

# GMS Flash Alert



2019-103 | June 14, 2019

## 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.<sup>1</sup> 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.

### Background

MTD is applicable to individuals who receive employment income. The MTD is deducted from the monthly remuneration (i.e., salary, wages, allowances, perquisites, value of living accommodation, benefits-in-kind) of an individual according to the MTD computerized method (i.e., PCB Calculator) issued by the MIRB. The tax so deducted

from the employee's gross income during a calendar month has to be remitted to the MIRB no later than the 15th of the following calendar month together with the prescribed form, i.e., Form CP39.

## New Rules

Prior to 1 July 2019, it is not mandatory for an employer to use e-CP39 to submit its employees' data online to the MIRB when making MTD payments.

With the implementation of the new rule, it is compulsory to submit the employees' data online to the MIRB to facilitate MTD payments. The e-CP39 has to be submitted first in order to generate the e-CP39 Data Verification Slip. Payment can then be made with this verification slip. This system is specifically used by employers that do not have a computerized payroll system. The use of e-CP39 can save time and simplifies the calculation of MTD as the employer can use the system (i.e., PCB Calculator) to calculate MTD for its employees.

## How to Make MTD Payments

The employer is able to remit payment to the MIRB after the e-CP39 is submitted to the MIRB online. The payment can be paid via Internet banking/bank counter/automatic teller machines/cash deposit machine. Cheque payments over the MIRB's counter will no longer be accepted.

### FOOTNOTE:

1 For more information, see (in English and Malay): [Sistem e-CP39: Manual Pengguna](#) and [Sistem e-CP39](#).

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## We Invite You to Attend An Upcoming Webcast: "Future of Global Mobility Technology"

Blockchain has emerged as a way to streamline business processes and connect data across multiple systems and organizations. On Tuesday, June 25, in this Webcast, GMS professionals will discuss how blockchain is changing global mobility by automating manual processes and providing greater data transparency and access.

**When: June 25, 2019, 2:00 pm (GMT -5)**

**CPE Credit: 1**

**Register to attend:** [click here](#).

## Contact us

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

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