



Employers Responsibility under the Income Tax Act



Key Takeaway

- ❖ To inform IRBM any new employee within 30 days.
- ❖ To inform IRBM the cessation/retirement/death of an employee.
- ❖ To inform IRBM within 30 days before the date of employee intending to leave Malaysia.

Notification of Commencement / Cessation of Employment of an Employee

Pursuant to Section 83 of the Income Tax Act 1967 (ITA 1967), we wish to remind all employers of their responsibility to inform the Inland Revenue Board of Malaysia (IRBM), via prescribed forms (as below), on the following:

TABLE 1:-

Employer's responsibilities	Subsection	Penalty/Fine	Form
To inform IRBM if there is a new employee	Subsection 83(2) ITA 1967	Failure to notify will result in the employer being charged under paragraph 120(1) (c) and / or subsection 107(4)	CP22 http://phl.hasil.gov.my/pdf/pdfborang/CP22_Pin.1_2021.pdf



Employer's responsibilities	Subsection	Penalty/Fine	Form
To inform IRBM if there are any cessation/retirement/death of an employee*	Subsection 83(3) ITA 1967	Failure to notify will result in the employer being charged under paragraph 120(1) (c) and / or subsection 107(4)	CP22A (Private) http://phl.hasil.gov.my/pdf/pdfborang/CP22A_Pin.1_2021.pdf
To inform to IRBM not more than 30 days before the date of an employee intending to leave Malaysia	Subsection 83(4) ITA 1967		CP21 http://phl.hasil.gov.my/pdf/pdfborang/CP21_Pin.1_2021.pdf

Please take note that while Section 83 of the ITA 1967 provides that the law applies in the situation where the employer commences, or about to cease to employ an individual who is or is likely to be chargeable to tax in respect of income in respect of gains or profits from the employment, the IRBM has recently adopted the practise of applying such requirements to ALL employees who have commenced employment, or cease to be employed by the employer.

All applications should be made by the employer to IRBM by the following methods:

- i. e-SPC at IRBM official website; or
- ii. Form which can be downloaded from IRBM official website (please refer to TABLE 1 above).

Failure to comply with the above may result in, upon conviction of an offence under Section 120 of the ITA 1967, the employers being liable to a fine of not less than RM200 and not more than RM20,000 or to imprisonment for a term not exceeding six months or to both.



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Should you have any questions or require any assistance on the above, please do not hesitate to drop us an email or call us.

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