



# TaXavvy

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## Deferment of Payment of Small-Value Withholding Tax



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## Deferment of Payment of Small-Value Withholding Tax

The Inland Revenue Board (IRB) has considered and agreed to the proposal from the Chartered Tax Institute of Malaysia (CTIM) for deferment of payment of small-value withholding tax (WHT) for the purposes of easing and reducing tax compliance costs.

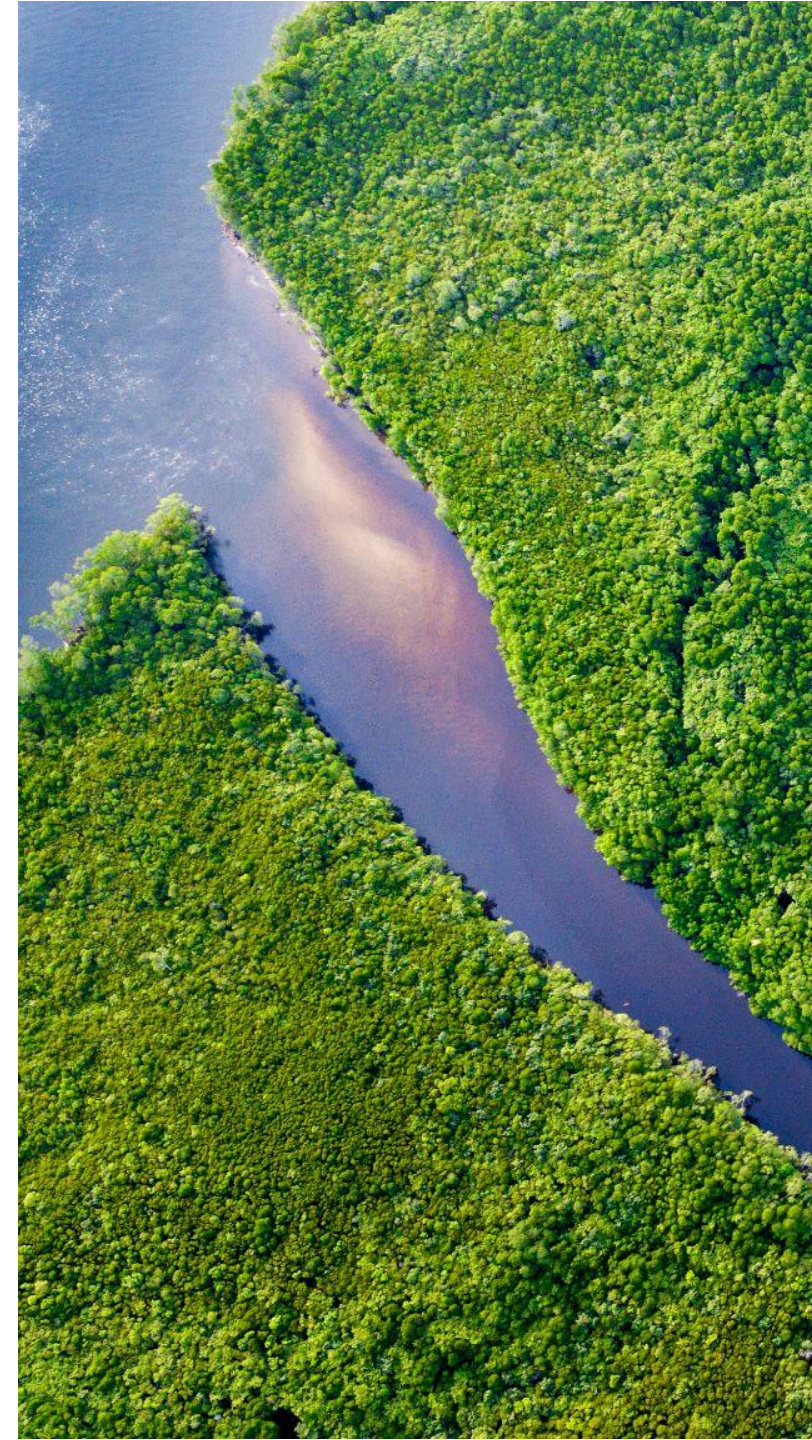


Effective from August 2022, the payer may defer the payment of small-value WHT instead of remitting the WHT deducted to the IRB within one month after the payment to non-resident has been paid or credited, subject to meeting the eligibility requirements. Small-value WHT refers to WHT that does not exceed RM500 per transaction.

The salient points of the deferment are as below:

<b>Categories of WHT involved</b>	<p>WHT on:</p> <ul style="list-style-type: none"> <li>Royalty and interest earned by a non-resident [Section 109 of the Income Tax Act 1967 (ITA 1967)]</li> <li>Special classes of income under Section 4A of ITA 1967 including services and rental of movable property [Section 109B of ITA 1967]</li> </ul>							
<b>Deferment</b>	<ul style="list-style-type: none"> <li>Payment of small-value WHT shall be made to the IRB once in every 6-month period as follows:</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; color: #E67E22;">Period when payments are made to a non-resident during a year</th> <th style="text-align: center; color: #E67E22;">Due date for remittance of deferred WHT</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1 June to 30 November (with effect from August 2022 - <i>Note</i>)</td> <td style="text-align: center;">On or before 30 December of that year</td> </tr> <tr> <td style="text-align: center;">1 December to 31 May</td> <td style="text-align: center;">On or before 30 June of that year</td> </tr> </tbody> </table> <p><i>Note: Comes into effect from August 2022 where small-value WHT in respect of payments made to non-residents from August 2022 can be deferred and remitted to the IRB on or before 30 December 2022.</i></p>		Period when payments are made to a non-resident during a year	Due date for remittance of deferred WHT	1 June to 30 November (with effect from August 2022 - <i>Note</i> )	On or before 30 December of that year	1 December to 31 May	On or before 30 June of that year
Period when payments are made to a non-resident during a year	Due date for remittance of deferred WHT							
1 June to 30 November (with effect from August 2022 - <i>Note</i> )	On or before 30 December of that year							
1 December to 31 May	On or before 30 June of that year							

<b>Eligibility criteria</b>	<ul style="list-style-type: none"><li>• Amount of WHT shall not exceed RM500 per transaction; and</li><li>• Payer is aware that the relevant WHT payment will be made more than once during the extended period, i.e. the 6-month period.</li></ul>
<b>Special WHT return form</b>	<ul style="list-style-type: none"><li>• The IRB will issue a special WHT return form. The form is to be submitted together with the deferred WHT.</li></ul>



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