MOORE Advent

TAX FLASH

NOVEMBER 2026 (SPECIAL EDITION)

2027 Budget Highlights

With the release of the Finance Bill 2026 and Measures for the Collection, Administration and Enforcement of Tax Bill 2026 on 16th November 2026, we provide you with the updates on the additional amendments contained therein besides those key tax proposals of the Budget 2027 as announced by the honourable Prime Minister and Finance Minister Dato' Seri Anwar Ibrahim on 9th October 2026. The updated key amendments are outlined broadly into the following categories:-

A. Income Tax – Changes Affecting Individuals
B. Income Tax – Changes Affecting Companies and Unincorporated Businesses
C. Investment Incentives
D. Real Property Gains Tax
E. Stamp Duty
F. Sales and Service and Indirect Taxes
G. Labuan
H. Others

- Moore Malaysia
- Moore Global
- Inland Revenue Board
- Budget Speech
- Appendices
- Tax Snapshot
- Finance Bill 2026
- Measures for the Collection, Administration and Enforcement of Tax Bill 2026

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
SOCSO	Social Security Organisation
SRI	Sustainable Responsible Investment
TP	Transfer Pricing
WT	Withholding Tax
YA	Year of Assessment

A. Income Tax – Changes Affecting Individuals

1. 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

2. 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

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 expanded 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 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 the lifestyle relief be reclassified as Education and Skills Training Fees, with the tax relief maintained at RM7,000
- It is further proposed that 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 authority and undertaken at any 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 or vocational recognised by the National Skills Development Act 2006; and
  - fees incurred limited to RM2,000 for undertaking:-
    - course, training, skill or self-enhancement class unrelated to employment for self or spouse; or
    - course, training, class or tuition in the fields of science, technology, engineering, mathematics, arts, languages or religion for children (this tax relief can only be claimed by either parent, regardless of the number of children)
- The lifestyle relief on fees for upskilling or self-enhancement courses be merged into the above tax relief
- Effective YA 2027

5. 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:-
  - post-natal care services provided by a care centre or any individual registered, recognised or licensed under any written law incurred by self or spouse (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

6. 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
    - hawking or trading activities at streets or markets
  - additional relief of up to RM150 be 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

7. 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;
  - costs incurred for the adoption of pets from registered animal pound or animal shelters licensed under the Animal Welfare Act 2015, or from local authority under the Local Government Act 1976; and
  - costs incurred for the vaccination or neutering of pets by veterinarians registered with the Malaysian Veterinary Council
- The limit for the above tax relief remains at RM2,500
- 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 for YA 2027

9. 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

10. Furnishing of Form CP502 Electronically by Individuals

- A new Section 107B(2A) of the ITA 1967 be introduced to provide that the Application Form for Amendment of Instalment Payment ["Form CP502"] must be submitted by an electronic medium or by way of electronic transmission
- Effective YA 2028

11. Review of Withholding Tax on Income Distributed by Real Estate Investment Trusts or Property Trust Fund

- Please refer to Part B1 below

12. Implementation of Electronic Delivery of Notices

- Please refer to Part B8 below

13. Mode of Service of Notices

- Please refer to Part E7 below

14. Expansion of Scope for School Public Contribution Fund

- Please refer to Part B17 below

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

- Please refer to Part B20 below

B. Income Tax – Changes Affecting Companies and Unincorporated Businesses

1. Review of Withholding Tax on Income Distributed by Real Estate Investment Trusts or Property Trust Fund

- Previously, under Section 6(1)(i) of the ITA 1967, income distributions from REITs or Property Trust Funds to unit holder other than a resident company was subject to WT at the rate of 10% of gross income from the YA 2020 to YA 2025
- Following the expiry of the prescribed period, the distributions to unit holders were subject to the respective corporate or individual tax brackets effective YA 2026
- It is proposed that the WT mechanism under Section 109D of the ITA 1967 imposed on distribution to non-resident unit holders be re-introduced with the revised WT rates as prescribed under Paragraphs 1(a) and 1(c) of Part X, Schedule 1 of the ITA 1967:-

Category of Unit Holder	YA 2025 and prior	YA 2026	YA 2027 onwards
Non-resident Individual and Others	10%	30%*	30%
Non-resident Company	24%	24%	24%
Foreign Institutional Investor	10%	30%*	30%

*The above represents applicable corporate / individual tax rates on chargeable income, rather than WT rates

- Section 109D is effective from 1st January 2027
- Section 6(1)(i) and Paragraph of Part X Schedule 1 is effective YA 2027

2. Tax Deduction for Costs Relating to Employee Share Schemes

- Currently, Section 34D of the ITA 1967 allows a special deduction for the cost incurred by a company in acquiring treasury shares to fulfil its obligations under an employee share scheme. This includes arrangements where a holding company transfers its treasury shares to employees of its subsidiary company and recharges the related cost to the subsidiary company, subject to the prescribed conditions. However, this special deduction does not apply to any costs incurred in respect of newly issued shares for the purpose of an employee share scheme
- It is proposed that the following expenses and payments be specifically disallowed for tax deductions:-
  - any outgoings and expenses incurred by a company, including reimbursements, in respect of any rights granted to its employees to acquire newly issued shares of the company; and
  - any payment made by a company to its holding company or subsidiary company in respect of any rights granted to employees of the company to acquire shares in the holding company or subsidiary company, subject to the rules prescribed by the Minister
- Effective YA 2027

3. Power to Remit Penalty Arising from the Amendment of a Tax Return

- Currently, there is no provision to empower the DGIR to remit the whole or any part of the increased sum arising from the submission of an amended return
- New Sections 77B(7) of the ITA 1967, 13A(7) of the RPGT Act 1976 and 30B(7) of the Petroleum (Income Tax) Act 1967 be introduced to empower the DGIR to remit the whole or any part of the increased sum arising from the submission of an amended return
- Effective 1st January 2027

4. Non-Compliance with the Requirements Relating to Automatic Exchange of Information and Country-by-Country Reporting

- Currently, Section 119B(1) of the ITA 1967 stipulates that a person shall, on conviction, be liable to a fine ranging from RM20,000 to RM100,000, imprisonment for up to 6 months or both for failure to comply with the prescribed rules relating to automatic exchange of information an country-by-country reporting
- It is proposed that a new Section 119B(4) be introduced to empower the DGIR to impose the similar fine for cases where no prosecution has been instituted
- Effective 1st January 2027

5. Expansion of Unilateral Tax Credit

- Currently, a Malaysian tax resident who pays foreign tax on income that is also taxed in Malaysia can claim a unilateral tax credit if Malaysia has no comprehensive Double Taxation Agreement ["DTA"] with that foreign country
- To enhance tax certainty and ensure consistent treatment of tax credits, it is proposed that a person resident in Malaysia be allowed to claim unilateral tax credit for foreign tax paid on the same income for DTA with Malaysia where relief for the foreign tax is not available under Section 132 of the ITA 1967
- Effective YA 2027

6. Amendment to the Definition of Classified Person

- The definition of "**classified person**" is expanded to include official and employee of the IRB who is no longer in service with the IRB
- Effective 1st January 2027

7. Definition of "Control" for Transactions Between Associated Persons

- The definition of "**control**" for the purpose of determining transactions between associated persons under Section 140A(5A) of the ITA 1967 has been expanded to include indirect shareholding
- Effective from 1st January 2027

8. Implementation of Electronic Delivery of Notices

- Currently, tax notices may be officially delivered personally or by ordinary or registered post
- In order to improve the efficiency and timeliness of the delivery of notices, such notices may now be served by an electronic medium or by way of electronic transmission
- New Sections 145(2A) of the ITA 1967 and 53(2A) of the RPGT Act 1967 be introduced to provide that a notice relating to tax which is sent by an electronic medium or by way of electronic transmission shall be deemed to have been duly served on the person upon the generation of a report confirming the delivery of the notice by the designated information processing system
- Effective 1st January 2027

9. Issuance of E-Invoice from E-commerce Platform Provider to Merchant and/or Service Provider

- Currently, e-commerce platform providers are required to issue self-billed e-invoices to merchants and/or service providers ["seller"] for goods sold or services performed through their platforms
- To ensure a uniform, fair and effective e-invoicing treatment across all local and foreign platforms, it is proposed to explicitly require e-commerce platform providers, whether operating in Malaysia or outside Malaysia, to issue self-billed e-invoices for 7 out of 8 possible transaction scenarios. The only exception is where the platform, seller and customer are all located outside Malaysia, which falls outside the scope of self-billed e-invoice requirement

Platform	Seller	Customer	Sell-billed E-invoice by Platform Provider
Malaysia	Malaysia	Malaysia	Compulsory
	Malaysia	Outside Malaysia	Compulsory
	Outside Malaysia	Malaysia	Compulsory
	Outside Malaysia	Outside Malaysia	Compulsory
Outside Malaysia	Malaysia	Malaysia	Compulsory
	Malaysia	Outside Malaysia	Compulsory
	Outside Malaysia	Malaysia	Compulsory
	Outside Malaysia	Outside Malaysia	Not Compulsory

- Effective 1st January 2027

10. Application of Local Financial Accounting Standards

- Currently, the financial statements of the Constituent Entity ["CE"] located in Malaysia may be used to determine its Financial Accounting Net Income or Loss for Domestic Top-up Tax purposes only if all Malaysian CEs of the Multinational Enterprise ["MNE"] Group have the same financial year as the Ultimate Parent Entity ["UPE"]
- Each CE must also prepare its own financial statements which must either be required to be kept under Malaysian written law or be audited by an approved company auditor
- It is proposed that the requirement of having the same financial year-end be replaced with an accounting-period test. The financial statements of the Malaysian CEs may be used if the accounting period covered by those financial statements falls within the accounting period used by the UPE for the CEs in preparing its Consolidated Financial Statements
- The proposed amendments also provides that the accounting-period requirement will not apply where a CE's accounting period differs from the period used for that CE in preparing the UPE's Consolidated Financial Statements because the CE became or ceased to be a CE of the UPE during the relevant accounting period or the immediately preceding accounting period. This exception applies where the change in status resulted from an acquisition, disposition, dissolution, merger or similar restructuring, including the establishment of a Permanent Establishment
- Deemed to have effect for the financial years beginning on or after 1st January 2025 and subsequent financial years

11. Global Minimum Tax: Extension of Administrative and Compliance Provisions to Joint Ventures

- Currently, the existing provisions in Chapters 5 to 10 of Part XI of the ITA 1967 provide for the application of the Global Minimum Tax to a Joint Venture ["JV"] and its subsidiaries
- To ensure legal certainty and comprehensive tax administration, a new Section 187(2A) is introduced, which provides that Sections 158(1) and 159(1) as well as Chapters 11 to 19 of Part XI of the ITA 1967 (excluding Sections 201, 224 and 226) will also apply to a JV and its JV subsidiaries as if they were Constituent Entities
- Deemed to have effect for the financial years beginning or after 1st January 2025 and subsequent financial years

12. Filing Deadline for Top-up Tax Returns

- Currently, every CE of a MNE Group is required to furnish a Top-up Tax return to the DGIR for each Reporting Financial Year, no later than 15 months after the last day of that Reporting Financial Year
- It is proposed that a specific filing deadline be introduced for a CE that is a member of two or more MNE Groups during a financial year:-
  - **Where the MNE Groups have the same financial year**: The Top-up Tax return must be furnished no later than 15 months after the last day of that financial year; or
  - **Where the MNE Groups have different financial years**: The Top-up Tax return must be furnished no later than 15 months after the last day of the later financial year
- Effective from 1st January 2027

13. 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 payments made in monetary form, as defined under Section 13(1)(a) of the ITA 1967, only where such payments are made through an account opened with one of the following qualifying financial institutions, in the name of the employee:-
  - A licensed bank and an approved issuer of a designated payment instrument under the Financial Services Act 2013;

  - A licensed Islamic bank and an approved issuer of a designated Islamic payment instrument under the Islamic Financial Services Act 2013;
  - A prescribed institution under the Development Financial Institutions Act 2002 [Act 618]; or
  - Any approved issuer referred to in Section 25(4) of the Employment Act 1955 [Act 265], Section 110(4) of the Labour Ordinance of Sabah [Sabah Cap. 67] or Section 111(4) of the Labour Ordinance of Sarawak [Sarawak Cap. 76]
- MSMEs 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

14. 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

15. 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

16. 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 1st January 2027

17. 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

18. 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 corporate sector be given an income tax deduction up to 10% of aggregate income, subject to the conditions under Section 44(6) and Section 44(11D) of the ITA 1967
- The contributions will be utilised to support the upgrading of ageing university infrastructure and equipment
- The effective date remain to be confirmed

19. 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 of 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. However, loan repayment made by employers will be treated as employee's taxable employment perquisites, as the Income Tax (Exemption) (No. 8) (Amendment) Order 2019 has not been extended
- Effective for *PTPTN* loan repayments made from 1st January 2027 to 31st December 2028

20. 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

21. 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

22. 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

23. 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	20%	40%
Procurement of locally manufactured plant and general machinery		
ICT equipment and computer software package		
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

24. 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

25. 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 E1(g) for matters relating to stamp duty
- Effective YA 2027 to YA 2036

26. 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: a. Green Hydrogen b. Ocean Thermal Energy Conversion	5 + 5 years	100%	100% or 70%
Tier 2: a. Electric Vehicle Charging Station b. Renewable Energy System	5 years	60%	70%

- 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 b. Renewable Energy Integrated System	100%	70%
Tier 2: a. List of qualifying assets approved by the MOF b. Renewable Energy System	60%	70%

- 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 B24 and E1(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. Review of Reinvestment Allowance

- It is proposed that the eligibility criteria and the manner in which the RA is granted be reviewed to ensure better targeting and strengthens industrial competitiveness

7. Multi-Family Office Incentive Scheme

- To develop Malaysia's wealth management sector and solidify its role as a leading regional wealth hub, it is proposed that the Multi-Family Office ["MFO"] model be introduced alongside the existing Single Family Office ["SFO"] scheme
- The MFO model enables licensed fund managers to provide services to several families, including approved SFO funds

8. 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. Real Property Gains Tax

1. Power to Remit Penalty Arising from the Amendment of a Tax Return

- Please refer to Part B3 above

2. Deemed Notification of Real Property Gains Tax Paid in Excess

- Currently, subject to Section 24 of the RPGT Act 1976, a person is entitled to a refund under Section 24(1) of the RPGT Act 1976 where it is proved to the satisfaction of the DGIR that the RPGT paid for a year of assessment exceeds the amount payable
- In line with the self-assessment system for RPGT, it is proposed that a new Section 24(1A) of the RPGT Act 1976 be introduced to provide that where a person has furnished a return to the DGIR for a year of assessment in accordance with Section 13(1) of the RPGT Act 1976 and has paid RPGT in excess of the amount payable, the following shall apply:-
  - the return shall be deemed to be a notification by the DGIR relating to the excess amount
  - the person shall be deemed to have been notified of the excess amount on the day the return is furnished
- Effective YA 2027

3. Power of the Director General of Inland Revenue to Obtain Information Orally

- Currently, the DGIR may by notice in writing require any person to furnish information on any matter for which an RPGT return has been made or is required to be made, within 14 days or such further period as may be specified in the notice
- It is proposed that Section 27(1) of the RPGT Act 1976 be amended to empower the DGIR to also require any person to give such information orally
- Effective from 1st January 2027

4. Amendment to the Definition of Classified Person

- Please refer to Part B6 above

5. Implementation of Electronic Delivery of Notices

- Please refer to Part B8 above

E. 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 o 100% stamp duty exemption be extended for another 3 years • Residential property valued up to RM750,000 o 100% stamp duty exemption be granted on the first RM500,000 of value o 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:- o the MSME suppliers have fulfilled contracts to supply goods or services to the MTCs; and o 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 *Islamic* 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:- o RM2,000 for loan or financing up to RM100 million; and o RM5,000 for loan or financing exceeding RM100 million *Note : The above maximum limits shall not apply for instruments that qualify for the existing Labuan Stamp Duty Exemption* • 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:- o RM2,000 for loan or financing up to RM100 million; and o RM5,000 for loan or financing exceeding RM100 million • Effective for loan or financing agreements executed from 1st January 2027
j.	Education loan agreements for the purpose of pursuing higher education in a higher education institution or pursuing any course of study in any institution	• Generally chargeable to stamp duty at the fixed rate of RM10	• 100% stamp duty exemption be granted • Effective 1st July 2027
k.	Affidavit or declaration in writing	• 100% stamp duty exemption for affidavit or declaration in writing made for the Collector under Section 57 of SA 1949 (allowance for spoiled stamps)	• 100% stamp duty exemption be expanded to cover affidavit or declaration in writing made for the Collector under any provision of SA 1949 or in accordance with any directions issued by the Collector • Effective 1st July 2027
l.	Bond on obtaining letters of administration of estate where the estate exceeds RM50,000	• Chargeable to stamp duty at the fixed rate of RM10	• 100% stamp duty exemption be granted • Effective 1st July 2027

2. New Definitions of Assessment, Foreign Company and Permanent Resident

- It is proposed that new definitions be introduced in the SA 1949 as follows:-
  - "**Assessment**" means any assessment or additional assessment made under the SA 1949
  - "**Foreign company**" means:-
    - a foreign company as defined in the Companies Act 2016 ["CA 2016"]; or
    - a company incorporated under the CA 2016 where a non-citizen or foreign company as defined in the CA 2016 or both:-
      - owns directly or indirectly 50% or more of the company's issued share capital;
      - can exercise directly or indirectly 50% or more of the voting shares in the company; or
      - controls the affairs or management of the company, or the composition of the company's board of directors
  - "**Permanent resident**" means a person treated as such under any written law relating to immigration
- Effective 1st January 2027

3. Restructuring of the First Schedule and Third Schedule of Stamp Act 1949

- Currently, instruments chargeable with stamp duty are listed in the First Schedule of SA 1949. The Third Schedule of SA 1949 and Section 33(b) of the SA 1949 provides for the person liable to pay stamp duty based on the nature of instrument
- It is proposed that the First Schedule be substituted and the Third Schedule be deleted. The proposed First Schedule to be substituted is as shown in Clause 24 of the Finance Bill. Instruments chargeable with stamp duty are restructured and categorised into the following parts:-
  - **Part I** : Conveyance, Assignment, Transfer, Absolute Bill of Sale, Contract Note, Release or Renunciation
  - **Part II** : Charge or Mortgage, Agreement for a Charge or Mortgage (Including such under Shariah), Bond, Covenant, Debenture (not being a Marketable Security), Bill of Sale, Assignment, Annuity, Release or Renunciation and Any Instrument by Way of Security
  - **Part III** : Bond, Covenant, Loan, Services, Lease of Moveable Property, License Agreement or Instrument of Any Kind
  - **Part IV** : Lease or Agreement for Lease of Any Immovable Property
  - **Part V** : Miscellaneous
- The notable changes in broad categories are summarised below:-

Notable Changes	Explanations	Examples
Schedule Consolidation	• A new Column (4) Person Liable to Pay Duty is added to the First Schedule to clearly indicate the liable person for each type of instrument • Reference to both the Third Schedule and Section 33(b) is no longer required	• -

Notable Changes	Explanations	Examples
Rate Simplification	• The *ad valorem* stamp duty rates are simplified by using direct percentage instead of complex formula	Lease Agreement • **Current** : Item 49(a) o For every RM250.00 or part thereof, RM1.00 when the lease is for a period not exceeding 1 year o E.g. for the amount chargeable of RM14,400.00, the stamp duty payable is RM58.00 [RM14,400.00 / RM250.00 = 57.6 i.e. 58 x RM1.00] • **Proposed** : Item 1(a) of Part IV o 0.4% if the lease is for a period not exceeding 1 year o E.g. for the amount chargeable of RM14,400.00, the stamp duty payable is RM57.60 [RM14,400.00 x 0.4%]
Fixed Duty Simplification	• The stamp duty rates with a cap of RM10 are replaced with the fixed duty of RM10	Collateral / auxiliary / additional / substituted security • **Current** : Item 27(b) o 1/5 of the duty on the principal/primary security but so as not to exceed RM10.00 • **Proposed** : Item 1(c) of Part II o RM10.00
Legislative Modernisation	• The obsolete / outdated references are removed / updated	• **Current** : Banking and Financial Institutions Act 1989, Islamic Banking Act 1983 • **Proposed** : Financial Services Act 2013, Islamic Financial Services Act 2013

- Further to the restructuring of the First Schedule of SA 1949, it is also proposed that corresponding amendments be made in respect of the provisions listed below, concerning instruments for conveyance / assignment / transfer and securities (currently covered under Items 32, 22 and 27 of the First Schedule of SA 1949):-
  - Section 12A - Assessment of The Value of Property Under Transfer or Settlement
  - Section 15 - Relief from Stamp Duty in Case of Reconstructions or Amalgamations of Companies
  - Section 15A - Relief from Stamp Duty in Case of Transfer of Property Between Associated Companies
  - Section 17 - How Transfer for Debts, Stocks, Securities, Future Payments and Further Consideration to Be Charged

- Section 20 - Direction as to Duty in Case of Certain Conveyances
- Section 20B - Vesting or Transfer of an Undivided Interest in Property
- Section 29A - Directions as to Duty Upon a Primary or Principal Security

(most of these are consequential amendments that align cross-references with the restructured First Schedule, but some Sections may now cover a wider range of instruments)

- Effective 1st July 2027

4. Amendment of Stamp Duty Return

- A new Section 35C of the SA 1949 be introduced to provide that a person who has filed a stamp duty return may make an amendment to the return by filing an amended return as prescribed by the Collector, electronically. The types of amendment and the corresponding time frame allowed as well as the applicable conditions are as shown below:-

No.	Types of Amendment	Time Frame to Furnish an Amended Return	Conditions
i.	Description or particulars of the instrument that does not affect the stamp duty liability	Any time after the stamp duty return is furnished	The amendment made shall not affect the period for stamping (i.e. the stipulated time frame for the payment of stamp duty) as provided under Section 36(2) of the SA 1949 for deemed assessment under self-assessment system
ii.	The facts and circumstances affecting the stamp duty liability	Within 30 days from the date the stamp duty return was furnished	The amendment may only be made if the stamp duty assessed has not been paid

- The amended return shall:-
  - specify the amended description and particulars of the instrument;
  - specify the amount of proper duty and duty stated in the stamp duty return previously furnished;
  - contain evidence deemed necessary to prove the facts relating to the amendment; or
  - contain further particulars as may be required by the Collector
- The amendment made through the filing of an amended return may only be made once, in respect of the same instrument, for each type of amendment mentioned above. Further, the amendments made are subject to the Collector's approval
- Effective 1st January 2027

5. Filing of Stamp Duty Return for Instruments under General Exemption in the First Schedule of Stamp Act 1949

- Currently, there is no provision under the SA 1949 that mandate the filing of stamp duty return in respect of instruments listed under the "General Exemption" in the First Schedule of SA 1949 which are not chargeable with stamp duty
- It is proposed that stamp duty return shall be filed electronically for such instruments where the Collector shall verify the exemption or non-chargeability to stamp duty. In connection to that, the Collector will issue certificate by indorsement on such instruments
- Effective 1st July 2027 except for certification by indorsement (effective 1st January 2027)

6. Power of the Collector to Discharge Duplicated Assessment

- It is proposed that a new Section 35D of the SA 1949 be introduced to empower the Collector to discharge any duplicated assessment made in respect of the same instrument
- Effective 1st January 2027

7. Mode of Service of Notices

- It is proposed that a new Section 36E of the SA 1949 be introduced to provide that a notice under the SA 1949 may be served:-
  - personally;
  - by ordinary post;
  - by registered post; or
  - by an electronic medium or by way of electronic transmission
- A notice relating to stamp duty which is sent by ordinary or registered post shall be deemed to have been served on the person liable to pay stamp duty (the addressee) on the day succeeding the day on which the notice would have been received in the ordinary course of post if it is addressed to:-
  - Company, partnership or body of persons
    - its registered office (in or outside of Malaysia);
    - its principal place of business or other activity (in or outside of Malaysia);
    - its last known address; or
    - its authorised person to accept service of process by or under any law, under which it was incorporated, registered or established
  - Individual
    - his last known address; or
    - his authorised person to accept service of process on his behalf
- A notice relating to stamp duty which is sent by an electronic medium or by way of electronic transmission shall be deemed to have been served on the person, including a partnership, when a report confirming the delivery of the notice is generated by the designated information processing system as determined by the Collector
- Effective 1st January 2027

8. Review of Period of Delay for Penalty for Late Stamping

- Currently, late stamping penalty is imposed at a lower rate of RM50 or 10% of the amount of deficient stamp duty, whichever is greater, if the relevant instrument is stamped within 3 months after the stipulated due date for stamping
- It is proposed that the abovementioned period of delay be changed from 3 months to 90 days to provide greater certainty and consistency in the determination of penalty for late stamping
- Effective 1st January 2027

9. Errors and Defects in Assessments, Notices and Other Documents Not Rendering Invalidity

- It is proposed that a new Section 50C of the SA 1949 be introduced to provide that:-
  - an assessment, notice or other document purporting to be made or issued under the SA 1949 shall not be quashed or deemed void/voidable for want of form, or be affected by reason of any mistake, defect or omission if:-
    - it is, in substance and effect, conforms with or in accordance with the intent and meaning of the SA 1949; and
    - the person assessed/affected and the related instrument are designated accordingly to common intent and understanding
  - an assessment purporting to be made or issued for the purposes of the SA 1949 shall not be impeached or affected by reason of any mistake as to:-
    - the name or description of the person liable to pay the duty;
    - the description or particulars of the instrument;
    - the consideration, value or amount on which the duty is assessed; or

  - the amount of duty assessed; and

  a notice of assessment purporting to be so made or issued shall not be impeached / affected by the mistakes listed above if:-
  - it is served on the person liable to pay duty in respect of whom the assessment was made or intended to be made, or served to its or his authorised person to accept service of process; and
  - it contains in substance and effect the particulars contained in the assessment
- if the amount of stamp duty assessed by the Collector has been miscalculated but referenced to the correct chargeable amount and applicable rate, the Collector may direct to have the correct amount of stamp duty that ought to have been assessed be taken as that the amount of duty assessed as shown in the assessment or notice of assessment made or issued
- a notice of stamp duty payable purporting to be issued for the purposes of the SA 1949 shall not be impeached by reason of a mistake in the notice on the name of the person liable to pay the stamp duty, if the notice is served on that person

- Effective 1st January 2027

10. Review of Time Frame to File Application for Relief in Respect of Allowance for Spoiled Stamps

- Currently, the Collector shall make allowance for stamps spoiled in cases as specified under Section 57 of the SA 1949 provided that, in the case where an instrument of transfer is rejected by the Registrar of Titles, the application for relief is made within 2 months from the date of the said rejection
- It is proposed that the abovementioned time frame for the application for relief be changed from 2 months to 60 days for consistent calculation of the stipulated time frame
- Effective 1st January 2027

11. Review of Activities Allowed by Electronic Medium

- Currently, Section 77A(1) of the SA 1949 provides that a registered person (any person who applies to the Collector to register to use electronic medium) may perform certain activities as specified therein by an electronic medium, without the need to present the relevant instrument to the Collector
- It is proposed that the abovementioned activities be expanded to include:-
  - obtaining a refund/repayment of stamp duty paid in the case of:-
    - relief for reconstructions or amalgamations of companies under Section 15 of the SA 1949
    - relief for transfer of property between associated companies under Section 15A of the SA 1949
    - advance stamp duty paid in excess as provided under Section 36C(2) of the SA 1949
  - application for:-
    - an extension of time for the payment of stamp duty
    - the remission of any penalty
    - a replicate of an instrument and indorsement of such replicate
    - the discharge of an assessment in relation to an instrument
- Effective 1st January 2027

F. 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 5. Smoking pipes 6. Electronic cigarettes and vapes, including liquids or gels	RM10,000	48 hours

- 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

G. Labuan

1. Capital Allowances for Labuan Entities Electing to be Taxed under the ITA 1967

- Currently, a Labuan entity carrying on a Labuan business activity may make an irrevocable election under Section 3A of the LBATA 1990 for its profits to be charged to tax under the ITA 1967. However, there is no provision deeming qualifying plant expenditure to be incurred on machinery or plant already used in the Labuan business activity before the election
- It is proposed that a new Paragraph 2CA of Schedule 3 of the ITA 1967 be introduced to provide that a Labuan company which has made the election referred to in Section 3B of the ITA 1967 shall be deemed to have incurred qualifying plant expenditure on machinery or plant previously used in a business whose income was subject to tax under the LBATA 1990 and subsequently brought into use in its business whose income is subject to tax under the ITA 1967
- The qualifying plant expenditure shall be the lower of the market value and net book value of the machinery or plant on the date of the election
- Effective YA 2027

2. Relief in Respect of Error or Mistake

- Currently, the LBATA 1990 does not provide a specific avenue for a Labuan entity to apply for relief where an assessment is excessive by reason of an error or mistake in a return or statement
- It is proposed that a new Section 6E of the LBATA 1990 be introduced to allow a Labuan entity that has paid tax for a year of assessment to apply in writing to the DGIR for relief. The entity may apply if it alleges that the assessment for that year of assessment is excessive by reason of an error or mistake in a return or statement that it made for the purposes of the LBATA 1990 and furnished to the DGIR before the assessment became final and conclusive
- Effective 1st January 2027

3. Meaning of Control for the Purpose of Transfer Pricing

- It is proposed that a new Section 17D(4A) of the LBATA 1990 be introduced to provide that control for the purposes of Section 17D(4) of the LBATA 1990 be determined in the same manner as provided under Section 139 of the ITA 1967 as far as it is applicable and with the necessary modifications
- It is also proposed that the definition of "control" for the purpose of determining transactions between associated persons under Section 17D(5) of the LBATA 1990 be expanded to include indirect shareholding
- Effective 1st January 2027

4. Service of Notices and Documents by Electronic Means

- Currently, a notice of assessment is served personally or by ordinary or registered post under Section 6B of the LBATA 1990, while any other document required to be served on a Labuan entity for the purposes of the LBATA 1990 is deemed to be properly served under Section 27 of the LBATA 1990 if it is left at, or sent by ordinary post to, the entity's registered office
- It is proposed that Section 6B of the LBATA 1990 be amended to allow a notice of assessment to also be served by an electronic medium or by way of electronic transmission. The notice shall be deemed served when a report confirming its delivery is generated by the designated information processing system as determined by the DGIR
- It is also proposed that Section 27 of the LBATA 1990 be substituted to provide that any document required to be served on a Labuan entity for the purposes of the LBATA 1990 shall be deemed to be properly served in any of the following ways:-
  - by leaving it at the entity's registered office
  - by sending it by ordinary post to the entity's registered office
  - by serving it on an electronic medium or by way of electronic transmission, where the designated information processing system, as determined by the DGIR, generates a report confirming delivery
- Effective 1st January 2027

5. Power of the DGIR to Obtain Information Orally

- Currently, Section 22(1) of the LBATA 1990 empowers the DGIR, by notice in writing, to require any person to furnish information or particulars for the purposes of the LBATA 1990 or for compliance with any double taxation, tax information exchange or mutual administrative assistance arrangements entered into by the Government of Malaysia
- It is proposed that Section 22(1) of the LBATA 1990 be amended to empower the DGIR to also require any person to give such information or particulars orally
- Effective 1st January 2027

6. Issuance of E-Invoice from E-commerce Platform Provider to Merchant and/or Service Provider

- Please refer to Part B9 above

7. Obstruction of Officers

- It is proposed that a new Section 23D of the LBATA 1990 be introduced to make it an offence for any person to do any of the following:-
  - obstruct or refuse to permit the DGIR or an authorised officer to enter any land, building or place under Section 22D of the LBATA 1990
  - obstruct the DGIR or an authorised officer in carrying out his functions under the LBATA 1990
  - refuse to produce any book, document, object, article, material or thing in his custody or under his control when required to do so by the DGIR or an authorised officer for the purposes of the LBATA 1990
  - fail to provide reasonable facilities or assistance or both to the DGIR or an authorised officer in the exercise of his powers under the LBATA 1990
  - refuse to answer any question relating to those purposes which is lawfully asked by the DGIR or an authorised officer
- On conviction, the person shall be liable to a fine of RM20,000 to RM1,000,000 or imprisonment for a term not exceeding 2 years or both
- Effective 1st January 2027

H. 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 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 (*Lindung Kendiri*)

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.	*Halal* Certification	-	MSME obtaining *halal* certification for the first time	Matching grant up to RM5,000
3.	*Halal* Industry Development	-	*Halal* 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.	*Rukun Tetangga* 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 *Rukun Tetangga*
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

MOORE Advent

ABOUT US

Moore Global Network Limited ["MGNL"] is a prominent accounting and consulting network with over 37,000 professionals operating in more than 119 countries worldwide. Moore Malaysia is an independent firm proudly associated with MGNL and **Moore Advent Tax Consultants Sdn Bhd**, being the tax division of Moore Malaysia, offers a wide range of tax services which can be categorised into the following:-

- Tax compliance
- Global mobility services
- Tax planning and advisory
- Tax audit and investigation
- Transfer pricing
- SST and other indirect taxes
- Outsourcing
- Tax training, workshop and seminar

Please go to **www.moore.com.my/people** for details of the lead person for the respective services.

MOORE Advent

- Head Office @ Surian Tower, The Greater KL
- Johor Office @ Menara JLand, Johor Bahru
- Penang Office @ Menara Boustead, Georgetown
- Labuan Office @ Lazenda Commercial Centre Phase II, Labuan

www.moore.com.my

For other issues of our Tax Flash, please go to: `
https://www.moore.com.my/news-updates

MOORE Advent

This publication is provided gratuitously and without liability. It is intended as a general guide only and the application of its contents to specific situations will depend on the particular circumstances involved. Readers should seek appropriate professional advice regarding any particular problems that they encounter, and this tax update should not be relied on as a substitute for advice. Accordingly, Moore Advent Tax Consultants Sdn Bhd assumes no responsibility for any errors or omissions it may contain, whether caused by negligence or otherwise, or for any losses, however caused, sustained by any person that relies on it. Should further information, clarification or advice be required on any of the contents stated herein, please feel free to contact our tax team at tax@moore.com.my.