

2027 BUDGET

TAX SNAPSHOT



Automotive

- Tax deduction of up to RM5 million for qualifying relocation costs be given to wholly locally owned automotive vendor companies relocating operations to Automotive Hi-Tech Valley in Tanjong Malim.

Green Technology

- GITA of 100% for green hydrogen and ocean thermal energy conversion projects.
- GITA of 60% for EV charging stations and qualifying renewable energy projects.
- GITA of 100% for Tier 1 green technology assets.
- GITA of 60% for Tier 2 assets purchased for own use.

Educations

- Cash contributions to *Tabung Sumbangan Wang Awam Sekolah* be qualified for tax deduction of up to 10% of aggregate income.
- Contributions to public universities be qualified for tax deduction of up to 10% of aggregate income.

Shipping

- Full income tax exemption for qualifying Malaysian shipping companies be extended until YA 2036.
- Stamp duty for loan or financing agreements for purchasing or constructing Malaysian ships be capped at RM2,000 for financing up to RM100 million and RM5,000 for financing exceeding RM100 million.

Elderly Care Services

- Service tax rate for elderly care services be reduced from 8% to 6%.
- Service tax exemption be granted for elderly care fees of up to RM96,000 per person.

CORPORATES & ENTREPRENEURS

- Income tax rates for qualifying MSMEs be reduced by 1% on the first RM600,000 of chargeable income.
- Capital allowance limit for small-value asset be increased to RM3,000 per asset. Overall annual limit for the small value assets be increased to RM30,000 for companies other than MSMEs.
- ACA for qualifying expenditure on plant and machinery procured from local manufacturers, ICT equipment and software be extended until 31st December 2030.
- Tax deduction on salary expenses be allowed only for payments through financial institutions or cashless payment instruments, except for salary payment transactions by MSMEs.
- Tax deduction be given to employers making PTPTN loan repayments on behalf of employees from 1st January 2027 to 31st December 2028.
- Tax deduction be given to companies implementing the *Bakat MADANI* training programme.
- The eligibility criteria for granting the reinvestment allowance are currently under review to improve targeted support and industrial competitiveness.
- Local traders and distributors be allowed to claim for sales tax refund in respect of sales tax paid on qualifying machinery, spare parts and equipment supplied to manufacturers.
- Sales tax refund facility is also extended to qualifying manufacturing inputs for pharmaceutical products, animal feed, fertilisers and pesticides.
- Full stamp duty exemption be given on instruments executed for opening of savings and current accounts.

INDIVIDUAL / RAKYAT

- Personal tax relief be increased to RM12,000.
- Income tax rates for tax resident individuals be reduced by 1% for chargeable income band from RM70,001 to RM150,000.
- Income tax rate of 30% for chargeable income exceeding RM1,000,000.
- Medical tax relief be reclassified as Health and Well-being and expanded to include postnatal care services.
- Parental and grandparental care relief be expanded to cover all types of care expenses.
- Tax relief for sports equipment be extended to include purchase of sports shoes, limited to RM300.
- Lifestyle relief be expanded to include AI subscriptions and pet care expenses.
- Tax relief for contribution to SOCSO be expanded to cover mandatory *Lindung Kendiri* contributions with an additional relief of up to RM150 for voluntary contribution to *Lindung 24 Jam* and 17 non-mandatory *Lindung Kendiri* sectors.
- Full stamp duty exemption be given on instruments executed for opening of savings and current accounts.

Global Services Hub ["GSH"] and Johor-Singapore Special Economic Zone ["JS-SEZ"]

- Special tax rate of 5% on qualifying GSH income be granted to new companies.
- Special tax rate of 5% on income exceeding the specified baseline be granted to existing Principal Hub or GSH companies.
- Incentive period extendable every five years, up to a maximum of 30 years.
- Withholding tax exemption on interest paid to non-residents and full stamp duty exemption on foreign currency intercompany loan agreements for qualifying GSH treasury fund management cash pooling activities through onshore intermediaries. These exemptions will also be made available for such activities under JS-SEZ package.

REAL ESTATE & PROPERTY

- Full stamp duty exemption on instruments of transfer and loan agreements for purchase of first residential home priced up to RM500,000 be extended to 31st December 2030.
- Partial stamp duty exemption on instruments of transfer and loan agreements for purchase of first residential home priced up to RM750,000 until 31st December 2030.
- Full stamp duty exemption be reintroduced on loan agreements and transfer instruments executed by rescue contractors or developers and original buyers for the revival of abandoned housing projects certified by the Ministry of Housing and Local Government.