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ideas & insights



Form CP22: Employer Compliance Requirement for New Hires

Key Takeaway

- CP22 is a statutory employer notification under subsection 83(2) of the Income Tax Act 1967

Form CP22 is a statutory notification required under subsection 83(2) of the Income Tax Act 1967 (ITA) when an employer commences employment of an individual who is chargeable or likely to be chargeable to income tax on employment income.

Inland Revenue Board of Malaysia ("IRBM") requires CP22 to be submitted electronically through the e-CP22 facility in MyTax within 30 days from the commencement of employment. Electronic submission has been mandatory since 1 September 2024, and manual submission is no longer permitted. Failure to comply without reasonable excuse may result, upon conviction, in a fine of RM200 to RM20,000, imprisonment for up to six months, or both.

Scope of the notification obligation

The requirement to submit CP22 depends on whether an employee is chargeable or likely to be chargeable to income tax on employment income. In determining whether notification is required, employers should consider the employee's anticipated remuneration, terms of employment and other relevant circumstances that may affect the employee's tax position

The absence of an existing tax identification number or a nil monthly tax deduction does not, by itself, establish that CP22 is unnecessary. PCB is a tax collection mechanism, whereas CP22 is a separate statutory notification.

Filing deadline and submission requirements

CP22 must be submitted within 30 days from the actual commencement of employment. Employers should retain the submission acknowledgement and reference details as evidence that the notification was filed.

Information accuracy and supporting documentation

The e-CP22 process requires relevant employer, employee and employment particulars. These may include identification details, nationality, addresses, commencement date, designation, expected employment duration and remuneration information. Employers should validate the information against identification documents, employment contracts and payroll records. Incorrect particulars may create difficulties in tax-file administration and subsequent compliance reviews.

Penalty exposure and employer liability

IRBM states that failure to comply with subsection 83(2) without reasonable excuse may, upon conviction, result in:

- A fine of RM200 to RM20,000;
- Imprisonment for up to six months; or
- Both.

Overlooked Issues

No Existing Tax Identification Number Does Not Determine the CP22 Obligation

The obligation to submit CP22 arises when an employer commences employment of an individual who is chargeable or likely to be chargeable to tax. The employer should determine the applicability of the notification requirement based on the employee's employment circumstances and the relevant statutory provisions, rather than relying solely on whether the employee has an existing tax identification number.

Nil Monthly Tax Deduction (MTD / PCB) Does Not Automatically Exempt an Employer from the CP22 Notification Requirement

The requirement to submit Form CP22 should be assessed independently of the monthly tax deduction (MTD / PCB) position. The employer's notification obligation is not determined solely by whether MTD / PCB is deducted from an employee's remuneration. Accordingly, the absence of MTD / PCB deductions should not, in itself, be regarded as sufficient grounds for concluding that CP22 is not required. Employers should assess the applicability of the notification requirement based on the employee's circumstances and the relevant statutory requirements.

Corrections and Late Filings Require Prompt Remedial Action

Where Form CP22 has not been submitted within the prescribed timeframe, or the information submitted is incomplete or inaccurate, the employer should promptly identify the affected employees, verify their employment commencement dates and particulars, and determine the nature of the non-compliance. In accordance with IRBM's current procedures, Form CP22 must be submitted electronically through the e-CP22 application in the MyTax portal. Employers should review the relevant submission records and follow the applicable MyTax procedures or contact IRBM for guidance on rectifying an omitted or inaccurate submission.

For more details, please refer to :
Source: Inland Revenue Board of Malaysia ("IRBM"), official website

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- ✓ Registered Auditor of Public Company Accounting Oversight Board (PCAOB), USA
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