

Subject:

GMS Flash Alert 2019-103: Malaysia – New “e-CP39” System Introduced from July for MTD Data Submission



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Malaysia – New “e-CP39” System Introduced from July for MTD Data Submission

Effective 1 July 2019, the manual Form CP39 (“Statement of Tax Deduction by an Employer”) will no longer be accepted by the Malaysian Inland Revenue Board (“MIRB”). Instead, the new “e-CP39” will be instituted. E-CP39 presents a method for employers to submit their employees’ Monthly Tax Deduction (“MTD”) data online. Further, the MIRB no longer accepts cheque payments over the counter.

WHY THIS MATTERS

Starting 1 July 2019, it will be compulsory for an employer to use e-CP39 to submit its employees’ data online to the MIRB when making MTD payments. For companies that do not use payroll software systems and have been submitting manual Form CP39 to the MIRB, the MTD data and amount would have to be transferred to the e-Form CP39 in the MIRB’s system in order to proceed with the submission of the form online. Given the change this means to companies’ policies and procedures, this may add to the amount of time and administrative effort required of employers to transfer employees’ data to e-CP39 in the MIRB’s system and submit the relevant information – using this new method – to the MIRB. The new rule would not affect companies that are currently using their own in-house payroll systems to calculate MTD as the employees’ data would have been submitted to the MIRB online.

Companies that have been submitting manual Form CP39 need to take note of this change as the MIRB will reject submissions made under the pre-1 July 2019 practice. Late submissions that result in late payment of the MTD may lead to penalties being imposed.

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COUNTRY CONTACTS

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The information contained in this newsletter was submitted by the KPMG International member firm in Malaysia.

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