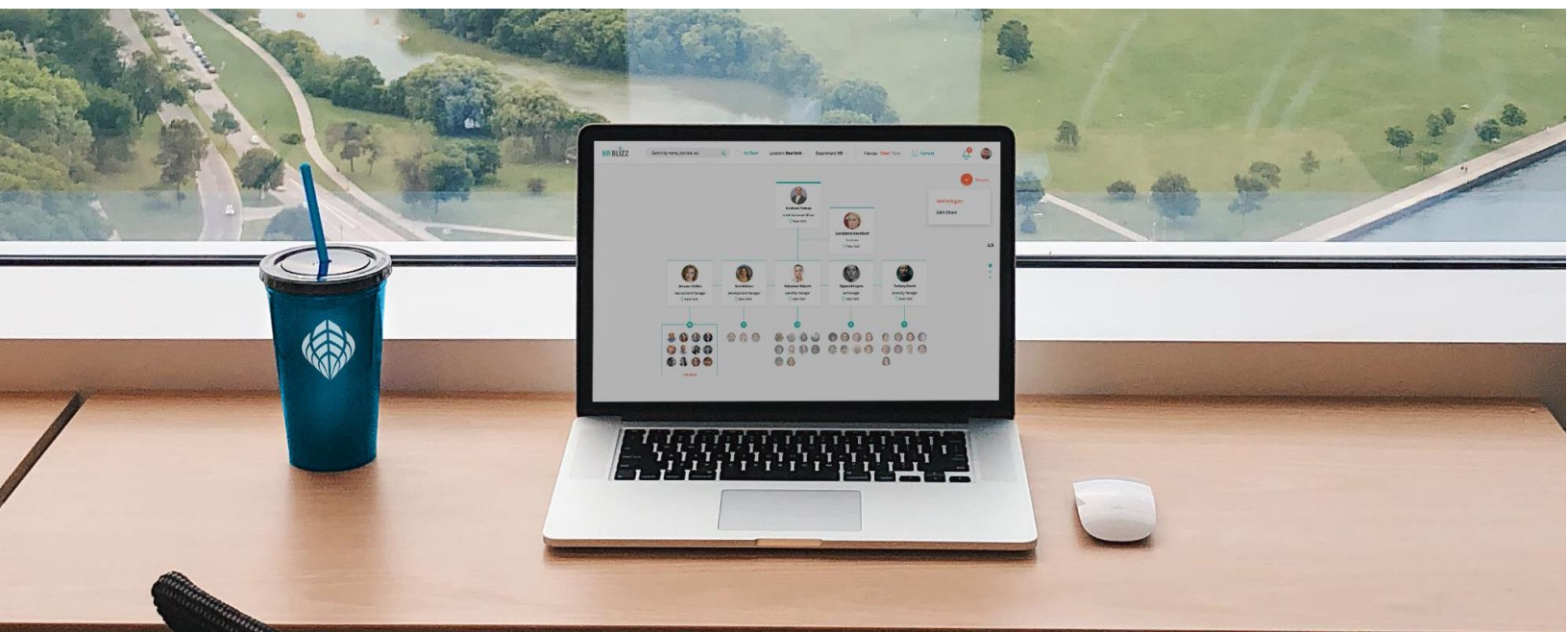




Simplifying Employment  
Tasks Worldwide

## Statutory Change Alert

Malaysia regulation update on tax reliefs for employees  
effective from 01 January 2024



**MALAYSIA**



03 Jan 2024

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# We help you achieve your global ambitions

Thank you for trusting Mercans to outsource your HR and Payroll functions. We propose HR consulting services, actionable solutions, and cost-effective global payroll processing tools to energize your human capital management in real-time and augment your performance. We are dedicated to becoming your business growth facilitator.



## **Global Payroll Solutions – Boost your HR brand and employee satisfaction**

Rationalize your HR budgets, monitor your data, and optimize your global payroll tasks in real-time. Systematize processes and streamline HRM lifecycles with HR Blizz™, our unified SaaS platform, to ensure your employees are paid accurately and on time.



## **PEO/GEO Services – Easily hire, deploy and manage your workforce abroad**

A reliable Professional Employer Organization (PEO), Mercans is your trusted employer of record to globally select, engage, and manage highly qualified personnel on your behalf, through integrated Global Employment Outsourcing (GEO).



## **Global Talent Acquisition – Quickly fill vacancies with only the best candidates**

Mercans supports you in designing/deploying long-term HR strategies and processing full-cycle recruitment. Our ATS Suite Mesaar™ and our hiring experts help to screen, select, attract the right candidates for your organization and populate your pipeline of prequalified talents.



## **BPO Services – Reclaim the focus on your core activities to expand your business**

Concentrate on the essentials: outsource non-primary activities and your front- and back-office functions to Mercans. Save the time, money, and energy needed to refine the value chain engagement of your customers and suppliers and increase revenue.



## **HR Management SaaS – Access customizable cloud-based online platforms**

Centralize your HR function on an all-in-one user-friendly and self-service platform. Combined with the expertise of our consultants, the Mesaar SaaS offers a built-in applicant tracking system and easy-integration features to improve internal processes.



## **Local Statutory Compliance – Forget the hassle of setting up branches abroad**

Mercans seasoned HR advisory team are compliance experts specialized in local cultures, business protocols, and tax and legal specificities. They are committed to ensure quick go-to-market abroad and achieve a compliant global expansion, risk-free from A to Z.

## Mercans at a Glance

**160+**

Countries

**20**

Years of Success

**1K+**

Payroll and HR Specialists

**22k+**

Clients Worldwide

**97%**

Client Retention Rate

**1.5X**

Annual Revenue Growth

**95k+**

Largest Single Country  
Payroll

**25M+**

Pay Slips per Annum

**0**

Security Breaches

**Number one** for outsourced payroll services, we are endorsed by international authorities.



**Mercans has the highest industry quality and IT security certificate certificate**





# Malaysia regulation update on tax reliefs for employees effective from 01 January 2024

## Changes in tax reliefs

TP1 tax reliefs	Changes for 2024
Medical treatment, special needs, and carer expenses for parents	<p>The scope of the relief has been expanded to cover:</p> <ul style="list-style-type: none"> <li>dental treatment expenses</li> <li>full medical examination (up to RM 1,000)</li> </ul> <p>The overall limit for the relief remains as RM 8,000.</p>
Education fees (self) for upskilling and self-enhancement course fee	The relief is extended till year 2026.
Medical expenses for self, partner, and child	<p>The scope of the relief has been expanded to include:</p> <ul style="list-style-type: none"> <li>dental examination and treatment (up to RM 1,000)</li> </ul>
Lifestyle personal expenses	<p>The relief has been amended as follows:</p> <ul style="list-style-type: none"> <li>Claims for the purchase of sports equipment and membership fees for gyms are excluded from this relief.</li> <li>It is expanded in scope to cover self-enrichment course fees.</li> </ul> <p>The overall limit for the relief remains as RM 2,500.</p>
Lifestyle sports related expenses	The scope of the relief has been expanded to cover gym membership fees or sports training fees.



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	The limit is also increased from RM 500 to RM 1,000.
Tax relief for electric vehicles	The relief is extended till year 2027.

The applicable forms "TP1" & "TP3" has also been revised in this regard.

## Changes for C-Suite employees

C-Suite employees are offered a flat tax rate of 15% on employment income for three consecutive years. Eligibility conditions for this incentive are:

- carry out employment with an approved company global service hub incentive.
- hold a C-Suite position or a key position in the company.
- receive a monthly salary of not less than RM 35,000 per month.

The amount of monthly tax deduction is determined in accordance with the following formula:

"MTD for the month =  $[(PR) - (Z + X)] / (n + 1)$ "

## Changes in childcare allowance exemption limit

Tax exemption limit on childcare allowance in respect of children up to 12 years of age, received by the employee or paid directly by the employer to the childcare centre is increased from RM 2,400 to RM 3,000 per year.

The above-mentioned changes are applicable from Jan 01, 2024.

## Explanation on Voluntary EPF relief

More clarity has been provided on treatment of Voluntary EPF while calculating MTD.

There are two categories for Voluntary EPF relief:

- Voluntary EPF and Life insurance (TP1) (RM 3,000)
- Voluntary EPF including mandatory EPF (TP1) (RM 4,000)

K1 & LP1 amount calculation for MTD purpose:

Example: Mandatory EPF = RM 2,000, Voluntary EPF = RM 3,000, Life Insurance = RM 4,000

K1 = RM 2,000, LP1 = RM 5,000 (Vol. EPF (RM 4,000 category) = RM 2,000, Vol. EPF (RM 3,000 category) = RM 1,000, Life Insurance = RM 2,000)

Example: Mandatory EPF = RM 5,000, Voluntary EPF = RM 3,000, Life Insurance = RM 4,000

K1 = RM 4,000, LP1 = RM 3,000 (Vol. EPF (RM 3,000 category) = RM 3,000)

Please contact your Mercans' services delivery team for any additional information regarding the implications of the above change



## They already trust Mercans







# What Makes Mercans your HR and Payroll **Partner of Choice?**

## We Simplify Employment Tasks Worldwide

### Everywhere for Everyone

We are a borderless people engagement enabler, driven by technology and innovation. We deliver bespoke human capital management services and global payroll solutions to empower businesses across 110+ countries regardless of their organizations' size and their industry. We pride ourselves on being global people experts with a striking local presence, committed to making your teams happy, and ensuring the consistent and sustainable growth of your organization.

### Local Presence. Regional Strategy. Global Success

Supported by 500+ payroll and HR specialists with in-depth local knowledge, Mercans operate globally. Our pioneering human resources consulting services and trailblazing SaaS platforms are already satisfying 5,000+ international clients, ensuring timely measurable results and bottom-line savings. Thanks to success-oriented teams striving for excellence and taking care of our clients' tasks within budget, we have gained the trust of major multinational companies.

### A Revolutionary Service Delivery System

Say goodbye to third-party service providers, offshore call centers, fragmented data, and endless chains of sub-contracts.

Mercans cloud-based SaaS Products, HR Blizz™ & Mesar™, combine the performance of proprietary technologies with a human touch. Cost-effective, they are fully-compliant self-service tools, packed with smart built-in features for your peace of mind. All your data are integrated into single interfaces accessible from everywhere and on any device.

### Trailblazing Cloud-Based SaaS Products

HR Blizz & Mesar, our Software-as-a-Service platforms, both propose a preconfigured API integration capability with all the major global HRMS platforms, including SuccessFactors, Workday, Oracle HCM, and MS Dynamics. All Mercans systems and processes are GDPR compliant, ISO 9001, 20000, 27001 certified, and SOC 1 and SOC 2 audited. A registered Finpro expert, Mercans is also a member of the Global Payroll Association and the Global Payroll Management Institute.



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Tasks Worldwide

**+1 877 MERCANS (637 2267) | Toll-Free**

Europe: +44 20 328 777 62

Americas: +1 646 798 5541

Middle East: +971 43 999 260

Asia: +81 50 5539 5354

**[info@mercans.com](mailto:info@mercans.com) | [mercans.com](https://mercans.com)**

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