



MOORE Advent

TAX FLASH

OCTOBER 2026 (SPECIAL EDITION)

2027 Budget Highlights

Executive Summary

Budget 2027, tabled by the Honourable Prime Minister and Finance Minister, Dato' Seri Anwar Ibrahim, is the second budget under the 13th Malaysia Plan (13MP) and the fifth under the Ekonomi MADANI framework. It balances immediate support for household facing global economic uncertainties with longer-term structural reforms aimed at transforming Malaysia into a high-value, sophisticated economy.

Shaped by feedback from the public and business community, Budget 2027 places the wellbeing of the people at its core and seeks to ensure that the benefits of economic growth are shared more equitable. Its 10 focus areas, organised under 3 main pillars, address immediate needs while strengthening the foundations for long-term prosperity. Key priorities include easing the cost of living, expanding social protection, and upgrading schools, healthcare facilities and rural infrastructure. The Budget also seeks to advance progressive wages and attract high-value investments in artificial intelligence ["AI"] and semiconductors. These initiatives are supported by governance reforms to curb leakages in public expenditure and accelerate the digitalisation of public services.

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- [Moore Global](#)
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Personal Income Tax and Household Relief

The proposed increase in personal tax relief from RM9,000 to RM12,000, together with reductions in tax rates for selected chargeable income bands for resident individuals, is intended to ease household financial pressures. Other relief proposals cover postnatal care, a broader range of care expenses for parents and grandparents, sports shoes, education and skills development, AI subscriptions and selected pet-related expenses.

Supporting Local Businesses and Productivity

The proposed reduction in MSME income tax rates to 14% and 16% on the respective chargeable income bands within the first RM600,000 aims to ease business costs and support growth. Higher capital allowance limits for small-value assets ["SVA"] and the extension of ACA until year 2030 are intended to encourage investment in equipment and digitalisation. Companies other than MSMEs should also assess the implications of the proposed requirement for salary payments to be made through financial institutions or cashless payment instruments to qualify for tax deductions.

Investment and Sustainable Growth

Proposed enhancements to the GSH incentives include a 5% income tax rate and extensions in five-year blocks, up to a maximum incentive period of 30 years. Green technology investment allowances of up to 100% are proposed to be extended until year 2030. The Budget also proposes extensions to incentives for Malaysian shipping companies, Islamic fund management, selected investors and the tourism sector.

Stamp Duty and Indirect Tax Measures

Stamp duty exemptions at varying levels are proposed for first-home purchases valued at up to RM750,000. Financing-related concessions cover selected supply-chain, peer-to-peer ["P2P"] and shipping arrangements. The service tax rate for elderly care services is proposed to be reduced to 6%, alongside an exemption for annual care fees of up to RM96,000 per person. Local traders and distributors are proposed to be eligible for refunds of sales tax paid on qualifying machinery, spare parts and equipment supplied to manufacturers.

The scope, eligibility criteria and implementation of these proposals should be assessed against the relevant legislation and official guidance when issued. Further details are particularly necessary to determine the application of the proposed tax measure for high-income individuals and selected investor incentives.

The key proposals outlined in the 2027 Budget are summarised into the following broad categories:-

- A. Income Tax – Changes Affecting Individuals
- B. Income Tax – Changes Affecting Companies and Unincorporated Businesses
- C. Investment Incentives
- D. Stamp Duty
- E. Sales and Service and Indirect Taxes
- F. Others

Please note that as the Finance Bill 2026 was not available at the time of publication, we will provide update on any further developments affecting the above categories in due course.

LEGEND

ACA	Accelerated Capital Allowance
DGIR	Director General of Inland Revenue
DGRMC	Director General of Royal Malaysian Customs
CGT	Capital Gains Tax
EPF	Employees Provident Fund
ESG	Environmental, Social and Governance
EV	Electric Vehicle
GLC	Government-Linked Companies
GLIC	Government-Linked Investment Companies
GSH	Global Services Hub
HRD Corp	Human Resources Development Corporation
IBA	Industrial Building Allowance
ICT	Information and Communication Technology
IRB	Inland Revenue Board
ITA	Investment Tax Allowance
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
MOTAC	Ministry of Tourism, Arts and Culture
MSME	Micro, Small and Medium Enterprise
PIA 1986	Promotion of Investments Act 1986
PS	Pioneer Status
PR	Public Ruling
RA	Reinvestment Allowance
R&D	Research and development
REITs	Real Estate Investment Trusts
RMCD	Royal Malaysian Customs Department



LEGEND

RPGT	Real Property Gains Tax
RPGT Act 1976	Real Property Gains Tax Act 1976
SA 1949	Stamp Act 1949
SC	Securities Commission
SCIT	Special Commissioners of Income Tax
SME	Small and Medium Enterprise
SOCSSO	Social Security Organisation
SRI	Sustainable Responsible Investment
TP	Transfer Pricing
WT	Withholding Tax
YA	Year of Assessment



A. Income Tax – Changes Affecting Individuals

1. Increase in Individual Income Tax Relief for Individuals and Dependents

- Currently, personal tax relief of RM9,000 is given to a resident individual
- It is proposed that this tax relief be increased to RM12,000
- Effective YA 2027

2. Review of Individual Tax Rates

- It is proposed that the taxable income bands for resident individuals be restructured, with the following changes to the applicable tax rates:-
 - a reduction in the tax rate by 1% from 19% to 18% for the chargeable income band of RM70,001 to RM100,000;
 - the introduction of a new chargeable income band of RM100,001 to RM150,000, with the tax rate reduced by 1% from 25% to 24%, while the tax rate for the chargeable income band of RM150,001 to RM400,000 remains unchanged at 25%;
 - a revision of the chargeable income band currently ranging from RM600,001 to RM2,000,000 to RM600,001 to RM1,000,000 with the tax rate remains at 28%; and
 - a revision of the chargeable income band subject to the 30% tax rate from exceeding RM2,000,000 to exceeding RM1,000,000
- A comparison is as shown below:-

Chargeable Income RM	Current Tax Rates %	Proposed Tax Rates %	Differences %
0 – 5,000	0	0	-
5,001 – 20,000	1	1	-
20,001 – 35,000	3	3	-
35,001 – 50,000	6	6	-
50,001 – 70,000	11	11	-
70,001 – 100,000	19	18	-1
100,001 – 150,000	25	24	-1
150,001 – 400,000	25	25	-
400,001 – 600,000	26	26	-
600,001 – 1,000,000	28	28	-
1,000,001 – 2,000,000	28	30	+2
Exceeding 2,000,000	30	30	-

- Effective YA 2027

3. Expansion of Scope of Tax Relief for Medical Treatment, Special Needs and Carer Expenses for Parents and Grandparents

- Currently, tax relief of up to RM8,000 is given on medical expenses, special needs and parental care in respect of:-
 - treatment at clinics and hospitals;
 - treatment at nursing homes;
 - treatment and care at home, day care centres and residential care centres;
 - dental treatment excluding cosmetic dental treatment; and
 - full medical examination and vaccinations (limited to RM1,000)
- It is proposed that the scope of the tax relief be expanded to cover all care expenses provided at home, day care centres and residential care centres and not limited to medical care only
- Any claim for the above relief must be evidenced by receipts and a carer's written declaration or a copy of the carer's work permit without requiring verification from a registered medical practitioner

- The carer excludes the individual, spouse or children
- Effective YA 2027

4. Review of Tax Relief for Medical Expenses for Self, Spouse and Child

- Currently, tax relief of up to RM10,000 is given for medical treatment expenses incurred:-
 - for self/spouse/child on:-
 - serious disease;
 - vaccination (limited to RM1,000);
 - complete medical examination, mental health examination, Coronavirus Disease 2019 detection test including the purchase of self-test kit (limited to RM1,000);
 - dental examination and treatment expenses (limited to RM1,000)
 - for self/spouse on:-
 - fertility treatment
 - for child on:-
 - assessment for diagnostic, early intervention programmes and rehabilitation treatment for children aged 18 years and below with learning disabilities such as autism, Attention Deficit Hyperactivity Disorder, Global Developmental Delay, intellectual disability, down syndrome and specific learning disabilities
 - tax relief of up to RM1,000 is given for the purchase of breastfeeding equipment to female taxpayers with children aged 2 years and below
- It is proposed that the tax relief for medical treatment be reclassified as Health and Well-being, with the tax relief remains at RM10,000
- The scope of relief be expanded to cover the following expenses:-
 - postnatal care services provided by a confinement centre or qualified individual (limited to RM3,000); and
 - purchase of breastfeeding equipment for children aged 2 years and below incurred by self or spouse (limited to RM1,000)
- The purchase of breastfeeding equipment be merged into the above tax relief
- Effective YA 2027

5. Review of Scope of Tax Relief for Education Fees as Education and Skills Training Fees

- Currently, tax relief of up to RM7,000 is given on fees paid for undertaking the following courses or fields of study:-
 - any course of study up to tertiary level, other than a Masters or Doctorate degree, undertaken for the purpose of acquiring any skills or qualifications in the fields of law, accounting, Islamic finance approved by Bank Negara Malaysia or SC, technical, vocational, industrial, scientific or technology at any local institution or professional body in Malaysia recognised by the Government of Malaysia or approved by the MOF;
 - any course of study for a Masters or Doctorate degree undertaken for the purpose of acquiring any skills or qualifications at any local institution or professional body in Malaysia recognised by the Government of Malaysia or approved by the MOF; or
 - any course of study undertaken for the purpose of upskilling or self-enhancement and that course is conducted by a body recognised by the Director General of Skills Development under the National Skills Development Act 2006 ["Act 652"], subject to a limit of RM2,000 for each year of assessment until YA 2026
- In addition, individual income tax relief for lifestyle is claimable on fees paid for any upskilling or self-enhancement courses limited to RM2,500. Eligible courses include courses that encourage individuals to acquire skills unrelated to employment such as courses related to hobbies, languages and religion.
- It is proposed that the education fees and skills courses under lifestyle relief be reclassified as Education and Skills Training Fees, with the tax relief maintained at RM7,000

- The scope of relief be revised to cover the following expenses:-
 - fees incurred for self to undertake courses or studies at the Certificate, Diploma, Bachelors, Masters or Doctorate degree level in any field recognised by any regulatory agency and undertaken at a local institution or professional body in Malaysia recognised by the Government of Malaysia or approved by the MOF;
 - fees incurred for self or spouse limited to RM3,000 for undertaking upskilling or self-enhancement courses or studies in the field of Technical and Vocational Education and Training recognised by the Director General of Skills Development under Act 652; and
 - fees incurred limited to RM2,000 for undertaking:-
 - courses, training and skills and self-enhancement classes unrelated to employment for self or spouse; or
 - courses, training, classes or tuition in the field of Science, Technology, Engineering and Mathematics, arts, languages and religion for children
- The lifestyle relief on fees for upskilling or self-enhancement courses be merged into the above tax relief
- Effective YA 2027

6. Expansion of Scope of Lifestyle Tax Relief

- Currently, tax relief of up to RM2,500 is given on the purchase of reading materials including:-
 - e-books;
 - printed/electronic daily newspaper;
 - purchase of personal computers;
 - smartphones or tablets; and
 - internet subscriptions
- It is proposed that the scope for lifestyle tax relief be expanded to include:-
 - subscription fees for AI software and application for use by the individual, spouse or child;
 - cost of pet adoption from registered animal shelters; and
 - registered veterinary services for vaccination and spaying or neutering procedures
- The limit for the above tax relief remains at RM2,500
- Effective YA 2027

7. Expansion of Scope of Tax Relief for Sports-related Lifestyle

- Currently, tax relief of up to RM1,000 is given to a resident individual on the expenses incurred for sports-related lifestyle for self, spouse, child and parents, where such expenses include payment for gymnasium membership fee, participation fee for sports competition, entrance fees to any sports facilities and expenses incurred to purchase sports equipment
- It is proposed that the scope of tax relief be expanded to include expenses incurred for the purchase of sports shoes (limited to RM300) within the existing sports-related lifestyle relief
- Effective YA 2027

8. Extension of Tax Relief for Expenses Incurred in Relation to Domestic Tourism and Cultural Programmes

- Currently, tax relief of up to RM1,000 is given to a resident individual on the expenses incurred for the following entrance fees:-
 - tourist attractions such as museums, zoo, theme parks, national parks, marine parks and geoparks; and
 - cultural and art programmes
- It is proposed that the tax relief be extended for one year
- Effective YA 2027

9. Expansion of Scope of Tax Relief for SOCSO Contributions

- Currently, tax relief of up to RM350 is given to a private sector employee who makes contributions to SOCSO Schemes, i.e. contributions made under the Employees' Social Security Act 1969 ["Act 4"] and the Employment Insurance System Act 2017
- It is proposed that:-
 - SOCSO relief be expanded to include compulsory contributions under the Self-Employment Social Security Act 2017 ["Act 789"] (*Lindung Kendiri*) in respect of the following 3 mandatory sectors:-
 - passenger transport;
 - goods or food transport; and
 - hawkers
 - additional relief of up to RM150 is given on any voluntary contribution made by an employee to the Non-Employment Injury Scheme (*Lindung 24*) under Act 4 and 17 non-mandatory sectors under Act 789
- Effective YA 2027

10. Expansion of Scope for School Public Contribution Fund

- Please refer to Part B5 below

11. Tax Deduction for Contribution to *Dapur Siswa MADANI* Programme

- Please refer to Part B8 below

B. Income Tax – Changes Affecting Companies and Unincorporated Businesses

1. Tax Deduction on Salary Made Through Financial Institutions and Cashless Payment Instruments

- Currently, salary payments to employees are allowable for tax deduction regardless of whether the expenses are paid in cash or through other methods of payment
- To enhance the transparency of employers' financial transactions and promote compliance with the cashless salary payment through financial institutions and cashless payment instruments as prescribed under the Employment Act 1955, it is proposed that non-MSME be allowed to claim tax deduction for salary expenses only if the payments are made through financial institutions or cashless payment instruments. MSME will be excluded from this restriction
- Tax treatment for expenses other than salary payments remain allowable, regardless of the method of payment
- Effective YA 2028

2. Review of Income Tax Exemption on *Shariah*-Compliant Fund Management Services

- Currently, 60% income tax exemption is given on the statutory income derived by companies providing management services for *Shariah*-compliant fund to foreign investors, local investors, business trusts investors and REITs investors in Malaysia approved by the SC, up to YA 2027
- It is proposed that income tax exemption period for *Shariah*-compliant fund management services companies be extended for another 3 years with 40% income tax exemption
- Effective YA 2028 to YA 2030

3. Tax Deduction on Issuance Costs of *Sukuk Prisma*

- Currently, tax deduction is available for expenditure incurred on the issuance of SRI *Sukuk* (effective YA 2016 to YA 2027)
- From YA 2027, SC will introduce *Sukuk Prisma* to attract sustainability-focused investments and finance projects in areas such as climate change adaptation, water and food security, biodiversity resilience and blue economy
- To further strengthen Malaysia's position as a global *sukuk* investment hub, it is proposed that a tax deduction be given on the issuance cost of *Sukuk Prisma* approved or authorised by, or lodged with, SC. The existing tax deduction for SRI *Sukuk* issuance costs will remain available until YA 2027
- Effective YA 2027 to YA 2030

4. Income Tax Exemption on SRI *Sukuk* and Bond Grant Scheme

- It is proposed that income tax exemption be given on grant received under the SRI *Sukuk* Scheme and Bond Grant Scheme
- Effective from 1st January 2027

5. Expansion of Scope for School Public Contribution Fund

- Currently, the School Public Contribution Fund (*Tabung Sumbangan Wang Awam Sekolah* ["TSUWAS"]) is an approved fund under Section 44(6) of the ITA 1967 to finance projects or programmes for student development and welfare, subject to the approval of the Ministry of Education Malaysia ["MOE"]. The fund does not finance administrative and operating expenses, as well as repair and maintenance costs
- It is proposed that the scope of TSUWAS be expanded to cover school administrative and operating expenses, repairs and maintenance expenses, procurement of equipment and expenses in connection with student programmes
- Applications to establish TSUWAS must be submitted to the IRB with MOE's endorsement. The fund will be jointly administered by the school, Parent-Teacher Association or Alumni Association, with MOE monitoring in accordance with the relevant guidelines
- Cash contributions to TSUWAS will qualify for tax deduction, subject to the existing limit of 10% of the donor's aggregate income. Contributions in kind are not eligible for tax deduction
- Effective YA 2027

6. Tax Deduction for Contributions to Public Universities

- To encourage contributions towards public universities, it is proposed that contributions made by the public, including alumni and the corporate sector be given an income tax deduction up to 10% of aggregate income
- The effective date and detailed qualifying requirements remain to be confirmed

7. Tax Deduction for National Higher Education Fund Corporation Loan Repayments Made by Employers on Behalf of Employees

- To encourage employers to repay the National Higher Education Fund Corporation ["PTPTN"] loans on behalf of their employees, it is proposed that a tax deduction be given for such repayments, subject to the following conditions:-
 - the employer must not require any payment from the employee in consideration for the PTPTN loan repayment;
 - the employee must be employed on a full-time basis; and
 - the employee must not be the business owner or have family ties with the employer
- The proposal reintroduces the tax deduction previously available for the period from 1st January 2019 to 31st December 2021
- Effective for PTPTN loan repayments made from 1st January 2027 to 31st December 2028

8. Tax Deduction for Contribution to Dapur Siswa MADANI Programme

- It is proposed that companies and individuals with business income be given tax deductions on the cost incurred in contributing food and cooking utensil/equipment to *Dapur Siswa MADANI* programme
- Effective for contributions made from 1st January 2027 to 31st December 2030

9. Review of Income Tax Rates for Micro, Small and Medium Enterprise

- Currently, a company or LLP that qualifies as MSME is eligible for the preferential tax rates of 15% on first RM150,000 of chargeable income and 17% on the next chargeable income up to RM600,000
- It is proposed that the tax rate on chargeable income for the first RM150,000 be reduced by 1% from 15% to 14% and the tax rate on the next chargeable income up to RM600,000 be reduced by 1% from 17% to 16% as follows:-

Chargeable Income	Current Tax Rate	Proposed Tax Rate	Differences
	%	%	%
First RM150,000	15	14	-1
RM150,001 to RM600,000	17	16	-1
Exceeding RM600,000	24	24	-

- Effective YA 2027

10. Review of Special Allowance for Small Value Assets

- The value of each asset for the purpose of claiming special allowance for SVA be increased from RM2,000 to RM3,000
- It is proposed that the maximum amount of total special allowance for SVA claimable for a year of assessment by non-MSME be increased from RM20,000 to RM30,000
- Effective YA 2027

11. Extension of Accelerated Capital Allowance on Capital Expenditure for Plant, Machinery, Information and Communication Technology Equipment and Computer Software

- Currently, capital allowance rates on qualifying expenditure incurred up to 31st December 2026 by a resident person for business purposes are as follows:-

Qualifying Expenditure	Capital Allowance Rates	
	Initial Allowance	Annual Allowance
Procurement of locally manufactured heavy machinery		
Procurement of locally manufactured plant and general machinery		
ICT equipment and computer software package	20%	40%
Consultation, licensing and incidental fees related to the development of customised computer software		

- It is proposed that the ACA incentive be extended for another 4 years
- Effective for qualifying expenditure incurred from 1st January 2027 to 31st December 2030

12. Withholding Tax Exemption for Global Services Hub

- It is proposed that GSH companies undertaking Treasury Fund Management ["TFM"] activities specifically for cash pooling via onshore intermediaries be granted WT exemption on interest paid to non-residents
- The above WT exemption will also be extended to TFM activities under the Johor-Singapore Special Economic Zone ["JS-SEZ"] incentive package
- Effective for applications received by MIDA from 1st January 2027

13. Review and Extension of Tax Incentive for the Malaysian Shipping Companies

- From YA 2012, Malaysian shipping companies are eligible for income tax exemption of 70% under Section 54A of the ITA 1967. A full exemption is also available until YA 2026 under the Income Tax (Exemption for Malaysian Ships) Order 2024, subject to qualifying conditions, including minimum annual operating expenditure in Malaysia of at least RM250,000 per Malaysian ship and the employment of 4 specified Malaysian onshore employees
- It is now proposed that full income tax exemption be given to Malaysian shipping companies subject to the following conditions: -
 - strategic management and effective control implemented in Malaysia;
 - annual operating expenditure in Malaysia of at least RM250,000 for each Malaysian ship; and
 - employ at least 4 Malaysian citizens with an average monthly salary of RM15,000 for each Malaysian ship
- Please refer to Part D1(g) for matters relating to stamp duty
- Effective YA 2027 to YA 2036

14. Tax Deduction for the *Bakat MADANI* Training Programme

- Currently, tax deduction is given under Section 33 of the ITA 1967 for expenses incurred on employees training which are directly related to the company's business activities
- To encourage greater participation by private companies, it is proposed that a tax deduction be given to companies implementing the *Bakat MADANI* Training Programme
- Effective from 29th June 2026 to 31st December 2030

C. Investment Incentives

1. Tax Deduction for Relocation to Automotive Hi-Tech Valley

- To encourage investment and create employment opportunities in the Automotive Hi-Tech Valley ["AHTV"] located in Tanjong Malim, Perak, it is proposed that a tax deduction of up to RM5 million be given to wholly Malaysian-owned automotive vendors who incurred qualifying relocation expenditure to relocate their operations to the AHTV
- Effective for qualifying expenditure incurred from 1st January 2027 to 31st December 2030

2. Review of Green Technology Tax Incentive

- Driven by the nation's commitment to a sustainable energy transition and achieving net-zero carbon emissions by 2050, it is proposed that the Green Technology Tax Incentive be reviewed as follows:-

i. Green Investment Tax Allowance ["GITA"] Project (for Business Purposes)

Qualifying Activities	Incentive Period	GITA	Percentage of Statutory Income to be Set-off
Tier 1:	5 + 5 years	100%	100% or 70%
a. Green Hydrogen			
b. Ocean Thermal Energy Conversion			
Tier 2:	5 years	60%	70%
a. Electric Vehicle Charging Station			
b. Renewable Energy System			

- Effective for applications received by MIDA from 1st January 2027 until 31st December 2030

ii. GITA Assets (for Own Consumption)

Qualifying Activities	GITA	Percentage of Statutory Income to be Set-off
Tier 1:		
a. List of qualifying assets approved by the MOF	100%	70%
b. Renewable Energy Integrated System		
Tier 2:		
a. List of qualifying assets approved by the MOF	60%	70%
b. Renewable Energy System		

- Effective for the purchase of qualifying green technology assets verified by Malaysian Green Technology Corporation from 1st January 2027 to 31st December 2030

3. Extension of Tax Incentive for Individual Equity Crowdfunding Investor

- Currently, individual investors investing through Equity Crowdfunding ["ECF"] platforms are eligible for an income tax exemption on aggregate income equivalent to 50% of the investment amount subject to the following conditions:-
 - tax exemption is limited to RM50,000 for each year of assessment;
 - the deductible amount is limited to 10% of the aggregate income for each year of assessment and any excess amount that cannot be deducted will be disregarded;
 - the investors, investee companies and total investment amount must be verified by the SC;
 - the investors must not have family relationships with the investee company;
 - the investments must be made through an ECF platform approved by the SC; and
 - the investments must not be fully or partially disposed of within 2 years from the date of investment
- To encourage greater participation by individual investors in start-up companies and MSMEs through ECF platforms, it is proposed that the above tax incentive be extended for another 4 years
- Effective for qualifying investments made from 1st January 2027 to 31st December 2030

4. Extension of Tax Incentive for Angel Investor

- Currently, tax exemption is granted to angel investors on their aggregate income for the basis period of the second year of assessment following the year of assessment in which the investment is made, subject to the following conditions:-
 - the amount of aggregate income exempted is equivalent to the amount of investment made in the investee company;
 - the tax exemption allowed per annum is limited to the amount of investment made or RM500,000, whichever is lower;
 - the investment must not be fully or partially disposed of within 2 years from the date the investment is made; and
 - the conditions stipulated in the approval letter for the investment must be complied with
- However, an individual investor who has claimed a deduction under the Income Tax (Deduction for Investment in a Venture Company) Rules 2005 is not eligible to the tax exemption as an angel investor
- It is proposed that the above tax incentive be extended for another 4 years
- Effective for qualifying investments made from 1st January 2027 to 31st December 2030

5. Review of Tax Incentive for Global Services Hub

- To enhance Malaysia's competitiveness as a destination for GSH and encourage the establishment of treasury management activities, it is proposed that the tax incentive for GSH be reviewed as follows:-

Subject	New Company	Existing Company	
	GSH Income	≤ Base Income	> Base Income
Tax Rate	5%	15%	5%
Incentive Period	Every 5 years up to a maximum of 30 years (subject to the company's performance/commitment during the preceding and subsequent incentive periods)		
Qualifying Services & Additional Services	Engaged in the following activities:- - regional Profit and Loss / Business Management Unit; - strategic business planning; - corporate development; and - at least 2 qualifying activities under the service categories as follows:- - Strategic services; - Business services (including TFM); or - Shared services		

Subject	New Company	Existing Company	
	GSH Income	≤ Base Income	> Base Income
Type of Income Exempted	• Service income; or • Service and trading income; and • TFM activity income as prescribed by the MOF		
TFM	GSH companies undertaking TFM activities specifically for cash pooling via onshore intermediaries be given the additional incentives on WT and stamp duty. Please refer to part B12 and D1(h) respectively		

- A new company is defined as a company that has not carried out GSH or Principal Hub activities
- An existing company is defined as:-
 - a company that has previously been approved for either the GSH or Principal Hub tax incentive; and
 - additional new services will be undertaken by the company for an extension application
- The base income for an existing company is the average income for the last 3 years
- Effective for applications received by MIDA from 1st January 2027

6. Extension of Tax Incentives for Organising International Incentive Trips, Conferences and Trade Exhibitions

- Currently, 100% income tax exemption on statutory income is given to companies, associations or organisations which organise international incentive trips, conferences or trade exhibitions certified by MOTAC, subject to the following conditions:-
 - incentive groups comprising at least 1,500 foreign participants annually;
 - conferences involving at least 2,000 foreign participants annually; or
 - trade exhibitions involving at least 3,000 foreign participants annually
- It is proposed that the above tax incentive be extended for another 3 years
- Effective YA 2028 to YA 2030

D. Stamp Duty

1. Review of Stamp Duty for Various Instruments

It is proposed that the stamp duty chargeable on the following instruments be reviewed:-

Instruments	Current Position	Proposed Changes and Effective Date/Period
a. Loan agreements and instruments of transfer for the purchase of first residential property by Malaysian citizens	100% stamp duty exemption for residential property valued up to RM500,000. - Effective for sale and purchase agreements executed from 1st January 2021 to 31st December 2027	- Residential property valued up to RM500,000 100% stamp duty exemption be extended for another 3 years - Residential property valued up to RM750,000 100% stamp duty exemption be granted on the first RM500,000 of value 50% exemption be granted on the remaining value - Effective for sale and purchase agreements executed from 1st January 2027 to 31st December 2030
b. Loan agreements and instruments of transfer executed by rescuing contractors / developers and original purchasers in relation to the revival of abandoned housing projects certified by the Ministry of Housing and Local Government	- Generally chargeable to ad valorem stamp duty pursuant to the First Schedule of SA 1949 - Previously, 100% stamp duty exemption was granted for the relevant instruments executed from 1st January 2013 to 31st December 2025 (expired)	100% stamp duty exemption be reintroduced and granted - Effective for loan agreements and instruments of transfer executed from 1st January 2027 to 31st December 2030

Instruments	Current Position	Proposed Changes and Effective Date/Period
c. Principal loan or financing agreements under the CAKNA I and CAKNA II Schemes provided to MSMEs and small contractors that have obtained Government contracts	• CAKNA I: Remission on stamp duty exceeding RM10 for agreements executed from 1st March 2021 to 31st December 2028 • CAKNA II: Previously, the same remission as per CAKNA I was granted for agreements executed from 1st January 2024 to 31st December 2025 (expired). Without the said remission, loan or financing agreements are generally chargeable to ad valorem stamp duty pursuant to the First Schedule of SA 1949	• CAKNA I: Stamp duty remission be extended for another 2 years, effective for loan or financing agreements executed from 1st January 2029 to 31st December 2030 • CAKNA II: Stamp duty remission be reintroduced and granted, effective for loan or financing agreements executed from 1st January 2027 to 31st December 2030
d. Second tier agreements for the utilisation of excess credit facility executed between Mid-Tier Companies ["MTCs"] and financial institutions under the Supplier Financing Programme (reverse factoring), for the benefits of MSME suppliers of the MTCs	• Generally chargeable to ad valorem stamp duty pursuant to the First Schedule of SA 1949	• Remission of stamp duty exceeding RM10 be granted, subject to the following conditions:- ○ The MSME suppliers have fulfilled contracts to supply goods or services to the MTCs; and ○ The MSME suppliers are not parent / subsidiary / related companies of the MTCs • Effective for second tier agreements executed from 1st January 2027 to 31st December 2030
e. Loan or financing agreements made through P2P platforms executed between MSMEs and investors	• 100% stamp duty exemption • Effective for loan or financing agreements (investment note or <i>islamic</i> investment note) executed from 1st January 2022 to 31st December 2026	• Remission of stamp duty exceeding RM10 be granted • Effective for loan or financing agreements executed from 1st January 2027 to 31st December 2030

Instruments	Current Position	Proposed Changes and Effective Date/Period
f. Instruments for the opening of savings and current accounts that contain an undertaking which creates a specific legal obligation, indemnity, guarantee or liability executed by individuals or MSMEs	Generally chargeable to stamp duty at the fixed rate of RM10	100% stamp duty exemption be granted - Effective 1st January 2027
g. Loan or financing agreement for the purchase or construction of Malaysian ships by Malaysian shipping companies	- Generally chargeable to ad valorem stamp duty pursuant to the First Schedule of SA 1949 - May be eligible for 100% stamp duty exemption if executed by a Labuan entity in connection with a Labuan business activity ["Labuan Stamp Duty Exemption"]	- Maximum limits of stamp duty be imposed as follows:- - RM2,000 for loan or financing up to RM100 million; and - RM5,000 for loan or financing exceeding RM100 million <i>Note : The above maximum limits shall not apply for instruments that qualify for the existing Labuan Stamp Duty Exemption.</i> - Effective for loan or financing agreements executed from 1st January 2027
h. Intercompany loan agreements in foreign currency for GSH companies undertaking TFM activities specifically for cash pooling via onshore intermediaries (under the GSH or JS-SEZ Tax Incentive Packages)	Generally chargeable to ad valorem stamp duty pursuant to the First Schedule of SA 1949	100% stamp duty exemption be granted - Effective for applications received by MIDA from 1st January 2027

Instruments	Current Position	Proposed Changes and Effective Date/Period
i. Loan or financing agreements in foreign currency from banks in Malaysia	Generally chargeable to ad valorem stamp duty pursuant to the First Schedule of SA 1949	- Maximum limits of stamp duty be imposed as follows:- - RM2,000 for loan or financing up to RM100 million; and - RM5,000 for loan or financing exceeding RM100 million - Effective for loan or financing agreements executed from 1st January 2027

E. Sales and Service and Indirect Taxes

1. Review of Import Duty Exemption for Goods Originating from Langkawi

- To further support the development of local entrepreneurs in Langkawi, it is proposed that the scope of import duty exemption for goods brought directly from Langkawi into the Principal Customs Area be revised and expanded as follows:-

Goods Category	List of Goods	
Agriculture and Agro-Food	- Bird's eggs - Coconuts - Fruits - Sugarcanes	- Vegetables - Poultry - Virgin coconut oil
Food and Beverage Products	- Coffee products - Mineral water - Pineapple tarts - Coconut cookies - Chocolate made in Langkawi	- Curry puff - Chips - Buffalo milk ice cream - Retort products
Fisheries and Marine Products	- Anchovies - Anchovy based products	- Dried stingray products - Downstream sea cucumber products
Minerals and Ornament	- Handicraft products - Crystal products	Tiffin carrier
Consumer Goods and Home Appliances	- Homemade soap - Virgin coconut oil soap	Whetstones
Forestry and Construction	- Wood charcoal - Cement	Marble

- Effective 1st January 2027

2. Review of Import Duty and Sales Tax Exemptions for Goods Transported from Duty-Free Islands

- To further promote tourism on duty-free Islands, it is proposed that the value limit for goods eligible for import duty and sales tax exemptions together with the minimum duration of stay in Langkawi and Labuan be revised as follows:-

Goods Category	Goods Value Limit	Duration of Visit
All goods (new), except:-		
1. Tyres and tubes		
2. Alcoholic beverages		
3. Cigarettes		
4. Tobacco products	RM10,000	48 hours
5. Smoking pipes		
6. Electronic cigarettes and vapes, including liquids or gels		

- The tax treatment applicable to the duty-free islands of Tioman, Pangkor and Pulau 1, Forest City remain unchanged
- Effective 1st January 2027

3. Sales Tax Refund Facility for Traders Supplying Goods to Manufacturers

- To reduce business operating costs and strengthen local supply chains, it is proposed that a sales tax refund facility be made available to local traders or distributors that have paid sales tax on the following goods supplied to manufacturers:-
 - qualifying machinery, spare parts and equipment under Item 55 to Schedule A of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018; and
 - qualifying manufacturing inputs for pharmaceutical products, animal feed, fertilisers and pesticides under Schedule B of the Sales Tax (Persons Exempted from Payment of Tax) Order 2018
- Effective 1st January 2027

4. Enhancement of Service Tax Treatment for Elderly Care Services

- In order to improve access to quality elderly care services, it is proposed that:-
 - elderly care services be removed from Group C to the First Schedule to the Service Tax Regulations 2018 ["SET Regulations"] and introduced as a new item under Group I to the First Schedule of the SET Regulations with the registration threshold for elderly care centres remaining at RM500,000;
 - the service tax rate for elderly care services be reduced from 8% to 6%; and
 - the proposed service tax treatments for elderly care services are as follows:-

Annual Care Fee per Person	Proposed Service Tax Treatment
Up to RM96,000	Service tax exemption for providers of elderly care centre services registered under:- - the Care Centres Act 1993; or - the Private Aged Healthcare Facilities and Services Act 2018
Exceeding RM96,000	Service tax at 6%

- Effective 1st January 2027

5. Review of Entertainment Duty Exemptions in the Federal Territories

- To further support the local creative arts sector and encourage family-oriented entertainment, it is proposed that:-
 - the entertainment duty exemptions for selected categories of entertainment introduced under Budget 2024 be extended until 31st December 2030; and
 - a 100% entertainment duty exemption be granted on tickets for local film screenings at cinemas and local theatre performances held in the Federal Territories for a period of 4 years
- For selected categories of entertainment held in the Federal Territories, the extension applies to applications received by the MOF until 31st December 2030
- For local film screenings at cinemas and local theatre performances held in the Federal Territories, the exemption applies to applications received by the MOF from 1st January 2027 to 31st December 2030

6. Entertainment Duty Exemption for Selected Facilities in the Federal Territory

- To optimise the use of conserved historical heritage sites, it is proposed that an entertainment duty exemption be granted for arts and cultural events, entertainment and sporting activities held at Stadium Merdeka and Stadium Negara
- Effective 1st January 2027

F. Others

1. Increase in Minimum Wages

- It is proposed to increase the minimum wage from the current RM1,700 to RM2,000 per month:-
 - effective June 2027; and
 - MSME with annual sales below RM50 million will be exempted from this RM2,000 minimum wage policy
- Introduce a minimum starting monthly wage of RM2,500 for semi-skilled workers and graduates

2. Increase in the Income Threshold for Eligibility for the Disabled Workers Allowance

- It is proposed that the income threshold to qualify for the Disabled Workers Allowance provided by the Department of Social Welfare will be increased from RM1,700 to RM2,000

3. Matching SOCSO and EPF Contribution Incentives

- It is proposed that the following matching incentives be given / continued:-

No.	Matching Incentives	Targeted Beneficiary
1.	35% matching incentive for SOCSO contributions; and it will be increased to 50% if the platform companies also contribute towards drivers' contributions	E-hailing and P-hailing drivers
2.	Matching incentive up to RM600 per year for EPF contributions, subject to a lifetime limit of RM6,000	
3.	70% matching incentive for contributions under SOCSO	Self-employed individuals across 17 non-mandatory sectors under the Self-Employment Social Security Scheme (<i>Lindung Kendiri</i>)

4. Grants

- The Government has allocated funds for the following grants in Budget 2027:-

No.	Type of Grants	Allocation	Targeted Beneficiary and Purposes	Eligible Amount
1.	Childcare Ecosystem and Training to Caregiver by GLIC and GLC Foundations	RM100 million	To strengthen the childcare ecosystem and provide training for 6,000 caregivers spanning across more than 50 new areas in 9 states	Matching grant
2.	<i>Halal</i> Certification	-	MSME obtaining <i>halal</i> certification for the first time	Matching grant up to RM5,000
3.	<i>Halal</i> Industry Development	-	<i>Halal</i> MSME operating in sectors such as cosmetics and pharmaceuticals	RM25,000

No.	Type of Grants	Allocation	Targeted Beneficiary and Purposes	Eligible Amount
4.	Sports Matching Grant	RM30 million	To encourage sports associations, clubs and Non-Governmental Organisations to organise high-performance sporting events	Matching grant
5.	<i>Rukun Tetangga</i> Grant	-	To enable more activities promoting unity, community engagement and national integration activities to be carried out at the community level of diverse ethics and religious background	RM10,000 for each active registered <i>Rukun Tetangga</i>
6.	Tourism Promotion and Event Grant	RM935 million	To support tourism industry players to promote and organise tourism events	-
	International and Charter Flight Matching Grant		To facilitate new direct flight routes from China, India, Central Asia and Europe. The scope of this grant extends to cruise ships, ferries and tour buses chartered for international tourists to Malaysia	

- The SC and the Hong Kong securities regulator have formalised cooperation to facilitate Malaysian companies listing their shares in both markets where a matching grant will be provided to cover the listing costs

ABOUT US

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