

Malaysia Year-End Checklist



Year-End Checklist

1. Pre-payroll Compliance

-
-
-

2. During Payroll Compliance

-
-
-

Why a Year-End Checklist Matters

The year-end payroll process is a critical milestone for any organization, ensuring compliance, accuracy, and a smooth transition into the new year. Without a structured approach, it's easy to miss key tasks, risk errors, or face compliance issues.

A year-end payroll checklist serves as your guide to:

1. **Ensure Accuracy:** Avoid costly mistakes in employee records, payments, and tax filings.
2. **Maintain Compliance:** Meet local, state, and federal regulations with confidence.
3. **Streamline Processes:** Simplify reporting, reconciliation, and next-year preparation.
4. **Build Trust:** Deliver accurate and timely payroll and tax statements to employees.

This checklist isn't just a list — it's your roadmap to closing the year on a strong, organized, and stress-free note.

1. Pre-payroll Compliance

- Ensure that the company's financial information such as TIN and BRN are in place.
- Verify the employee records such as age, citizenship, Tax Identification Number (Nombor Pengenalan Cukai) and NRIC are accurately recorded.
- Update residential and marital status, if required.
- Ensure employment status is accurately classified:
 - Permanent/Contractual/Part-Time
 - Approved individual under 'The Returning Expert Program (REP)
 - Knowledge workers in the specified region
 - Individual resident who is not a citizen and holds a C Suite position in an approved company

- Classify salary components as normal/additional remuneration correctly.
- Ensure proper classification of Perquisite, Allowance, and Benefit-in-kind (BIK).
- Confirm appropriate categorisation of Value of Living Accommodation (VOLA).
- Record applicable optional tax reliefs through TP 1 and TP3 declaration forms.

2. During Payroll Compliance

For Income Tax:

- Ensure salary component classification is done accurately between Paragraph 13(1)(a) to 13(1)(e) of the Income Tax Act 1967 for appropriate tax calculation.
- Ensure the appropriate BIK taxation method is applied.
- Verify mandatory tax reliefs are applied accurately based on employee's marital status and dependent details.
- Confirm optional tax relief are correct as per TP 1 and TP3 declarations.
- Run December payroll after considering the income paid in previous months.
- Ensure annual taxable income reconciles with monthly taxable income reported from January to December.

- Ensure the appropriate tax rate is applied based on employee's residential status.
- Ensure accurate rounding is applied to the final tax amount according to statutory requirements.

For EPF, SOCSO & EIS:

- Ensure the wage limits for contribution are as per the latest statutory guidelines.
- Ensure the wage is accurately rounded to determine the correct contribution amount.
- Review the calculated contributions for EPF, SOCSO, and EIS.
- Ensure the previous monthly calculations for EPF, SOCSO and EIS contribution are correctly captured.

3. Post-payroll Compliance

For Income Tax:

- Submit CP-8D/e-Data Praisi Form to report remuneration from employment, claims for deductions, and other particulars by 25th February of the following year.
- Submit E Form with details such as number of employees, their income etc. to the IRB by 31st March of the following year.
- Issue EA Form to all the employees stating the details of remuneration including annual income, pension, and deductions by end of February.

For EPF, SOCSO & EIS:

- For December contributions, submit Borang A KWSP 6 to report the details of EPF via KWSP i-Akaun by 15th January of the following year.
- Submit SOCSO+EIS December contribution details via PERKESO by 15th January of the following year.