

CP38 DEDUCTION POLICY
HUMAN RESOURCE DEPARTMENT

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Revision History

Amended to be aligned with the current process and procedure of Jaya Grocer.

Process Owner		
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1) Objective

The purpose of this policy is to ensure compliance with Malaysian statutory requirements regarding payroll deductions. This policy outlines the procedure for implementing CP38 Tax Deductions for employees in compliance with the Income Tax Act of Malaysia. It aims to ensure the timely and accurate deduction of taxes from employees' salaries, as mandated by the Inland Revenue Board (IRB), and to ensure the company's compliance with relevant tax laws.

2) Introduction

The guideline contained in this policy applies to all employees who are subject to CP38 tax deduction, as determined by the IRB, in accordance with the regulations of the Income Tax Act 1967 (Malaysia).

3) Definition

CP38 is a directive issued by the Inland Revenue Board (IRB) under section 107C of the Income Tax Act, requiring employers to deduct a specified amount of tax directly from the salaries of employees. The amount of tax to be deducted is determined by the IRB and is communicated through the CP38 notice.

CP38 DEDUCTION POLICY

HUMAN RESOURCE DEPARTMENT

4) Policy Statement

4.1 Tax Deduction Requirement

4.1.1 Upon receiving the CP38 tax deduction notice from the IRB, the company is required to comply with the tax deduction instructions.

4.1.2 The tax deduction will be made from the employee's monthly salary in accordance with the amounts specified in the CP38 notice issued by the IRB.

4.2 Deduction Schedule

4.2.1 The CP38 tax deduction will be applied starting from the month indicated in the CP38 notice. Deductions will continue until the specified amount has been fully deducted or until the CP38 directive is revoked or amended by the IRB.

4.3 Calculation and Payment

4.3.1 The payroll department is responsible for calculating the CP38 tax deduction, ensuring accuracy according to the IRB directive.

4.3.2 The deducted tax will be remitted to the IRB in accordance with the established deadlines.

4.4 Employee Notification

4.4.1 Employees will be notified when a CP38 tax deduction is applied to their salary. The notification will include the amount to be deducted and the duration of the deduction.

4.4.2 The payroll department will provide employees with a clear breakdown of the CP38 deductions on their payslips.

4.5 Adjustment of CP38 Deduction

4.5.1 If there is a change in the CP38 amount (for example, the IRB revises the deduction amount or the employee's status changes), the company will adjust the deduction accordingly and inform the employee of the change.

4.5.2 Any discrepancies or issues regarding the CP38 tax deduction should be promptly reported to payroll department for rectification.

5) Employee Responsibilities

5.1 Inform the HR or payroll department if they have any questions or concerns regarding their CP38 tax deduction

5.2 Ensure that any changes in their tax status, income, or exemptions are communicated to the company for accurate deductions.

6) Employer Responsibilities

6.1 Ensure timely processing of CP38 deductions as per the instructions provided by the IRB.

6.2 Maintain accurate records of CP38 tax deductions and remittances.

6.3 Provide clear communication to employees regarding the deductions.

**CP38 DEDUCTION POLICY
HUMAN RESOURCE DEPARTMENT**

7) Confidentiality

The company will ensure that all personal and tax-related information, including CP38 deductions, is handled with the utmost confidentiality and in compliance with data protection regulations.

8) Compliance and Review

8.1 The company will comply with all regulations under the Income Tax Act 1967 and any subsequent amendments issued by the IRB.

8.2 This policy will be reviewed annually or whenever there are significant changes to tax laws or procedures.

IMPORTANT NOTE

Notwithstanding with the above, the Management at its sole discretion, reserves the right to amend, and or delete the contents of this guideline or any part of it from time to time.