Tax - Employee Notes - Free shares / RSUs

Malaysia	
When will I be taxed in relation to my plan benefits?	**Award**: No income tax. No social security. **Vesting**: Income tax. No social security. **Transfer to participant**: No income tax. No social security. **Sale by participant**: No capital gains tax. No social security.
What is the maximum rate of income tax payable in relation to my plan benefits?	30% (2025). Any change in tax rates usually takes effect from 1 January.
Income tax rates	Tax rates are progressive from 1% to 30%. The top rate of tax applies to income over MYR2million.
Will my employer withhold income tax in relation to my plan benefits?	Yes (unless the employee has made an election in writing to pay the total tax due upon the filing of their income tax return).
Are my plan benefits subject to social security contributions?	Generally, no. SOCSO and Employees Provident Fund (EPF) contributions are only payable if the award constitutes wages, so are generally not payable on equity based awards.
Employee social security	**Employees' Provident Fund (EPF)** is a compulsory pension scheme. **Contributions by employee**: 11%. For employees aged 60 and above, the contribution is reduced to 5.5% (permanent residents) or 0% (Malaysian citizens). EPF payments are not compulsory for expatriates and their employers. **SOCSO offers two insurance schemes**: the Employment Injury Scheme (EIS) and the Invalidity Scheme (IS) which cover Malaysian citizens and permanent residents only. The rate of the employer's contribution is 1.75% of the employee's monthly wage for both schemes (1.25% for EIS and 0.5% for IS) while the employee contributes 0.5% to the IS only. The contributions are based on the employee's monthly wages and are capped at a maximum of MYR104.15 for the employer and MYR29.75 for the employee.
What is the maximum rate of capital gains tax?	None Capital gains are not taxed in Malaysia, except for gains arising from the sale of real property located in Malaysia or the sale of shares in real property companies.
What is the maximum tax rate payable on dividends?	Dividend income from sources outside Malaysia is exempt from tax (extended for another 10 years, from 31 December 2026 until 31 December 2036), provided the income has been subjected to tax in the country of origin.

Do I have to report any income in relation to the plan to my local tax authority?	Yes, the employee must report the taxable amount in the annual tax return. An employee may elect (in writing) to pay the total tax due on share related income through their income tax return in the year following the year of assessment (i.e. the year the shares are settled) instead of having the tax withheld by the employer. If the employee makes this election, they will be responsible for paying the total tax due upon filing of their tax return in the year following the year of assessment. **Report name**: Annual Tax Return (Forms B/BE/M). The return can be filed online. The tax return can be downloaded from the website here. **Tax period**: 1 January to 31 December. **Reporting deadline**: Form BE/M (employment and other personal income) should be filed by 30 April of the following year and Form B (for individuals who have business income in addition to employment and personal income) should be filed by 30 June of the following year. **Payment of tax**: any unpaid income tax is due and payable in the following year.

This summary assumes that you only pay tax in one place. Different rules may apply if you pay tax in different places.

This summary is only a guide. It is limited to a general description of national tax laws and does not address various issues which may impact the tax result, including: local, city, regional, state or other provincial taxes; retention and holding periods; restrictions on the shares; clawback terms and periods; and your own individual circumstances. We do not guarantee any particular tax result. Therefore, we recommend that you consult your own tax advisor regularly to determine your tax position.

The information provided is understood to be correct as of 14 February 2025. Changes in legislation or practice after this date may affect the tax treatment.