
- Rental of the living accomodation provided	RM3,000 per month	
- 2 persons sharing: - portion of living accomodation provided	1	(X)
- living accomodation provided as a whole	2	(Y)
- Defined value [3,000 x 9 months (m)]	RM27,000	(F)

**Computation of the value of living accomodation provided:**

	30%	x	T	] whichever is lower
	= 30/100	x	150,000	
	= RM45,000			
<b>OR</b>	= F	x	X/Y	
	= 27,000	x	1/2	
	= RM13,500			
Value of the living accomodation (Z)	= 13,500	x	n/m	
	= 13,500	x	9/9	
	= RM13,500			

The taxable value of living accomodation benefit (Z) = RM13,500

**Transfer amount Z to item C Working Sheet HK-2**

**Example III: Part of the living accomodation provided is for official use**

- Gross employment income [paragraph 13(1)(a)]	RM100,000	(T)
- Period for which the living accomodation is provided	9 months	(n)
- Length of employment in the current year	12 months	(m)
- Rental of the living accomodation provided	RM4,000 per month	
- 1/3 is for official use - Portion of living accomodation provided	2	(X)
- Living accomodation provided as a whole	3	(Y)
- Defined value [4,000 x 12 months (m)]	RM48,000	(F)

**Computation of the value of living accomodation benefit:**

	30%	x	T	] whichever is lower
	= 30/100	x	100,000	
	= RM30,000			
<b>OR</b>	= F	x	X/Y	
	= 48,000	x	2/3	
	= RM32,000			

$$\begin{aligned}
 \text{Value of the living accommodation (Z)} &= 30,000 \quad \times \quad n/m \\
 &= 30,000 \quad \times \quad 9/12 \\
 &= \text{RM22,500}
 \end{aligned}$$

The taxable value of living accommodation benefit (Z) = RM22,500

**Transfer amount Z to item C Working Sheet HK-2**

### CATEGORY 3: Living accommodation provided for directors of controlled companies

For the director of the controlled company, the value of the living accommodation shall be the defined value of the living accommodation provided. There is no comparison with 30% of the gross employment income.

#### Example 1: Living accommodation is not shared

- Gross employment income [paragraph 13(1)(a)]	RM200,000	(T)
- Period for which the living accommodation is provided	9 months	(n)
- Length of employment in the current year	10 months	(m)
- Rental of the living accommodation provided	RM3,000 per month	
- Defined value [3,000 x 10 months (m)]	RM30,000	(F)

#### Computation of the value of living accommodation provided:

$$\begin{aligned}
 \text{Value of the living accommodation (Z)} &= \text{F} \quad \times \quad n/m \\
 &= 30,000 \quad \times \quad 9/10 \\
 &= \text{RM27,000}
 \end{aligned}$$

The taxable value of living accommodation benefit (Z) = RM27,000

**Transfer amount Z to item C Working Sheet HK-2**

#### Example 2: Living accommodation is shared equally with another director / employee

- Gross employment income [paragraph 13(1)(a)]	RM200,000	(T)
- Period for which the living accommodation is provided	12 months	(n)
- Length of employment in the current year	12 months	(m)
- Rental of the living accommodation provided	RM3,000 per month	
- 2 persons sharing: - portion of living accommodation provided	1	(X)
- living accommodation provided as a whole	2	(Y)
- Defined value [3,000 x 12 months (m)]	RM36,000	(F)

#### Computation of the value of living accommodation provided:

$$\begin{aligned}
 \text{Value of the living accommodation (Z)} &= 36,000 \quad \times \quad X/Y \quad \times \quad n/m \\
 &= 36,000 \quad \times \quad 1/2 \quad \times \quad 12/12 \\
 &= \text{RM18,000}
 \end{aligned}$$

The taxable value of living accommodation benefit (Z) = RM18,000

**Transfer amount Z to item C Working Sheet HK-2**