

Wood Guidance

# Employee Share Plan

Tax Guide – Malaysia



## Wood Guidance Employee Share Plan Tax Guidance – Malaysia

*This information is for guidance only and may differ according to your personal circumstances. Other than in the “Income tax and social security taxes for mobile employees” section below, it assumes that for tax purposes you are a domiciliary, national and resident of Malaysia and have been/will be at all material times – i.e. from the date on which you purchase your first shares in the Plan until the end of the Plan period 24 months later – this is known as the Holding Period.*

*The “Income tax and Social Security for mobile employees” section outlines the tax treatment for your shares if you have spent time working outside the Malaysia – for these purposes it is assumed that you are tax resident in the respective countries where you are working at the relevant times.*

*This is not tax advice tailored to your personal situation. If you require confirmation of your personal tax position, you should contact a professional tax advisor.*

*This information is understood to be correct as at 6 November 2018. Any future changes to legislation or tax rates may affect this information.*

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### Income tax and Medicare Levy

*Will I have to pay income tax or Medicare Levy in respect of my Shares?*

The table below sets out the point at which tax will be paid, and the taxable amount for the share received under the Plan;

Income tax and Medicare Levy		
	Point at which tax will be paid	Taxable amount
<b>Purchased Shares</b>	No income tax or social tax will apply.	N/A
<b>Matching Shares</b>	Income tax will be payable when your Matching Shares are delivered to your personal holding account following the end of the Holding Period. This is known as the Delivery Date.	The amount subject to income tax will be the market value of the shares on the delivery date

*How do I pay the income tax and Medicare Levy in respect of my Shares?*

Your employer will withhold the income tax payable on the Matching shares.

### Income tax and Medicare Levy for mobile employees

*Will I have to pay income tax or social tax in respect of my Shares if I have only spent a portion of the Holding Period working in Malaysia?*

The tax treatment for the Purchased Shares and Dividend Shares is the same as specified above.

For Matching Shares, if you have work days in Malaysia during the Holding Period, the amount subject to income tax will be the market value of the shares on the Delivery Date but then apportioned based on your Malaysian workdays (including leave days but excluding National or State public holidays and weekends) during Holding Period.

## **Wood Guidance** Employee Share Plan Tax Guidance – Malaysia

*How do I pay the income tax and social security due in respect of my Shares?*

Your employer will withhold the income tax payable on your Matching Shares.

### **Sale of shares**

*Will I incur a further tax liability and social tax when I sell my Shares?*

You will not incur a further tax liability when you sell your shares.

### **Reporting**

*Will I have any reporting requirements?*

Yes, you must file your Malaysia personal income tax return by 30<sup>th</sup> April following the end of the tax year in which your Matching Shares are delivered to you.

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### Appendix 1 – relevant tax rate summary

This appendix sets out the relevant tax rates in Malaysia, for the tax year ending 31 December 2018.

Income tax		
	Maximum effective tax rate	Notes
Income tax	28%	Maximum rate applied to income over RM 1,000,000

Social tax		
	Employee	Notes
Social Security	N/A	No social security is payable

Dividends and capital gains tax		
	Maximum effective tax rate	Notes
Dividends	N/A	Any dividends received are exempt from income tax.
Capital gains tax (CGT)	N/A	No capital gains tax will apply.