

2026 BUDGET

TAX SNAPSHOT

AGRICULTURE

- Tax Incentive for Automation in the agriculture sector be expanded to include closed-house system for chicken rearing.

CORPORATES & ENTREPRENEURS

- 2% tax on LLP partners receiving profit exceeding RM100,000 per year.
- The scope of tax exemption on foreign dividends and capital gains received by the resident companies and LLP be expanded to co-operative societies and trust bodies and extended until 31st December 2030.
- Social enterprise tax exemption application be extended until 31st December 2028.
- Wage threshold for stamp duty exemption on employment contracts be increased to RM3,000.
- ACA of 20% initial allowance and 40% annual allowance be granted on plant, machinery and ICT equipment.
- AI training recognised by MyMahir National AI Council for Industry, be given further tax deduction of 50% once in 2 years.
- Double tax deduction for OKU training, be expanded to include care workers training sponsorships.
- 100% Green Investment Tax Allowance [GITA] for own use of MyHIJAU-recognised local green tech products.

IRON, STEEL AND ENERGY INDUSTRY

- Introduction of carbon tax in 2026.

TOURISM

- 100% tax exemption on incremental income from inbound tourism packages for tour operators.
- Tax deduction (up to RM500,000) for renovation and refurbishment by tourism project operators registered with MOTAC.

UNIVERSITY

- Tax deduction for cash contributions to endowment funds established by public university teaching hospitals.

INDIVIDUAL / RAKYAT

- The RM1,000 tax relief on vaccination be expanded to cover all vaccines registered and approved by MOH.
- Childcare relief of RM3,000 be expanded to include registered daily care / after-school transit centres.
- Relief for assessment/diagnosis/early intervention programmes / rehabilitation treatment for children with learning disabilities be increased to RM10,000.
- The RM3,000 tax relief for life insurance premiums / takaful contribution be expanded to include children.
- The RM2,500 tax relief for environmental sustainability-related expenses be expanded to include the purchase of household food waste grinders and CCTV for home use.
- Special tax relief of RM1,000 is given for expenses incurred on entrance fee for domestic tourism and cultural programmes.
- Income tax exemption on dividends received by individual shareholders from venture capital company at first-level distribution.

VEHICLE TAX EXEMPTION

- Tightening of vehicle tax exemption policy in Langkawi and Labuan to vehicles valued at RM300,000 and below, effective 1st January 2026.

CAPITAL MARKET

- Tax deduction of up to RM1.5 million on listing expenses for technology-based companies and MSMEs be reviewed as follows:
 - tax deduction be expanded to MSMEs in the energy and utilities sectors; and
 - tax deduction for technology-based companies, as well as MSMEs in the technology, energy and utilities sectors be given for 5 years, until YA 2030.
- Stamp duty exemption on contract notes for buy-side structured warrant transaction be given until 31st December 2028.
- Stamp duty exemption on contract notes for ETFs transactions be extended to 31st December 2028.

REAL ESTATE & PROPERTY

- Fixed stamp duty rate be increased to 8% on transfer of residential property by non-citizen individuals (excluding Malaysian permanent residents) and foreign companies.
- Full stamp duty exemption on instruments of transfer and loan agreements for the purchase of first residential home priced up to RM500,000 be extended to 31st December 2027.