

INCOME TAX (DEDUCTION FOR EMPLOYMENT OF SENIOR CITIZEN, EX-CONVICT, PAROLEE, SUPERVISED PERSON AND EX-DRUG DEPENDANT) RULES 2019

P.U. (A) 164
11 June 2019

IN exercise of the powers conferred by paragraph 154(1)(b) and paragraph 33(1)(d) of the Income Tax Act 1967 [Act 53], the Minister makes the following rules:

CITATION AND COMMENCEMENT

- 1(1)** These rules may be cited as **the Income Tax (Deduction for Employment of Senior Citizen, Ex-Convict, Parolee, Supervised Person and Ex-Drug Dependiant) Rules 2019**.
- 1(2)** These Rules shall have effect for the years of assessment 2019 and 2020.

APPLICATION

- 2** These Rules shall apply to an employer who has a source of income consisting of business only.

DEDUCTION

- 3(1)** For the purpose of ascertaining the adjusted income of an employer for the basis period for a year of assessment, there shall be allowed as a deduction the remuneration of the kind allowable under section 33 of the Act payable by him to his employee, who is a citizen of Malaysia and resident in Malaysia, from amongst the following:
- (a) a senior citizen who shall be sixty years and above;
 - (b) an ex-convict who is a person who had been convicted for any offence by a court and had served his sentence of imprisonment;
 - (c) a parolee as defined in the Prison Act 1995 [Act 537];
 - (d) a supervised person who is a prisoner directed by an Officer in Charge to work at such labour under subparagraph 47(1)(b)(iii) of the Prison Act 1995; or
 - (e) an ex-drug dependant who—
 - (i) had undergone treatment and rehabilitation pursuant to the Drug Dependants (Treatment and Rehabilitation) Act 1983 [Act 283];
 - (ii) had undergone supervision pursuant to paragraph 6(1)(b) of the Drug Dependants (Treatment and Rehabilitation) Act 1983 or subsection 38B(1) of the Dangerous Drugs Act 1952 [Act 234]; or
 - (iii) had been placed under supervision pursuant to paragraph 8(3)(b) of the Drug Dependants (Treatment and Rehabilitation) Act 1983,and is registered with the National Anti-Drugs Agency (MyAADK system).

- 3(2)** The deduction allowed under subrule (1) is subject to the following conditions:
- (a) the employee is employed on a full-time basis;
 - (b) the remuneration paid by the employer to the employee does not exceed four thousand ringgit (RM4,000.00);
 - (c) the employer and the employee are not the same person;
 - (d) the employer is not a relative of the employee, that is—
 - (i) a spouse;
 - (ii) a parent, including a step parent or a parent in law;
 - (iii) a child, including a step child or a child adopted in accordance with any law;
 - (iv) a brother or a sister, including a step brother or a step sister; or
 - (v) a grandparent or a grandchild, including a step grandparent or a step grandchild.
- 3(3)** An employer claiming for the deduction under these Rules shall produce a written confirmation from—
- (a) the Malaysian Prison Department, confirming that the employee is an ex-convict, a parolee, or a supervised person; or
 - (b) the National Anti-Drugs Agency, confirming that the employee is an ex-drug dependant.
- 3(4)** The amount of deduction allowed under these Rules shall be in addition to any deduction under section 33 of the Act.