

CIRCULAR NO: 9 /2017

DATE: 28 September 2017

TO: ALL MEMBERS

### MONTHLY INCOME TAX DEDUCTION FOR FOREIGN WORKERS

We wish to inform that the Lembaga Hasil Dalam Negeri (LHDN) has reminded all employers that all foreigners who have employment contract of 182 days or more are liable to pay income tax. This includes foreign workers under the Pas Lawatan Kerja Sementara (PLKS or Temporary Employment Pass scheme).

The rate of deduction shall follow the **Monthly Tax Deduction (MTD) schedule** which is currently applicable to Malaysian residents. The liable monthly income threshold is **RM2,851** as provided for under the Income Tax Act 1967. Foreign workers are to be considered as **single individuals** for the purposes of the MTD schedule.

This requirement is effective from the **August 2017 salary onwards** and all employers are urged to comply with this requirement. Employers are reminded that failing to comply this ruling will be subjected to the **penalties provided under the Income Tax Act 1967**.

In the event that foreign workers return to their home country, employers **MUST** submit for clearance by LHDN **BEFORE** applying for a **check out memo** at the Immigration Department.

For further clarification, please contact Mr SC Chan of MPMA Secretariat at Tel: 603-7876 3027 or Email: [scchan@mpma.org.my](mailto:scchan@mpma.org.my).

Yours sincerely,



ST GIAM  
Executive Director

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