

# INCOME TAX (DETERMINATION OF CHARGEABLE INCOME OF AN INDIVIDUAL IN RESPECT OF DIVIDEND) RULES 2025

PU (A) 148  
7 May 2025

IN exercise of the powers conferred by paragraph 154(1)(b) of the Income Tax Act 1967 [Act 53] read together with paragraph 2 of Part XXII of Schedule 1 to the Act, the Minister makes the following rules:

## CITATION AND COMMENCEMENT

- 1(1)** These rules may be cited as the **Income Tax (Determination of Chargeable Income of an Individual in respect of Dividend) Rules 2025**.
- 1(2)** These Rules have effect for the year of assessment 2025 and subsequent years of assessment.

## CHARGEABLE INCOME

- 2(1)** Where an individual resident in Malaysia has income which consists of dividend in excess of one hundred thousand ringgit and a source other than dividend in the basis period for a year of assessment, the dividend is deemed by virtue of section 14 of the Act to be derived from Malaysia and the chargeable income of the individual in respect of that dividend which is subject to tax under Part XXII of Schedule 1 to the Act shall be ascertained in accordance with the following formula:

$$\frac{A}{B} \times C$$

where

- A is the statutory income in respect of dividend in the basis period for that year of assessment;
- B is the aggregate income in the basis period for that year of assessment; and
- C is the chargeable income in the basis period for that year of assessment which is subject to tax as specified in paragraph 1 of Part I and Part XXII of Schedule 1 to the Act.

- 2(2)** Where an individual not resident in Malaysia has income which consists of dividend in excess of one hundred thousand ringgit and a source other than dividend in the basis period for a year of assessment, the dividend is deemed by virtue of section 14 of the Act to be derived from Malaysia and the chargeable income of the individual in respect of that dividend which is subject to tax under Part XXII of Schedule 1 to the Act shall be ascertained in accordance with the following formula:

$$\frac{A}{B} \times C$$

where

- A is the statutory income in respect of dividend in the basis period for that year of assessment;
- B is the aggregate income in the basis period for that year of assessment; and
- C is the chargeable income in the basis period for that year of assessment which is subject to tax as specified in paragraph 1A of Part I and Part XXII of Schedule 1 to the Act.

**2(3)** In the case of a combined assessment under subsection 45(2) of the Act, the aggregate income referred to in subrule (1) or (2) shall include the income from the wife or husband, as the case may be.

**2(4)** Where chargeable income of the individual in respect of dividend has been determined under subrule (1) or (2), any excess of the chargeable income of that individual which is subject to tax shall be charged to income tax for that year of assessment at the rate that would have been applicable to his chargeable income pursuant to—

(a) paragraph 1 of Part I of Schedule 1 to the Act in relation to an individual who is resident in Malaysia; or

(b) paragraph 1A of Part I of Schedule 1 to the Act in relation to an individual who is not resident in Malaysia,

as the case may be.

**2(5)** For the purposes of this rule—

“dividend” means a dividend paid, credited or distributed by a company, whether in monetary form or otherwise;

“individual” means a shareholder of a company, either through a direct shareholding or a nominee.