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PERSONAL TAX SYSTEM: A COMPARISON AMONG ASEAN COMMONWEALTH COUNTRIES

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Abstract: The primary purpose of taxation is to raise revenue for the country. A good, efficient and friendly tax system will raise more revenue to the government and will encourage a taxpayer to pay tax. Personal income tax is one of the taxes charged in every country for an individual taxpayer. The objectives of this study are to analyse and compare the difference between the personal tax system applied in Malaysia and other countries. The sample countries are chosen based on the list of Asean Commonwealth countries, namely Singapore, India, Sri Lanka, Bangladesh and Pakistan. The scopes of comparison are the scope of charge, determination of residence status, basis of assessment, types of income chargeable, tax rate, tax deductions, reliefs and rebates. The data is collected from the website of Inland Revenue of each sample countries based on 2017 and 2018's rules and regulation. This study found that there is a difference between personal tax system applies in Malaysia and other study countries. However, Malaysia and Singapore have a quite a similar personal tax system regarding scope charge, types of income chargeable and reliefs available to a taxpayer. The findings of this study provide an input to the government and tax authorities in formulating tax policies. It also can be used by the public to get an idea regarding a personal taxation system among the sample countries and can help them to choose a tax haven country. This study is limited to the tax system applied for an individual having non-business income. It does not cover the taxability of business income and deduction for business expenses. This study can be extended to explore the taxability of business income and tax deduction for individual having business income.

Keywords: Income tax, an individual, tax system

1. Introduction

The primary purpose of taxation is to raise revenue for the country. A good, efficient and friendly tax system will raise more revenue to the government and will encourage a taxpayer to pay tax. It is crucial for the government of a country to have a good tax system and tax policy. According to Sandmo (2005) and Varquez and Bird (2014), the characteristics of a good tax system are fairness, adequacy, simplicity, transparency, and administrative ease. A good tax system requires a good tax policy, but more importantly, an administrative system that can put these policies into practice (Inam and Kham, 2008). It is also must be understandable, efficient and equitable as stated by Munuswamy and Mohamed (2017).

There are two types of tax structure, which are direct taxes and indirect taxes. Under direct taxes, the most essential and highest contribution to government revenue is income tax. Personal income tax is one of the direct taxes and charges in every country for an individual taxpayer who derived income. In general, a personal tax is grounded on progressive tax whereby tax is charged based on income received by an individual taxpayer. The higher the income received the higher the tax that should be paid to the government (Munuswamy and Mohamed, 2017). One of the sources of revenue to the government is personal income tax. In Malaysia, personal income tax contributes 7.1% (RM32.3 billions) of government revenue, Singapore 6.8% ($11.4 billion) and India 23.3%. This information is gathered from PricewaterhouseCoopers Worldwide Tax Summaries (2018). In Malaysia, a study on personal taxation is more on a self-assessment system, e-filing system, tax compliance, and tax evasion. Yee et al. (2017) study the relationship between tax fairness, tax knowledge, enforcement level and social exchange towards taxpayers' attitude of tax morality under the self-assessment system in Malaysia. They found that tax knowledge is the most important tax system characteristics that affect taxpayers' attitude of tax morality. When a taxpayer has better knowledge, attitudes towards tax would be positive, and this will in turn increase tax compliance, therefore reduce the propensity to evade taxes (Palil and Mustapha, 2011).

A different country may apply different tax policies and provide different types of incentives or deductions to its taxpayer. Previous researches have carried out a study on tax system comparison among countries for different aspects such as the corporate tax rate, tax administration, and treatment of foreign source income. Business Council of Australia (2005) compared the corporate tax rate and corporate tax burden in Australia with the Organisation for Economic Co-operation and Development (OECD) countries and European Union (EU) countries. They concluded that Australia's corporate tax burden was too high in the current global economy and Australia's competitive position was deteriorating. PricewaterhouseCoopers (2010) also conducted a study for OECD countries and found that each of 10 OECD countries operates territorial systems which provide a tax exemption for dividend received from foreign subsidiaries. Araki and Claus (2014) have studied issues regarding administrative framework, functions, and performances of revenue bodies in 22 countries in Asia and the Pacific. They found that tax administration issues differ from one country to another country concerning the degree of autonomy given by governments to tax authorities, the allocation of staff resources, the use of information technology in the tax system, tax payment procedure and process that relate to the protection of taxpayers' rights.

Nair and Devi (2015) explore the tax relief in Malaysia and try to highlight the plight of one sibling caregiver to the Malaysian government. They compared the tax relief in Malaysia, Thailand, and Singapore. Then, they try to highlight the benefit of giving sibling caregiver relief to the government with a hope that the government will introduce this relief in Malaysia in future years. Shum et al. (2017) compare the income tax rates charged to individual taxpayer all over the world. Tibubos (2015) has made a comparison on individual tax system among Asean member countries (Philippines, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Singapore, Thailand, and Vietnam) and summarised the differences to provide inputs in formulating tax policies for Philippines government. However, Tibubos (2015) report the comparison in the year 2013 and 2014. Therefore, this paper will compare the personal tax system applies in Malaysia and other Asean countries in the list of Asean Commonwealth countries such as Singapore, Sri Lanka, Bangladesh, India, and Pakistan. The comparison is made based on ruling applies in 2017 and 2018. The objectives of this study are to compare and highlight the difference between the personal tax system applied in Malaysia and other countries.

2. Methodology

This conceptual paper compares the tax system for an individual taxpayer applies in Malaysia with other countries. The sample countries are chosen based on the list of Asean Commonwealth countries taken from Thecommonwealth.org/member-countries, namely Singapore, India, Sri Lanka, Bangladesh, and Pakistan. Brunei is excluded from this study since there is no personal income tax charge on an individual in Brunei. This study is considered as a starting point to get an idea of how the implementations of a personal tax system in each study countries. This paper is aiming at the personal tax system applies for an individual taxpayer having non-business income. The scopes of comparison are selected based on the vital aspect of the personal tax system applies in Malaysia. There are six (6) key aspects chosen, and the explanations are as follows:

1. The scope of charge – The scope of charge is to determine the whether income received is chargeable or not to tax based on the source and location of income received.
2. Determination of residence status – The rule applies to determine the residence status of an individual for tax purposes.
3. Basis of assessment – The basis of assessment is referred to the period upon the income is assessable to tax.
4. Types of income chargeable – Types of income that chargeable to income tax under the Act.
5. Income tax rate – Rate of tax charged to an individual taxpayer.
6. Tax deductions – List of tax deductions, tax reliefs or tax rebates that can be claimed by an individual taxpayer to reduce income tax liability.

The data is collected from the website of Inland Revenue of each sample countries and other sources. All information is based on 2017 and 2018's rules and regulation. The information gathered is examined and compared with the current personal tax system applied in Malaysia.

3. Findings and Discussions

Scope of charge

The scope of charge is significant in the taxation system. It is a guide to determine whether income received by an individual is chargeable or not chargeable in that country. There are two types of the scope of charge, namely world income scope and territorial scope. Fatt (2018) defines world income scope means all income received is chargeable to tax regardless of where the income is received. Under the territorial scope, an individual is chargeable on income from the country only. The result shows that Malaysia and Singapore have the same scope of charge which is territorial scope for a resident and non-resident individual. Another four study countries (Bangladesh, Sri Lanka, India, and Pakistan) use world income scope for their resident individual and territorial scope for a non-resident individual. The use of territorial scope will give more benefit to an individual taxpayer as he has to pay tax on income received from the country only.

Determination of residence status

Being a resident individual for tax purposes will give more benefits as compared to non-resident individual such as can claim more exemptions, enjoyed many incentives and pay lower tax rate (Fatt 2018; Kasipilai 2005). Generally, in Malaysia, an individual is known as a resident individual if they stay in Malaysia for a period or periods of at least 182 days in a tax year. India and Bangladesh follow the same rule, however, to be a resident in Singapore, Sri Lanka and Pakistan, an individual need to satisfy 183 days period of stays. This study will not discuss other technical issues in determining the resident status for each study countries.

Basis of assessment

This section discusses the general overview of the personal tax system in the study countries regarding the systems used and tax year. All study countries except Singapore is using a self-assessment system whereby the taxpayer is required to calculate their tax liability. Under the self-assessment system, the return submitted by a taxpayer is deemed to be a Notice of Assessment (NOA), and a taxpayer has to pay tax based on their calculation (Fatt and Khin 2011). Under this system, the tax authority will not issue NOA. Meanwhile, in Singapore, the Inland Revenue Authority of Singapore (IRAS) will still issue Notice of Assessment to inform taxpayer the amount of tax liability after submission of return form by a taxpayer. All study countries use electronic filing (e-filing) to facilitate the process of return form submission. However, submission of return for using manual return form is still allowed under a specific situation.

Malaysia is using current year assessment (CYA) in assessing income for its taxpayer. Under CYA, tax paid for the particular year is based on income received in the same year. This type of assessment also applies to Sri Lanka and Pakistan. Singapore, India and Bangladesh use preceding year assessment (PYA) which means tax charged in a particular year is based on income received in the previous year.

A different country may have different tax year. Malaysia and Singapore have the same tax year for an individual having non-business income, which is based on a calendar year from 1 January till 31 December. The tax year in India and Sri Lanka is starting from 1 April until 31 March, whereas Bangladesh and Pakistan have the same tax year which is from 1 July until 30 June. This period refers to a period where the income of a taxpayer is derived.

Types of income chargeable to tax

Table 1 shows that all the study countries charge tax on income received from employment, business, dividend, interest, and rental of property. Malaysia and Sri Lanka have quite similar classes of income whereby they also charge tax on income received from discount, royalties, premium, and annuities. Out of six countries, five countries charge tax on income received from gambling activities or prize winning from any competition such as quiz competition, crossword puzzle, which are Singapore, Sri Lanka, India, Bangladesh, and Pakistan. Only Malaysia does not charge tax on gambling activities or price competition. All study countries have the provision of ‘income from other sources’ in the classes of income chargeable which means any other income not stated in the previous sub-section will be charged to tax under this provision. The tax treatment of the income received may differ from Malaysian taxation system; however, this paper would not discuss the component of each class of income chargeable and its treatment in detail.

Table 1 Comparative Types of Income Chargeable to tax

Malaysia[1]	Singapore[2]	Sri Lanka[3]	India[4]	Bangladesh[5]	Pakistan[6]
Gain or profits from business Gain or Profits from employment Dividend, interest, discounts Rent, royalties, or premiums Pensions, annuities or other periodical payment Gains or profit not falling under any of the foregoing paragraph	Employment income Trade, business, profession or vocation Property or investment (dividend, gains on sale of property, shares and financial instruments, interest, rent from property Others sources (e.g. annuities, royalties, winnings (toto, 4detc), estate/trust income, withdrawal from Supplementary Retirement Scheme (SRS)	Profit form a trade, business, profession or vocation Profit from Employment income Dividend, interest, discount Charges or annuity Rent, royalty income, premium Winnings from a lottery, betting or gambling Income from many other source except profit of casual and non-recurring nature	Employment income Income from real estate Income from business of profession Capital gains Other sources of income (Dividend, interest income, winning from horse races/lotteries)	1) Salary 2) Interest on securities 3) Income from house property 4) Agriculture income 5) Income from business and profession 6) Capital gains 7) Income from other sources	1) Salary 2) Property 3) Business 4) Capital gain 5)Income from other sources (dividend, royalties, profit on debt (interest), ground rent, sub-lease of land or building, lease of building including plant or machinery, prize money, winnings, etc

Sources: 1. www.hasil.gov.my
2. https://www/iras.gov.sg/
3. www.ird.gov.lk
4. https://www.incometaxindia.gov.in/
5. nbr.gov.bd
6. https://fbr.gov.pk

Income tax rate

There are two types of tax rate structure, which are progressive tax rate and flat tax rate. Progressive tax rate means the more taxpayer earns, the more he should pay the tax. It is employed to achieve equitable distribution of resources and social justice (Munuswamy and Mohamed 2017; Dennis and Emmanuel 2014). However, the flat tax rate is the same rate of tax will be charged to a taxpayer regardless the income received. Table 2 shows that Sri Lanka, India, and Pakistan charge progressive tax rate for both, resident and non-resident individual. Another two (2) countries (Malaysia and Bangladesh) charge tax based on a progressive tax rate for resident individual and flat tax rate for the non-resident individual. The tax rate in Singapore is entirely different whereby a resident individual is charged at progressive tax rate, and a non-resident individual is charged based on both tax rate structures, progressive and flat tax rate. Only Singapore charge different tax rate for different types of income for a non-resident individual. In Singapore, employment income is charged at 15% or progressive tax rate same as a resident individual (whichever is higher), meanwhile, income from director's fees, consultant's fees, and all other income will be charged at 22% flat tax rate. The highest flat tax rate charge to a non-resident individual is 30% in Bangladesh, followed by Malaysia 28% and the least tax rate is Singapore (22%).

Most of the study countries have six (6) taxable income brackets in its income tax schedule. These include Sri Lanka, Bangladesh, and Pakistan. Malaysia has the highest number of taxable income brackets (13 income brackets), followed by Singapore (11 income brackets), while India has the least brackets (4 brackets). Details on tax rate schedule can be seen in Appendix 1. Malaysia, Singapore, India, Bangladesh, and Pakistan exempt certain threshold of income whereby the range of tax rate starts with zero tax rate (0%). In Malaysia, if the chargeable income is RM5,000 and below, a taxpayer does not have to pay tax since the rate is zero. Singapore charges tax at 0% if the taxable income is $20,000 (RM60,976) and below. The amount exempted in India and Bangladesh are taxable income below Rs. 250,000 (RM14,558) and BDT 250,000 (RM12,520). PKR 400,000 (RM12,645) of the taxable income is exempted from tax in Pakistan. The highest tax rate charge is India (above Rs 1,000,000/ RM58,230) and Bangladesh (above BDT 4,750,000/ RM237,899) which is 30%, followed by Malaysia at 28% (above RM1,000,000), Sri Lanka at 24% (above LRK 3,000,000/ RM150,241), Singapore is 22% (above $320,000/ RM975,610) and Pakistan charges the lowest tax rate, which is only 15% (above PKR 4,800,000/ RM151,742). After converting the amount into Malaysian currency (RM), it can be seen that Malaysia has the lowest amount chargeable at zero rates and the highest amount chargeable to tax at the highest bracket. The information about the currency exchange is gathered from XE Currency Converter (https://www.xe.com) on 18 November 2018 at 9 pm. However, this study would not analyse further the real situation based on the current economic condition of each country.

India and Bangladesh have unusual tax rate structure where the tax rate is charged according to the category of taxpayer. India applies a tax rate based on the slab system which means different tax rate for the different slab. The slab is divided into 3 categories:

- individuals (below the age of 60 years) which include residents and non-resident
- resident senior citizens (60 years and above but below 80 years of age)
- resident super senior citizens (above 80 years of age)

In Bangladesh, the taxable income threshold is differs based on several circumstances such as location, age, gender, and disabled person. For female taxpayers, senior taxpayers of age 65 years and above, the tax-free income threshold limit is BDT300,000, For a disabled person, the tax-free income threshold limit is BDT400,000 and for war-wounded freedom fighters is BDT425,000. Bangladesh also applies a minimum tax system based on the area of living. For those who stay in Dhaka and Chittagong City Corporation, the minimum tax amount is BDT5,000, other City Corporation is BDT4,000 and living in any other areas is BDT3,000.

Table 2 Comparative tax rates

Country	**Tax Rates**	
	Resident Individual	**Non-resident Individual**
Malaysia	0 (RM5,000) – 28% (RM1,000,000)	28%
Singapore	0 ($20,000) – 22% ($320,000)	Employment income – 15% or progressive tax rate same as resident individual (whichever is higher) Director's fees, consultant's fees and all other income – 22%
Sri Lanka	4%(LRK 600,000) – 24% (LRK3,000,000)	4% to 24% (same with resident individual
India	0(Rs. 250,000) – 30% (Rs. 1,000,000)	0 – 30% (same with resident individual)
Bangladesh	0% (BDT 250,000) - 30% (BDT 4,750,000)	30%
Pakistan	PKR 1,000 (400,000), 2,000 (1,200,000) and 5% - 15% (4,800,000)	PKR 1,000, 2,000 and 5% - 15% (same with resident individual)

Sources: PricewaterhouseCoopers Worldwide Tax Summaries (2018)
downloaded from http://taxsummaries.pwc.com/uk/taxsummaries/wwts.nsf/ID/tax-summaries-home

Tax deductions

Tax deductions tend to be a more pleasant subject regarding personal tax since many people try to figure out how to reduce their taxable income (Shum et al. 2017). Based on the Malaysian tax system, tax deductions are divided into three, namely approved donations, reliefs, and tax rebates. According to the Fatt (2018), an approved donation can be claimed to reduce aggregate income. Reliefs can be claimed to reduce total income and taxpayers entitle for rebates to reduce income tax liability.

Donation

Malaysian tax system allows deduction of approved donations against aggregate income of a taxpayer. If the donations are not fully utilised in that year, it cannot be carried forward to the future years. There are several types of donation qualify for deduction in Malaysia such as cash donation to Government/State Government/ local authority, cash donation to any approved institutions or organisation, donation of artefact, manuscript or painting to Government/State Government, cash donation to approved libraries, cash donation or contribution in kind for the provision of facilities in public places for disabled person. Each donation may have different treatment which depends on types of donation. Common donations made by a taxpayer are cash donation to an approved institution and cash donation to the government. For both donations, an only cash donation is allowed for deduction, and in-kind donation is not allowed. A taxpayer can claim 100% deduction for cash donation made to the government and 7% restriction of aggregate income is applied for cash donation made to an approved institution. Same with Malaysia, only cash donation can be claimed as an approved donation in India. In-kind contributions such as food material, clothes and medicine are not qualified for deduction. India also has different treatment for each donation made such as claim 100% deduction, 50% deduction, 100% deduction subject to 10% of Adjusted Gross Total Income, 50% deduction subject to 10% of Adjusted Gross Total Income. In Sri Lanka, in order to reduce taxable income, a taxpayer can claim deductions based on priority. First, they can claim statutory allowance (relief), followed by qualifying payments (donation) not eligible for carried forward and the third deductions are qualifying payment which is eligible to be carried forward. Singapore has quite interactive treatment as compared to other study countries for a tax deductions when they offer tax deduction of 250% of the amount donated. This amount can be claimed against total income/statutory income (before minus relief) in calculating taxable income. When the tax deduction for the donation is more than the income for the year, an individual is allowed to carry forward the unutilised deductions for a maximum of five years.

Pakistan has a limited number of deductions given to its taxpayer as compared to other study countries. The list can be seen in Appendix 2 and 3. Deductions can be claimed against total income to reduce its taxable income. The term approved donations and reliefs are combined under the term of deductible allowances. However, since this study uses Malaysian taxation system as a basis of comparison, the data for deductible allowances are separated in a different table which is a donation in Appendix 2 and expenses for the benefit of a taxpayer is shown in Appendix 3 as relief (same with Bangladesh). Tax deduction in Bangladesh's tax system is different from other study countries. There is no deduction for an approved donation to reduce taxable income. However, the item deduction is known as an investment and will be deducted as a tax rebate to reduce income tax liability. The calculation of tax rebate will be explained later in the tax rebate section.

Based on the analysis of information in Appendix 2, all the study countries treat donation to government or statutory bodies under government, a donation to fund set up by a government, and donations to an approved charitable institution as an approved donation. For charitable institutions, they must apply to the government to qualify as an approved charitable institution. However, the treatment of donation in each study country is different.

Relief

Malaysian taxation system offers many lists of items that qualify for relief as shown in Appendix 3. However, these reliefs are given to a resident individual only. Fatt (2018) has divided the reliefs into four subsections, which are section 46 for personal relief, section 45A for husband relief, section 47 for wife relief, section 48 for child relief and section 49 for insurance. The quantum of relief claimed is depending on types of relief and cannot be more than the total income of an individual resident taxpayer. The unutilised amount of relief cannot be carried forward to future years. Tax reliefs offered by Singapore are quite similar with Malaysia as they also have reliefs for an individual resident taxpayer, for a spouse, for children and insurance. The amount of relief claimable is up to a personal income tax relief cap of $80,000, which means total reliefs claimed by a taxpayer cannot be more than $80,000. Sri Lanka and Bangladesh offer tax deductions to its resident and non-resident citizen. For Pakistan and India, tax deductions are given to resident and non-resident individual. There is no difference between relief and donation for Pakistan and Bangladesh as explained in the previous section.

Malaysia and Sri Lanka provide a self-relief to an individual taxpayer of RM9,000 (resident only) and LKR500,000 (RM11,860) (residents and citizen non-residents) against taxable income. Sri Lanka offers an extra allowance to those who received employment income. This deduction is also available in India of Rs. 40,000

(RM2,329), however, it is given to those who received employment income only. Singapore offers earned income relief based on the age of taxpayer and category of person (normal person or handicapped person). The senior citizen and handicapped person will receive more allowance as compared to the young taxpayer and normal person. Spouse relief, disabled person relief, and children relief are given to a resident individual in Malaysia and Singapore. However, these reliefs are not available in other study countries.

Most of the study countries provide relief on life insurance premium and medical insurance premium except for Pakistan with some restriction. Besides, Malaysia and Singapore combine the life insurance premium with the contribution to an approved provident fund in calculating the maximum amount that can be claimed as a relief. Furthermore, Malaysian taxation system provides relief on educational insurance and deferred annuity scheme.

Malaysia and Singapore provide relief that relates to a disabled person whereas other study countries do not provide this relief. In Malaysia, a taxpayer can claim relief for a disabled person if they are disabled. They can also claim the expenses incurred to purchase basic supporting equipment for the use of himself, spouse, child or parent. Taxpayer also can claim relief if their children is disabled. In Singapore, a taxpayer can claim relief earned income relief for a disabled person if they are disabled, handicapped brother/sister relief, handicapped parents/grandparents/grandparents-in law, handicapped spouse and handicapped children if a taxpayer if a taxpayer incurs a cost to support his handicapped family or stay with their handicapped family.

Malaysia also provides comprehensive lifestyle relief to a taxpayer who incurred on books, computer, sports equipment, gym membership and internet for himself or herself, spouse and children up to a maximum of RM2,500. This kind of relief has not been mentioned in any deduction in other study countries except Bangladesh (only for computer). Similar to relief on breastfeeding equipment and child care fees, only Malaysia provides these reliefs to their taxpayer. Singapore is the only country that provides relief on Central Provident Fund (CPF) Cash Top-up whereby the taxpayer can claim relief if he top-up his own CPF or CPF of his family members such as spouse, siblings, parents, parents-in law, grandparents and grandparent-in law to meet basic retirement needs. Besides that, Singapore also provides relief to recognise taxpayer’s contribution to national service. This relief is not given only to the taxpayer but also given to their spouse, children, and parents.

Four (4) countries provide deduction or relief on loan taken to purchase a house, namely Sri Lanka, India, Bangladesh, and Pakistan. Besides, India also gives deduction on interest on loan to purchase residential property. Only Pakistan deducts zakat paid as a deduction, whereas Malaysia and Bangladesh treat zakat payment as a tax rebate to reduce income tax liability. Other study countries do not mention anything about zakat payment.

The component of each relief is more interactive in Singapore as compared to Malaysia and other study countries. In Singapore, a married/divorced/widowed female taxpayer can claim relief for foreign maid levy relief, and grandparent caregiver relief can be claimed to encourage married to stay in the workforce. Grandparent caregiver relief is given to working mothers who engage the help of parents, grandparents, parents-in law, and grandparents-in law to take care of her children. Working women also can claim extra relief for their children. Many reliefs are given to working women to encourage them to stay in the workforce after having children. An individual resident taxpayer also can claim relief for their parents, grandparents, parents-in law, grandparents in-law as it is one of the ways to show that government of Singapore encourage people to take care of their parent of $9,000 (RM27,452) or $5,500 (RM16,776) depending on whether they stay with their parents/grandparents or not. Malaysia also has relief for parents of RM3,000 ($983) for parents but, the amount of relief is quite low as compared to Singapore. Detail information regarding relief offered by all study countries can be referred to Appendix 2.

Based on the analysis, Malaysia and Singapore offer many types of relief to its taxpayers compared to the other study countries. Reliefs given in Malaysia is more on the expenses incurred for the benefit of a taxpayer and his immediate family which is spouse and children. However, Singapore is more generous as they also give relief for the expenses incurred for the close family of a taxpayer such as a sibling, parents, parents-in law, grandparents and grandparents-in law. This will give more benefits to a taxpayer and will encourage them to take care of older people and their siblings.

Tax rebates/Tax credit

Tax rebate or tax credit is given to reduce income tax liability. All of the study countries offer a tax rebate to their taxpayer except Sri Lanka. However, an only resident individual can claim tax rebate in Malaysia and Singapore. In Malaysia, a taxpayer can claim self-rebate (RM400) if their chargeable income does not exceed RM35,000. They also can claim zakat payment as a tax rebate. The amount of rebate claimed cannot be more than tax liability and any unutilised amount cannot be carried forward to the future years. Singapore provides parenthood tax rebate up to $20,000 (RM60,976) per child is given to married, divorced or widowed parents. This relief is given to encourage tax residents to inspire them to have more children. Besides, taxpayers in India can claim a tax rebate of the lower of the income tax or INR2,500 (RM146) where the total income does not exceed INR350,000 (RM20,380).

Pakistan taxation system offers a different kind of tax rebates which is they give a tax credit to its taxpayer to reduce gross tax liability based certain expenses incurred. The calculation of total tax credits are as follows:

*A / B * C*

A = Tax liability before any tax credits

B = Taxable income for the year

C = The amount eligible for a tax credit

The amount eligible for tax credits are as follows:

- Contribution to an approved pension fund up to a maximum of 30% of actual taxable income.
- Investment in health insurance which is based on the lower between actual amount paid or 5% of taxable income or 100,000 rupees.
- Cost incurred to acquire shares or sukuk or life insurance premium or 20% of the person's taxable income or 2 million rupees (whichever is lower).
- Any amount paid or property given to non-profit organization, any board of education or any university in Pakistan under supervision of government, and any education institution or hospital or relief fund established in Pakistan by government. The amount claimed is based on the lower between the amount paid and 30% taxable income.

In Bangladesh, a tax rebate is given based on the investment made by a taxpayer as shown in Table 4 and Appendix 2. A taxpayer is required to calculate investment allowance based on the lower of:

a) 25% of total income, or
b) BDT 15,000,000; or
c) Actual investment

The amount of tax rebate is given based on the amount of investment allowance multiply by the following rate:

a) On first BDT 250,000 @ 15%
b) On next BDT 500,000 @ 12%
c) And balance amount @ 10%

This investment tax allowance can only be claimed by resident and non-resident Bangladeshi. Non-resident expatriates are not allowed to claim this tax credit even though he becomes a tax resident in Bangladesh.

4. Conclusions

Based on the findings presented earlier, it can be concluded that there is a difference between tax systems applies in Malaysia and other study countries especially regarding tax rate, tax treatment and items that qualify for a deduction. The result shows that Malaysia and Singapore have the same scope of charge which is territorial scope for a resident and non-resident individual. Concerning residence status determination, Malaysia has same treatment with India and Bangladesh whereby an individual is known as a resident individual if they stay in the country for a period or periods of at least 182 days in a tax year. All study countries except Singapore is using a self-assessment system whereby the taxpayer is required to calculate their own tax liability. All study countries use electronic filing (e-filing) to facilitate the process of return form submission. However, submission of return for using manual return form is still allowed under a specific situation.

Malaysia, Sri Lanka, and Pakistan are using current year assessment (CYA) in assessing income for its taxpayer. Under CYA, tax paid for the particular year is based on income received in the same year. Singapore, India and Bangladesh use preceding year assessment (PYA) which means tax charged in a particular year is based on income received in the previous year. Malaysia and Singapore have same tax year for an individual having non-business income, which is based on a calendar year from 1 January till 31 December. The tax year in India and Sri Lanka is starting from 1 April until 31 March, whereas Bangladesh and Pakistan have the same tax year which is from 1 July until 30 June. Types of income chargeable in all the study countries are quite similar except for income from gambling activities or prize competition. Only Malaysia does not charge on income from gambling activities or prize competition received by an individual taxpayer. The types of income charged to tax by all study countries such as income from business, employment, dividend, interest, rental of property and royalty. The lowest tax rate charged is Pakistan 15% and Singapore 22%. The highest tax rate is 30% which is charged by India and Bangladesh, followed by Malaysia 28%. This rate is still considered as lower tax rate as compared to other countries in the world such as Austria. Belgium, Denmark, Finland, Japan, Slovenia, Sweden and Zimbabwe whereby their top marginal tax rate is 50% or higher (Shum et al. 2017).

All the study countries treat a donation to a government or statutory bodies under government, donation to fund set up by government, and donations to an approved charitable institution as an approved donation. For charitable institutions, they must apply to the government to be qualified as an approved charitable institution. However, the treatment of donation in each study country is different. The results show that Malaysia and Singapore offer many types of relief to its taxpayers compared to the other study countries. Reliefs given in Malaysia is more on the expenses incurred for the benefit of a taxpayer and his immediate family which is spouse and children. However, Singapore is more generous as they also give relief for the expenses incurred for the close family of a taxpayer such as a sibling, parents, parents-in law, grandparents and grandparents-in law. This will give more benefits to a taxpayer and will encourage them to take care of older people and their siblings. As suggested by Nair and Devi (2015), the Malaysian government should introduce relief that relates with expenses incurred for the benefit of a taxpayer's related family such as disabled siblings.

In overall, there is a difference between personal tax system applies in Malaysia and other study countries. For all key aspects discussed except scope of charge, income tax rate, and a tax deduction, the difference is just more on tax policies and tax administrative aspect. Generally, it will not affect the amount of tax liability payable by a taxpayer. However, the scope of charge, income tax rate, and tax deduction will give more impact to the determination of chargeable income and tax liability. Therefore, in order to have an attractive tax system, each country should charge tax at the lower rate and give more tax deductions to an individual taxpayer.

This study is only focusing on the personal tax system for individual taxpayer having non-business income. The scope of discussion is quite limited since it does not cover for all individual taxpayer. For further research, it should be extended to discuss on an individual having business in term of tax deduction that they can claim. The findings of this study provide an input to the government and tax authorities in formulating tax policies and introduce new tax deductions to all taxpayers. It also can be used by the public to get an idea regarding a personal taxation system among the sample countries and can help them to choose a tax haven country.

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Appendix 1: Comparative Individual Income Tax Rate Schedule

Malaysia (Amount in RM)			Singapore (Amount in Dollar)		
Taxable Amount Income		Tax	Taxable Amount Income		Tax
Over	Not over		Over	Not over	
0	5,000	0%	0	20,000	0%
			20,000	30,000	0% + 2% of the excess over 20,000
			30,000	40,000	200 + 3.5% of the excess over 30,000
			40,000	80,000	550 + 7% of the excess over 40,000
			80,000	120,000	3,350 + 11.5% of the excess over 80,000
			120,000	160,000	7,950 + 15% of the excess over 120,000
			160,000	200,000	13,950 + 18% of the excess over 160,000
			200,000	240,000	21,150 + 19% of the excess over 200,000
			240,000	280,000	28,750 + 19.5% of the excess over 240,000
			280,000	320,000	36,550 + 20% of the excess over 280,000
			In excess of 320,000		44,550 + 22% in excess of 320,000
Sri Lanka (Amount in LKR)			India (Amount in INR)		
Taxable Amount Income		Tax	Taxable Amount Income		Tax
Over	Not over		Over	Not over	
0	600,000	4%	0	250,000	0%
600,001	1,200,000	8%	250,000	500,000	5%
1,200,001	1,800,000	12%	500,000	1,000,000	12,500 + 20% in excess over 500,000
1,800,001	2,400,000	16%			
2,400,001	3,000,000	20%			
3,000,001	And above	24%	1,000,000		112,500 + 30% in excess over 1,000,000
Bangladesh			Pakistan (Amount in PKR)		
Taxable Amount Income		Tax	Taxable Amount Income		Tax
Over	Not over		Over	Not over	
0	250,000	0%	0	400,000	-
250,001	650,000	10%	400,000	800,000	PKR 1,000
650,001	1,150,000	15%	800,000	1,200,000	PKR 2,000
1,150,001	1,750,000	20%	1,200,000	2,400,000	PKR 2,000 + 5% of the excess of 1,200,000
1,750,001	4,750,000	25%			
Above 4,750,000		30%	2,400,000	4,800,000	PKR 60,000 + 10% of the excess of 2,400,000
			4,800,000	And above	

					PKR 300,000 + 15% of the excess of 2,400,000

Appendix 2: Comparative List of Donation

Malaysia	**Singapore**
Cash donation to Government, State Government and a local authority (claim 100%) Cash donation to any approved institutions or organisation (restricted to 7% of Aggregate Income) Donation of artefact, manuscript or painting to Government and State Government (Value will be determined by the Department of Museums Malaysia or the National Archives) Cash donation to public libraries, school libraries, institutions of higher education such as university or college libraries (restricted to RM20,000) Cash donation or contribution in kind for the provision of facilities in public places for disabled person (claim 100%) Cash donation or contribution of medical equipment for the health care facility (restricted to RM20,000) Donations of painting to the National Art Gallery or any State Art Gallery (value will be determined by the National Art Gallery) Cash contribution to any sports activity approved by the Minister of Youth and Sports Malaysia (restricted to 7% of Aggregate Income) Cash contribution or contribution in kind to any project of national interest approved by the Minister (restricted to 7% of Aggregate Income)	1) Cash donation to an approved Institution of a Public Character (IPC) of Singapore – for the benefit of local community – must apply from tax authority to be an approved institution Normal rule – only cash donation approved, cash donation with return benefit unapproved, however if donation with benefit – approved if the benefit has no commercial value or the benefit has no resale value If has commercial value, donation can claim based on the difference between amount donated and the value of benefit received. 2) Donation of public share listed on the Singapore exchange or unit trust traded in Singapore to approved IPCs 3) Donation of artifact to Approved museums (approved by National Heritage Board (NHB)) 4) Donation under Public Art Tax Incentive Scheme - Donation of sculptures or work of art for public display to NHB or any approved recipients. 5) Donations of land and building to approved IPCs.
Sri Lanka	**India**
Cash donation to an approve charities established for the provision of institutionalised care for the sick or the needy Premium paid on life and medical insurance. (maximum amount that can be claimed for no. 1 and 2 are subject to an upper limit of 1/3 of the assessable income or LKR 75,000, whichever is lower. The unclaimed amount cannot be carry forward) Cash donation or kind donations made to (no limit and can be carried forward if cannot fully utilized in that year): Government and local authorities; Higher education institutions including Buddhist and Pali University; Funds established by the government, provincial councils and local authorities; and Sevena Fund, Api Wenuwen Api Fund, National Kidney Fund. Premium paid on special health insurance policy covering incurable disease. This is fully claimable. No carry forward provision. Any expenditure or investment made on a project included in the development plan of the government – amount	1) Donations made to certain relief fund and charitable institution such as National Defend Fund set up by Central Government, Prime Minister's National Relief Fund, National Foundation for Communal Harmony can be claimed 100% deduction. 2) Donations made to Jawaharlal Nehru Memorial Fund, Prime Minister's Drought Relief Fund, Indira Ghandi Memorial Trust and Rajiv Ghandi Foundation can be claimed 50% deduction. 3) Donations to government or any approved local authority or association to be utilised for the purpose of promoting family planning can be claim 100% deduction subject to 10% of adjusted gross total income. 4) Donations made to any other fund or institutions that established in India for charity purposes approved by government. 5) Donations made to government or local authority to be utilised for any charitable purpose other than to promote family planning. 6) Donations made to any authority constituted in India for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning,

claimed up to maximum of LKR 25,000 and balance unutilized can be carried forward to be set off in future.	development or improvement of cities, towns, villages or both. 7) Donations made for repairs or renovation of any notified temple, mosque, gurudwara, church or other place. *for item number 4 – 7, the amount claimed is 50% deduction subject to 10% of adjusted gross total income. 8) Donations made towards scientific research or rural development such as sum paid to research association, sum paid to educational institution to conduct scientific research, sum paid to notified rural development, and sum paid to an approved institution or association which undertakes trainings of person for implementing programs for rural development. Amount claimed is 100% deduction and donation can be made using cash, draft or cheque. However, cash donation in excess of Rs. 10,000 would not allow for deductions.
Bangladesh	**Pakistan**
Donation to a national level institution set up in memory of the liberation war. Donation to a national level institution set up in memory of Father of the Nation. Donation to Prime Minister's Higher Education Fund. Donation to a charitable hospital which is established outside the city corporation area one year before such payment and is approved by the Board for this purpose. Donation to an organization set up for the welfare of retarded people, established at least one year before such payment and is approved by the Social Welfare Department and by the Board for this purpose. Sum as Zakat to the Zakat Fund or as donation or contribution to a charitable fund established by or under the Zakat Fund Ordinance,1982 (XI of 1982). Donation to any socio-economic or cultural development institution established in Bangladesh by the Aga Khan Development Network. Donation to a philanthropic or educational institution which is approved by the Government for this purpose.	Donation to non-profit or charitable institutions such as Pakistan Sweet Home, Angles and Fairy Place, Al-Shifa Trust Eye Hospital, Aziz Tabba Foundation, and Pakistan Disabled Foundation.

Appendix 3: Comparative List of Reliefs

Malaysia	**Singapore**
Self relief of RM9,000. Medical expenses incurred to take care of the parents such as cost of medical treatment, special needs, purchase of vitamins supplement to the parents and carer expenses for parents up to maximum of RM5,000. Cost incurred to purchase of any necessary basic supporting equipment for the use of disabled person (taxpayer, spouse, child or parent) up to maximum of RM6,000. Disabled person relief of RM6,000. Course fees paid for studying in law, accounting, Islamic finance, technical, vocational, industrial, scientific or technological skills up to maximum of RM7,000. Medical expenses incurred on the taxpayer, spouse, or children who are suffering from a serious disease such as cancer, renal failure, leukaemia, Parkinson's disease or other similar diseases u to maximum of RM6,000. Complete medical examination expenses incurred on the taxpayer, the spouse and the child up to maximum of RM500. The amount deposited in Skim Simpanan Pendidikan Nasional Account (SSPN) for own child up to maximum of RM6,000. Contribution made to Social Security Organisation (SOCSO) pursuant to the Employees' Social Security Act 1969 up to maximum of RM250. Parental care relief for each parent is made available to the children on an apportionment basis among children. The conditions to claim this relief are the age of the parent is 60 years and above and annual income of the parent is RM24,000 and above. Amount claimed is RM1,500 for each parent. Comprehensive lifestyle relief is given to the taxpayer who incurred the following expenses for himself or herself, spouse and children up to maximum of RM2,500.. Books, journal, magazines, printed newspaper or other similar publication; Personal computer, smartphone or tablet; Sports equipment for any sports activity (excluding motorised 2 wheel bicycles) Gym membership Monthly bills for internet subscription under individual's name. The cost to purchase breastfeeding equipment incurred by an individual wife for her own children (2 years old and below) such as a breast pump kit and an ice pack, a breast milk collection and storage equipment, and a cooler set or bag. This relief is only available once in every two years up to maximum of RM1,000.	In Singapore, reliefs are divided into: a) Reliefs for all taxpayers b) Relief for married/divorced/widowed taxpayer (divide into two: 1) male and female 2) female only a. **Reliefs for all taxpayers** 1) Course fees relief maximum of $5,500 (if your income $22,000 or lower but incurred course fees, you can defer the claiming of this relief to year that your income $22,000 and above or wuthin 2 years from date incurred course whichever is earlier – any course, any seminar, any conference to get an approved academic, professional or vocational qualification (to acquire skill or knowledge that can be applied in a vocation or specific are in an industry) or any course or seminar that related with current employment, trade, business, profession or vocation. However, course/seminar/conference that for leisure purposes/ to get general knowledge or skill such as internet surfing skill/ for hobby such photography skill language skill Central Provident Fund (CPF) Cash top-up relief up to maximum $14,000 (7,000 for ourself, 7000 for family) – can be claimed if we topping up our CPF Special /Retirement Account or those of family member (parents or parents in law, grandparents ir grandparents in law, spouse, siblings) to meet basic retirement needs. - To claim tax relief for cash top-ups for your spouse or siblings, the spouse or siblings must not have an annual income exceeding $4,000 in the year preceding the year of top-up. - This income threshold does not apply to parents, grandparents, handicapped spouse or handicapped siblings. 3) Earned income relief – for those who received income from employment, pension, trade, business, profession or vocation: a) Normal person - age last year below 55 ($1,000) - 55 – 59 ($6,000) - 60 and above ($8,000) b) Handicapped person - age last year below 55 ($4,000) - 55 – 59 ($10,000) - 60 and above ($12,000) Handicapped brother/sister relief – can claim if you support your handicapped brother/sister who live in Singapore and living with you in the same household - $5,500 for each handicapped If you supported the same handicapped sibling or sibling-in-law with other claimants, all of you may share this relief based on the agreed apportionment. Payment for Life Insurance premium and CPF contribution - If your total compulsory employee CPF contribution, self-employed Medisave/Voluntary CPF contribution and

Payment of child care fees to the registered child care centre and registered kindergarten for the child who is 6 years and below up to maximum of RM1,000. Wife relief or husband relief of RM4,000 if wife/husband is not working or elect for joint assessment. Disabled wife or disabled husband relief if wife/husband is not working or elect for joint assessment. Contribution to life insurance premium and approved provident fund up to maximum of RM6,000. Contribution to insurance on education or medical up to maximum of RM3,000. Insurance premium paid for deferred annuity or contribution to a private retirement scheme up to maximum of RM3,000. Child relief: Unmarried child who is under the age of 18 RM2,000 Unmarried child who is receiving full-time education in any university or college RM8,000. Unmarried child who is serving under articles or indentures with a view to getting a qualification in a trade or profession RM8,000. Unmarried child who is physically or mentally disabled RM6,000. Unmarried child who is physically or mentally disabled and studying in any university or college or serving under articles or indentures with a view to getting a qualification in a trade or profession RM14,000	voluntary cash contribution to your Medisave account was less than $5,000 per annum, you may claim the lower of: the difference between $5,000 and your CPF contribution; or up to 7% of the insured value of your own/your wife's life or the amount of insurance premiums paid. National Servicemen (NSmen) are entitled to NSman tax relief. NSman Relief is to recognise their contributions to National Service. This relief is allowed based on national service done in the previous work year (i.e. from 1 Apr to 31 Mar). NSman Wife and NSman Parent Reliefs are also given to the wives and parents of NSmen respectively to recognise the support they give to their husbands and sons. The amount depends on whether: You performed NS activities in the preceding work year ($3,000) You are a NS key command and staff appointment holder ($5,000) Parent Relief / Handicapped Parent Relief – can claim if you have supported your parents, grandparents, parents-in-law and grandparents-in-law and fulfils all the conditions. The amount claimed are: Parent relief depend on whether taxpayer stays with dependant ($9,000 per dependant) or does not stay with dependant ($5,500) Handicapped parent relief depend on whether taxpayer stays with dependant ($14,000 per dependant) or does not stay with dependant ($10,000) Amount contributed to the Supplementary Retirement Scheme (SRS). b. **Relief for married/divorced/widowed taxpayer - male and female** 1) A wife can claim NSman wife relief of $750 if the husband is eligible for NSman relief. 2) Parents also can claim NSman relief of $750 if their children are NSman. Child relief: a) Unmarried child who is below 16 years old or studying full time at any university, college or other educational institution or child that does not have income not exceeding $4,000 – parents can claim child relief of $4,000 per child. b) unmarried child who is mentally or physically handicapped – parents can claim child relief of $7,500 per child Spouse relief of $2,000 if the spouse is living together, supported by a taxpayer and has annual income not exceeding $4,000. Handicapped spouse relief of $5,500 if the spouse is living together, supported by a taxpayer. Legally separated spouse relief - the amount claim is the lower of maintenance paid under the court order or deed or $2,000 for wife/ $5,500 for handicapped wife. c. **Relief available to female taxpayer.** 1) Foreign maid levy relief can be claimed to encourage married to stay in workforce. Amount claimed is twice of the foreign maid levy paid in that year.

	2) Grandparent caregiver relief is given to working mothers who engage the help of parents, grandparents, parents-in law, and grandparents-in law to take care of her children. Amount claimed is up to maximum of $3,000 on one of your parents, grandparents, parents-in law, and grandparents-in law. 3) Working mother's child relief is given to a mother who is working and has a child. Amount claimed is depend on child order in the family. For the 1st child, a mother can claimed 15% of mother's earned income, 2nd child 20% and subsequent child 25%.
Sri Lanka	**India**
Residents and citizen non-residents will be entitled for a tax relief of LKR 500,000/ - against taxable income from any source. Additional relief of LKR1,200,000 ($4570) – on top of the tax-free allowance of LKR500,000 • ($3260) – is granted to an resident employee, up to but not exceeding the total of his/her employment income for the year of assessment. Capital repayment of a housing loan obtained from a licensed bank or a financial institution by a "professional" as defined in the Inland Revenue Act is entitled to deduct up to LKR 600,000/- as a qualifying payment relief from his assessable income.	Standard deduction of Rs. 40,000 has been allowed for salaried taxpayers Deduction up to Rs.30,000 for medical/ health insurance premium incurred for self, spouse, children and dependent parents (senior citizens can claim up to Rs. 50,000). Senior citizens can claim expenses incurred on critical illness up to Rs. 1 lakh. Deduction up to Rs. 1.5 lakh per year on contribution made to investment in Public Provident Fund (PPF), National Saving Certificate, fixed deposit, life insurance policy (on the life of self, spouse or any child), employee provident fund, equity oriented mutual fund, repayment of principal on housing loan, ,tution fees paid by cheque, contribution made to Pension Fund or National Pension Fund Deduction on investment made in long term infrastructure bonds notified by government up to maximum Rs. 20,000. Deduction for an investment made in listed shares or mutual funds (Rajiv Ghandi Equity Saving Scheme) up to maximum of Rs. 25,000. Payment of health check-up of self, spouse, children and parents which shall not exceed to Rs. 5,000 . Interest paid on repayment of education loan. Interest payable for loan taken for acquisition of a residential property up to maximum Rs. 50,000. Tax deduction on rent paid for house provided that a taxpayer does not received house rent allowance and the amount paid exceed 10% of total income subject to maximum of Rs. 5,000 per month or 25% of total income whichever is less.
Bangladesh	**Pakistan**
Life insurance policy for the assesse, spouse or minor child, provided that maximum limit is 10% of policy value. Contribution to any provident fund to which Provident Fund Act, 1925 (XIX of 1925), applies. Assesse's and the employer's contribution to a recognised provident fund in which the assesse is a participant. Annual contribution to approved superannuation fund. Investment in savings certificate, unit certificates and mutual fund certificates issued by any financial institution or the Investment Corporation of Bangladesh and its subsidiaries. Government securities (including Development loans or Bonds) as the Board may specify in this behalf.	Any profit on debt or bonds issued by Pakistan Mortgage Refinance Company to refinance the residential house mortgage market (can be claimed for 5 years). Amount of zakat paid to a registered zakat recipient. The lower of actual interest paid on debt of house loan or 50% of taxable income or two million rupees. The lower of 5% of tuition fees paid for children or 25% of the taxable income or 60,000 multiplied by number of children.

An amount not exceeding taka 60,000 by an individual in any deposit pension scheme sponsored by a scheduled bank or a financial institution. Share or portion of the share of the assessee in the income of a firm if tax of such income has already been paid by the firm. Contribution to Benevolent Fund and Group Insurance Scheme. Purchase of one computer (up to BDT 50,000) or one laptop (up to BDT 100,000) by an individual assesse. Acquisition, through Initial Public Offering, of any stocks of shares of a company, mutual fund or debenture listed with any stock exchange. Any sum invested in the purchase of Bangladesh Government Treasury Bond.	