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IN THIS ISSUE

- Updated Guidelines on Application for Approval of DGIR under Section 44(6) of the ITA 1967 for Fund Established for Acquisition of Religious Schools
- Tax Treatment for Reporting Income Based on Profit Distribution Vouchers of Retail Money Market Fund
- Malaysian Income Tax Reporting System Filing Programme for Year 2026
- Special Voluntary Disclosure Programme for Stamp Duty 2026
- Extension of Income Tax Exemption for Islamic Finance Activities under Labuan International Business and Financial Centre
- Guide on Information Technology Services
- Guide on Healthcare Services, Practice of Traditional and Complementary Medicine Private Services and Private Allied Health Related Services
- Guide on Registration under Sales Tax Act 2018
- Appointment of New Director General of Royal Malaysian Customs Department
- Service Tax (Rate of Tax) (Amendment) Order 2026



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LEGEND

ACA	Accelerated Capital Allowance
DGIR	Director General of Inland Revenue
DGRMC	Director General of Royal Malaysian Customs
CA	Capital Allowance
CGT	Capital Gains Tax
FAQ	Frequently Asked Questions
IBA	Industrial Building Allowance
ICT	Information and Communication Technology
IRB	Inland Revenue Board
ITA 1967	Income Tax Act 1967
LBATA 1990	Labuan Business Activity Tax Act 1990
LLP	Limited Liability Partnership
MIDA	Malaysian Investment Development Authority
MITI	Ministry of Investment, Trade and Industry
MOF	Ministry of Finance
MOTEC	Ministry of Tourism, Arts and Culture
MSME	Micro, Small and Medium Enterprise
PIA 1986	Promotion of Investments Act 1986
PR	Public Ruling
RA	Reinvestment Allowance
RMCD	Royal Malaysian Customs Department
RPGT	Real Property Gains Tax
RPGT Act 1976	Real Property Gains Tax Act 1976
SA 1949	Stamp Act 1949
SC	Securities Commission
TP	Transfer Pricing
WT	Withholding Tax
YA	Year of Assessment

Updated Guidelines on Application for Approval of DGIR under Section 44(6) of the ITA 1967 for Fund Established for Acquisition of Religious Schools

The IRB has recently issued the *Guidelines on Application for Approval of DGIR under Section 44(6) of the ITA 1967 for Fund Established for Acquisition of Religious Schools (Tabung Pembelian Sekolah Agama [“TBSA”])* (in Bahasa Malaysia) to replace the previous Guidelines issued on 28th April 2021.

The Guidelines provide guidance on the procedures for applying for approval from the DGIR under Section 44(6) of the ITA 1967 for TBSA.

The salient updates of the Guidelines include:-

- The issuance or use of electronic receipts (e-Receipts) is subject to prior approval and authorisation from the DGIR, which must be obtained through a formal written application.
- **Implementation of e-Invoicing**
 - The implementation of e-Invoicing applies to an approved TBSA for transactions involving the receipt of donations or monetary gifts and will be carried out in phases according to the mandatory implementation timeline stipulated in the e-Invoice Guidelines.
 - Where the donor requests an e-Invoice, the approved TBSA is required to issue an e-Invoice for the receipt of donations or monetary gifts. The issuance of an official receipt is no longer required and prior approval from the DGIR is not necessary, provided that the e-Invoice complies with the prescribed specifications.
 - Where the donor does not request an e-Invoice, the approved TBSA is required to issue a preprinted official receipt and aggregate all donations or monetary gifts transactions on a monthly basis to issue a consolidated e-Invoice within seven (7) calendar days of the following month.
 - For donors who do not provide sufficient information to facilitate the issuance of an e-Invoice, the relevant transaction is required to be included in a consolidated e-Invoice.
 - For the issuance of an e-Invoice (including a consolidated e-Invoice), the details stated in the “Description of Product or Service” field must correspond with the approval details reflected in the preprinted official receipt issued under Section 44(6) of the ITA 1967.
 - Effective 1st January 2026, donors making donations or monetary gifts exceeding RM10,000 in a single transaction are required to provide complete information in accordance with Appendix 1 of the e-Invoice Guidelines.

Note: For further information on the previous Guidelines, kindly refer to our *Tax Flash – July 2021* issue.

Tax Treatment for Reporting Income Based on Profit Distribution Vouchers of Retail Money Market Funds

The IRB has recently issued the *Practice Note No. 1/2026 on Explanation on Tax Treatment for Reporting Income Based on Profit Distribution Vouchers of Retail Money Market Fund* to clarify on the tax treatment for unit holders of unit trusts who received the income distributions from a Real Money Market Fund [“RMMF”] unit trust.

The salient points of the above Practice Note include:-

- RMMF is a unit trust fund that invests in short-term debt instruments with low risk.
- Although unit trusts are granted tax exemption on interest income received from licensed banks and financial institutions in Malaysia pursuant to Paragraph 35A, Schedule 6 of the ITA 1967, such interest income distributed by RMMF remains taxable in the hands of unit holders other than individuals.
- RMMF is required to deduct and remit WT at 24% on the gross interest income distributed to unit holders other than individuals pursuant to Section 109DA of the ITA 1967.
- The resident unit holders other than individuals are eligible to claim tax credits in respect of the WT deducted under Section 110(9A) of the ITA 1967.
- The Practice Note further explains the format and terms used in the profit distribution vouchers for unit trusts, including RMMF, which must be followed and used as a reference by unit holders.
- The Practice Note highlights that interest income received by an RMMF from licensed banks and financial institutions in Malaysia may be reflected as “Non-Taxable Income” in Column (5) of the voucher. However, where WT has been deducted on the profit distribution, such income is still regarded as taxable income in the hands of unit holders other than individuals under the ITA 1967.



Malaysian Income Tax Reporting System Filing Programme for Year 2026

The IRB has recently issued the Filing Programme for Documents Specified under Section 82B of the ITA 1967 through the Malaysian Income Tax Reporting System [“MITRS”] for the year 2026.

The salient points of the filing programme include:-

- The implementation of MITRS has been extended to the taxpayers from the categories of Unit Trusts / Property Trusts (TC), Co-operative Societies (CS), Trust Bodies (TA) and Real Estate Investment Trusts / Property Trust Funds (TR).
- MITRS can be accessed through the MyTax portal as follows:
 - TC – 1st July 2026
 - CS and TA – 1st August 2026
 - TR – 1st September 2026
- Effective YA 2026, the following documents must be submitted together with the audited financial statements or unaudited financial statements (whichever is applicable) in respect of insurance companies and *takaful* operators:-
 - Insurance companies
 - Insurance Companies Statistical System; and
 - Risk Based Capital
 - *Takaful* operators
 - *Takaful* Operator Statistical System; and
 - Risk Based Capital *Takaful*
- The detailed income statement is to be submitted together with the income tax computation, instead of the audited financial statements as previously required.



Special Voluntary Disclosure Programme for Stamp Duty 2026

The IRB has recently issued the following documents (in *Bahasa Malaysia*) in relation to the 2026 Special Voluntary Disclosure Programme [“SVDP 2026”] for stamp duty:-

- *Operational Guidelines on Special Treatment on Penalties under Section 47A of the SA 1949 for SVDP 2026 for Stamp Duty;*
- *Media Release on the announcement of SVDP 2026 for Stamp Duty dated 28th January 2026;* and
- *FAQ on the Penalty Exemption under the SVDP 2026 for Stamp Duty.*

The salient points of the above documents include:-

- The SVDP 2026 for stamp duty is implemented from 1st January 2026 to 30th June 2026.
- Instruments that are eligible under SVDP 2026:-
 - All instruments executed between 1st January 2023 to 31st December 2025 which:
 - have not been stamped; or
 - have been submitted for stamping before 1st June 2026 of which the stamp duty and penalty have not been paid.
- All relevant instruments must be stamped and the applicable stamp duty must be fully settled within the SVDP period to be eligible for a penalty exemption.
- The SVDP 2026 does not cover fraudulent cases or instruments where the stamp duty and the applicable penalty have been fully paid prior to the participation in the SVDP 2026.
- Instruments executed between 1st January 2023 to 31st December 2025 and stamped under the SVDP 2026 will not be subject to stamp duty audits. However, this does not preclude the IRB from conducting audits on other instruments which are not covered under the SVDP 2026.



Extension of Income Tax Exemption for Islamic Finance Activities under Labuan International Business and Financial Centre

Following the Budget 2025 announcement on the extension of tax exemption for Labuan Islamic finance activities, the *Labuan Business Activity Tax (Exemption) Order 2026* has been gazetted on 26th January 2026.

The salient points of the Exemption Order include:-

- The scope of Labuan trading entities undertaking Islamic finance activities eligible for the tax exemption has been expanded to include qualifying Labuan *takaful* business activities and Labuan *takaful* related activities as follows-

Labuan Entity	Qualifying Activities
Labuan insurer, Labuan reinsurer, Labuan <i>takaful</i> operator or Labuan <i>retakaful</i> operator	Undertaking the <i>takaful</i> and <i>retakaful</i> businesses in relation to the family <i>takaful</i> business or general <i>takaful</i> business that are based on <i>Syariah</i> principles and utilisation of digital solutions in:- <ul style="list-style-type: none"> o risk management; or o product development
Labuan captive insurer or Labuan captive <i>takaful</i>	Undertaking the <i>takaful</i> and <i>retakaful</i> businesses that are based on <i>Syariah</i> principles and utilisation of digital solutions for <i>takaful</i> participants which are related companies, associate corporation or as approved by the Labuan Financial Services Authority in:- <ul style="list-style-type: none"> o risk management; or o product development
Labuan underwriting manager or Labuan <i>takaful</i> underwriting manager	Providing underwriting services including administration related to the Labuan <i>takaful</i> business that are based on <i>Syariah</i> principles and utilisation of digital solutions.
Labuan insurance manager or Labuan <i>takaful</i> manager	Providing management or administrative services related to the Labuan <i>takaful</i> business that are based on <i>Syariah</i> principles and utilisation of digital solutions

Labuan Entity	Qualifying Activities
Labuan insurance broker or Labuan <i>takaful</i> broker	Providing services that are based on <i>Syariah</i> principles and utilisation of digital solutions for:- <ul style="list-style-type: none"> ○ arranging Labuan <i>takaful</i> business on behalf of prospective policy owners or existing policy owners; ○ arranging Labuan <i>retakaful</i> business on behalf of any <i>takaful</i> operator seeking <i>retakaful</i>; or ○ analysing the financial circumstances of another person and provides a plan to meet that other person's financial needs and objectives

- The Labuan entity shall maintain a separate account for the income derived from each qualifying activity or business.
- The Exemption Order shall have effect from YA 2025 to YA 2028.

Note: For further information on the previous Exemption Order, kindly refer to our *Tax Flash – June 2024* and *Tax Flash – October 2024 (Special Edition)* issues.



Guide on Information Technology Services

RMCD has published the *Guide on Information Technology Services* dated 26th February 2026 (in *Bahasa Malaysia*). The salient points extracted from the guide are as follows:-

- The following services are now regarded as taxable service under Column (2), Group K of the First Schedule to the Service Tax Regulations 2018 effective 1st July 2025:-
 - The charge on storage or co-location of hardware or server; and
 - Leasing or rental of computer, hardware and server.

Note: For further details, kindly refer to our *Tax Flash – August 2019* issue.

Guide on Healthcare Services, Practice of Traditional and Complementary Medicine Private Services and Private Allied Health Related Services

The RMCD has published the *Guide on Healthcare Services, Practice of Traditional Complementary Medicine Private Services and Private Allied Health Related Services* dated 1st March 2026 (in *Bahasa Malaysia*). The salient points extracted from the guide are as follows:-

- Consultation fees charged to non-citizens by professional doctors in registered private healthcare facilities, private traditional and complementary medicine [“TCM”] practitioners and private allied health providers have been exempted by the Minister of Finance. Accordingly, the value of such consultation fees exempted must be declared in Item 18(c)(3) of the SST-02 return. Reference may be made to the RMCD’s reply to Question No. 16 of the Frequently Asked Questions embedded in the guide.

Note: For further details, kindly refer to our *Tax Flash – July 2025* issue.

Guide on Registration under Sales Tax Act 2018

The RMCD has published the *Guide on Registration under Sales Tax Act 2018* dated 6th March 2026 (in *Bahasa Malaysia*).

Appointment of New Director General of Royal Malaysian Customs Department

Yang Berbahagia Dato’ Haji Amran Bin Haji Ahmad was appointed as the new Director General of Customs and Excise, with effect from 9th March 2026.

Service Tax (Rate of Tax) (Amendment) Order 2026

The *Service Tax (Rate of Tax) (Amendment) Order 2026* has been gazetted on 13th March 2026 and took effect on 1st January 2026. With the gazettment of this Order, the service tax rate applicable to rental or leasing services has now been reduced from 8% to 6%. In this respect, the 2% service tax exemption granted under the Service Tax Policy No. 2/2025 (Amendment No. 4) is no longer applicable.

Note: For further details, kindly refer to our *Tax Flash – February 2026* issue.



ABOUT US

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