

TAXATION

AND STATUTORY
CONTRIBUTIONS FOR
FOREIGN WORKERS
AND EXPATRIATES



RM 1,500



100% HRDC Claimable



MODULE OVERVIEW

This program provides HR professionals, payroll administrators, and compliance officers with the essential knowledge to manage expatriates' and foreign workers' tax and statutory obligations in Malaysia. Through practical insights and case studies, participants will learn how to handle taxation, statutory contributions, and reporting requirements effectively.

TARGETED PARTICIPANTS

- HR Professionals managing foreign employees and expatriates.
- Anyone involved in expatriate management and statutory compliance functions.

METHOD OF TRAINING

- Interactive Learning Mode / Discussion
- Interactive Lectures
- Accelerated Learning,
- Business Driven Action Learning

DURATION

1 Day



LEARNING OBJECTIVES

- Understand the regulatory framework governing taxation and statutory contributions for foreign workers and expatriates in Malaysia.
- Differentiate between resident and non-resident tax treatment and apply the correct tax rules. Prepare the key elements of an operating and capital budget and evaluate the different budgeting techniques used
- Accurately compute employment income and benefits, including allowances, benefits-in-kind, and other special payments. Calculate different capital budgeting evaluation techniques for effective capital expenditure management
- Fulfill employer obligations in filing statutory forms (EA, CP8D, Form E) and meeting LHDN deadlines.

LEARNING OUTCOME

- Understand statutory obligations related to EPF, SOCSO, EIS, HRDF, and PCB for foreign workers and expatriates.
- Differentiate tax treatment between resident and non-resident employees under Malaysian tax law.
- Identify common compliance gaps and apply best practices to avoid penalties or audit issues.
- Manage special cases such as contract staff, expatriates on secondment, and workers under different work permit categories.

CONTENTS | DAY 1

Module 1: Introduction to the Malaysian Tax System

- Overview of Malaysia's tax regime
- Governing legislation: Income Tax Act 1967
- Scope of charge
- Tax year and basis period
- Overview of personal tax obligations for foreign individuals working in Malaysia

Module 2: Residency Status and Its Tax Implications

- Determining Tax residency under Section 7 of the Income Tax Act
- Categories of Tax Residents vs Non-Residents
- Day Test and Special Rules for Expatriates
- Impact of Residency status on tax rates, reliefs and exemptions
- Common pitfalls and planning tips for expatriates regarding residency

Module 3: Taxation of Employment Income

- Definition and scope of employment income in Malaysia
- Overview of Section 13(1) of the Income Tax Act:
- Salary and Wages
- Allowance, Bonuses, and Overtime
- Perquisites and Benefits-in-kind
- Gratuity and compensation for loss of Employment
- Tax-exempt income relevant to expatriates
- Public Rulings related to employment Income

Module 4: Common Remuneration and Benefits – Tax Treatment

Tax treatment of key remuneration components, including examples:

- Housing and accommodation benefits
- Perquisites and fringe benefits
- Gratuity payments
- Tax borne by employer
- Benefits-in-kind
- Compensation for loss of Employment
- Employee can share option schemes (ESOS)
- Tax treatment of relocation, travel, and education allowances
- Refunds from unapproved retirement funds
- Hypotax and Tax equalization policies

CONTENTS | DAY 1

Module 5: Tax Filings, Reliefs, and Obligations

- Overview of Malaysia's progressive tax rate structure
- Understanding personal tax reliefs and deductions available to tax residents
- Rebates and special exemptions
- Tax filing requirements for expatriates (Form BE / M / MT)
- e-Filing process for individuals
- Key Deadlines for tax return filing and tax payments
- Claiming Tax Return filing and dealing with tax overpayments
- Common filing errors and how to avoid them

Module 6: Year-End Tax Responsibilities and Compliance

- Responsibilities of foreign employees and their employers
- Year-end documentation: EA Form, CP8D, and employer's tax return (Form E)
- Record-keeping obligations for expatriates
- Tax audit triggers and what to expect during an audit
- Penalties for non-compliance, under-reporting, and late filing
- Relief for errors and the application process

Module 7: Statutory Contributions for Foreign Workers and Expatriates in Malaysia

Overview of statutory bodies: EPF, SOCSO, and EIS:

- Applicability to expatriates and foreign workers
- Voluntary vs mandatory contribution rules
- Contribution rates and limits
- Withdrawal procedures upon leaving Malaysia
- Tax treatment of contributions and withdrawals

Social Security Organisation (SOCSO / PERKESO):

- Coverage under the Employment Injury Scheme
- SOCSO contribution requirements for foreign workers
- Optional coverage and exemptions for expatriates
- Employer responsibilities