



JOINT MEMORANDUM ON ISSUES ARISING FROM 2026 BUDGET SPEECH & TAX BILLS 2025

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JOINT MEMORANDUM ON ISSUES ARISING FROM 2026 BUDGET SPEECH & TAX BILLS 2025

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A. 2026 Budget Speech and Appendices, Finance Bill 2025 & Measures for the Collection Administration and Enforcement of Tax Bill 2025

1. Gains or profits from the disposal of capital assets

1.1 Amendment of Section 65C (wef 1 January 2026) - Definition of disposal

Amendment of Section 65C

10. Section 65C of the principal Act is amended by substituting for the definition of “disposal” the following definition:

‘ “disposal” means—

- (a) to sell, convey, transfer, assign, settle or alienate whether by an agreement or any written law;
- (b) an extinguishment of any rights due to the dissolution or winding up of a company; or
- (c) a reduction of share capital, conversion of shares, redemption of shares, purchase by a company of its own shares or ownership of the capital asset ends.’

Extract of Guidelines On Capital Gains Tax For Unlisted Shares

- 6.3 The scope of the imposition of CGT is currently on “shares” with equity in nature such as ordinary shares, preference shares, redeemable preference shares,

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convertible bonds or long-term borrowings which is equity in nature. Amongst the characteristic of shares with equity in nature are:

- (a) rights to receive dividend is not fixed;
- (b) the shareholders' right to the residual assets of the company is after the settlement of the claims of other claimants in a liquidation;
- (c) no maturity date; and
- (d) having voting rights.

Comments:

1. New “disposal” definition

Please confirm that events (such as share conversions) which are included in the new “disposal” definition from 1 January 2026 but which were not included in the current disposal definition, would not trigger Capital Gains Tax (CGT).

Maklum balas LHDNM:

Pemahaman pihak persatuan adalah teratur.

2. Shares which are debt in nature

Based on the current CGT guidelines and responses from various interactions with the Inland Revenue Board (IRB), the IRB’s position is that redemption of any shares of an equity nature under the Guidelines on Capital Gains Tax for Unlisted Shares is subject to CGT (CGT Guidelines).

For avoidance of doubt, please confirm that the converse also applies: where the shares are classified as debt under the CGT Guidelines, a redemption, conversion, or any other event would not be subject to CGT.

Maklum balas LHDNM:

Ya. Mana-mana transaksi pelupusan bagi saham bersifat liabiliti tidak tertakluk kepada CKM. CKM dikenakan ke atas keuntungan daripada pelupusan saham bersifat ekuiti. Rujuk Garis Panduan Layanan Cukai Bagi Instrumen Hibrid bertarikh 19 Jun 2024.

3. Valuation

Paragraph 8.2 of the current CGT Guidelines states that the value of consideration for disposal is equal to market value and net tangible asset (NTA) may be adopted as the market value.

- a. In the case of redemption, conversion, or liquidation, since there is no other party to the transaction and there is no actual transfer of a valuable asset (i.e. shares), please confirm that the amount received from the redemption, conversion, or liquidation is acceptable to be the value that is the sales price or the disposal price for CGT purposes. Market value should only apply when there is a disposal of shares to a related party. The reasons for this request are as follows:
 - i. The NTA method of valuation in the CGT Guidelines would not be suitable for the redemption of redeemable preference shares because the redemption does not

give the redeeming party any rights to participate in the benefits / value of the assets.

- ii. In the case where there is a conversion of one type of share to another, no cash passes hands, and no actual gain is realised. It relates to changes in share rights only, and the shareholder still holds the shares.

Maklum balas LHDNM:

Ya. Pandangan pihak persatuan adalah teratur.

- b. For the above reasons, we do not believe a redemption, conversion, or liquidation should be treated as a disposal. Nonetheless, if the IRB maintains the view that a conversion of shares is a disposal, we would ask that the IRB consider the conversion event to be a “no gain no loss” event, with CGT only being calculated upon any future disposal of the converted shares. For example, if a company (Company X) converts its Class A non-voting share investment in subsidiary Y into a Class B share investment with voting rights in Subsidiary Y without any consideration, this should be treated as a no-gain-no-loss event for CGT purposes. If the Class B shares are sold in the future, CGT would apply accordingly. When calculating the gains (if any) for CGT purposes, Company X would use its original acquisition price of the Company Y Class A shares, as the acquisition price of the Company Y Class B shares.

Maklum balas LHDNM:

Situasi yang dinyatakan di atas adalah tertakluk di bawah takrifan pelupusan dan dikenakan CKM di mana ianya adalah situasi *no gain no loss*. Maka nilai CKM adalah NIL. Bersetuju dengan pandangan pihak persatuan bahawa sekiranya saham kelas B dilupuskan pada masa akan datang, transaksi tersebut adalah tertakluk kepada CKM dan harga pemerolehan *Class B share* adalah harga pemerolehan asal saham tersebut (*Class A share*).

Penukaran (*conversion*) saham keutamaan kepada saham biasa juga merupakan suatu pelupusan di bawah CKM.

Situasi ini akan diperjelas dalam garis panduan.

4. Refinements to CGT for redemption, conversion, and liquidation

The IRB and the Ministry of Finance (MOF) may want to consider refinements to CGT for redemption, conversion, and liquidation. For example, Australia has introduced CGT rollover relief for share restructures, discounts for long-term holdings, etc. These mechanisms provide certainty during redemption, conversion, or winding-up events. We would be happy to discuss this with the IRB and MOF.

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Maklum balas MOF:

MOF mengambil maklum cadangan yang dikemukakan. Untuk makluman, perkara ini telah dibincangkan bersama beberapa pihak seperti LHDNM, World Bank, Suruhanjaya Sekuriti, Bursa dan Suruhanjaya Syarikat Malaysia.

5. Interaction with Section 65E(11)(b)

Section 65E(11)(b) provides that, where a transaction involves only one party, the DGIR will determine the market value of the transaction.

Please confirm that the new items introduced under Section 65C—conversion, redemption, winding up, and dissolution—are not events within the scope of Section 65E(11)(b). Also, please give examples of situations where the IRB will invoke Section 65E(11)(b).

Maklum balas LHDNM:

Ya. Nilai pasaran akan terpakai. Sebagai contoh, nilai pasaran yang disahkan oleh Jabatan Penilaian dan Perkhidmatan Harta.

6. Extinguishing of any rights due to the dissolution or winding up of a company included in the definition of “disposal” – potential double taxation concerns

“An extinguishment of any rights due to the dissolution or winding up of a company” is proposed to be included under the definition of “disposal”.

The IRB has explained in its seminar [and reference is also made to the proposed amendment to Section 65F(3)] that the determination of the date of disposal shall be based on the date on which the shareholder’s (disposer’s) rights are extinguished, or the date the consideration is received, whichever is earlier, upon winding up or dissolution of a company.

Essentially, a winding up of a company is a process to close down/dissolve the company whereby the liquidator who oversees the process will sell its assets, account for any income tax, CGT or real property gains tax (RPGT) where applicable, pay amounts due to creditors (if any), and thereafter return any net surplus together with the capital/retained earnings of the company to its shareholders as a capital distribution.

In a scenario where the company’s assets have been fully sold and turned into cash, the net surplus/ retained earnings represent the company’s “after-tax” income or gains. **If these are subject to CGT again in the hands of the company’s shareholders when returned to them following the winding up/dissolution process, this effectively results in a “double taxation” of the income and gains.**

In order to uphold the competitiveness of the Malaysian capital market, in line with key strategies outlined in the Fourth Madani Budget and the New Industrial Master Plan 2030 to attract high impact domestic and foreign investments, **measures need to be in place to avoid the double taxation effects stated above.** This is of particular importance to public listed companies whose unlisted subsidiaries may be put under winding up processes for multiple commercial reasons.

As an example, in Australia, if the liquidator distributes profits/gains to shareholders as a portion of the winding-up distributions, that portion is treated as a dividend and not subject to CGT. In other words, profits or gains derived by the company before or during liquidation are deemed to be dividends for tax purposes when distributed to shareholders by the liquidator. The dividend component included in the capital distribution is not liable to CGT. In this way the double taxation of the profits or gains can be averted.

Of course, where the distribution to the shareholders in a winding up are made in specie, the liquidator (not shareholders) may be liable to the applicable income tax, CGT or RPGT.

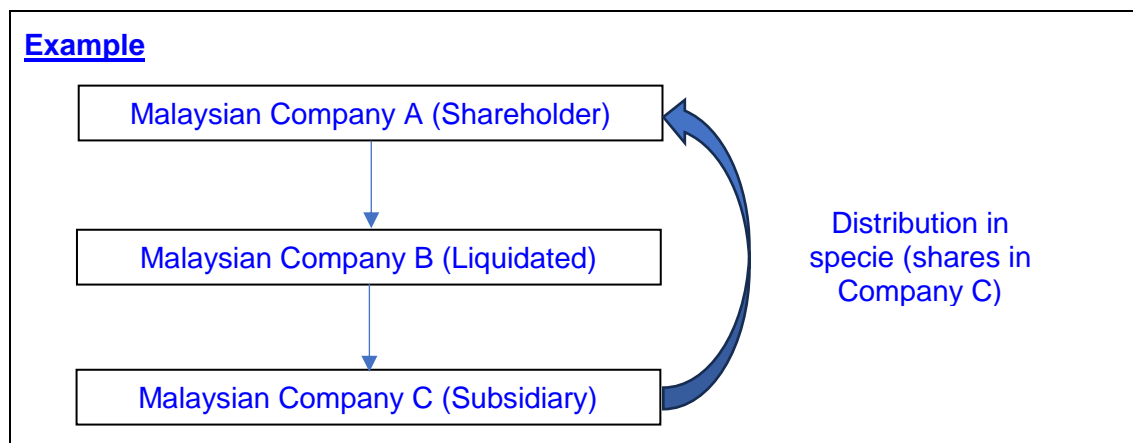
The same consideration would apply to “after-tax gains or profits” which are returned to shareholders in a capital reduction exercise.

Maklum balas MOF:

Pendekatan ini digunakan oleh kebanyakan negara dan ianya **tidak merupakan cukai berganda** kerana cukai tersebut dikenakan ke atas **entiti dan asas cukai yang berbeza di mana** cukai ke atas keuntungan modal dikenakan di peringkat **syarikat** sebaliknya pendapatan/agihan dikenakan cukai di peringkat **pemegang saham**.

7. Distribution in specie on liquidation – two incidents of CGT

Two incidents of CGT can arise in respect of a distribution in specie on liquidation, as illustrated in the example below.



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Malaysian Company A (Shareholder) owns shares in Malaysian Company B (Company B).

Company B owns shares in a Malaysian Subsidiary (Company C).

Company B is liquidated. Shareholder receives capital repayment from Company B in the form of a distribution in specie (shares in Company C).

The two incidents of CGT are:

- a. CGT applies to the gain on disposal of shares in Company C by Company B to the Shareholder.
- b. The liquidation of Company B is a disposal event for CGT purposes i.e. the disposal of Company B shares, by Company A. CGT applies to the capital repayment from Company B to the Shareholder in the form of a distribution in specie (shares in Company C).

This could result in double taxation. An illustration of this is set out below.

In Year 1, A Bhd incorporates B Sdn Bhd and invests RM10 million in ordinary shares in B Sdn Bhd. Concurrently, B Sdn Bhd incorporates C Sdn Bhd and invests RM10 million in C Sdn Bhd.

C Sdn Bhd conducts active business operations and has an NTA of RM50 million by Year 5.

If B Sdn Bhd is liquidated and distributes its assets, i.e. shares of C Sdn Bhd to A Bhd, the following CGT impact arises:

- i. CGT on disposal of C Sdn Bhd shares. Taxpayer = B Sdn Bhd. Acquisition price = RM10 million. Disposal Price = Market Value (MV) of C Sdn Bhd = RM50 million. Gain = RM40 million.
- ii. CGT on "disposal" of B Sdn Bhd shares. Taxpayer = A Bhd. Acquisition price = RM10 million. Disposal Price = MV of asset received, i.e. shares of C Sdn Bhd = RM50 million. Gain = RM40 million.

Please advise if the understanding above is accurate.

If so, measures need to be in place to avoid the effects of the two incidents of CGT stated above.

Maklum balas LHDNM:

Ya. Pemahaman pihak persatuan adalah teratur.

8. Rationale for including purchase by a company of its own shares in the definition of “disposal”

Under Section 127(1) of the Companies Act 2016, a company whose shares are quoted on a stock exchange may purchase its own shares if so authorized by its constitution. An unlisted company is not permitted to purchase its own shares. Given that Chapter 9 is meant to cover gains or profits from disposal of shares in unlisted companies, please clarify the rationale for including “*purchase by a company of its own shares*” under the definition of “disposal” in Section 65C.

Maklum balas LHDNM:

LHDNM mengambil maklum bahawa *purchase by a company of its own shares* adalah berkaitan transaksi saham tersenarai. Pada masa ini, pelupusan saham tersenarai di Bursa Malaysia tidak tertakluk kepada CKM.

Namun, terdapat peruntukan di bawah seksyen 346 Akta Syarikat 2016 yang merujuk kepada keadaan *remedy* di mana ianya menggambarkan sebagai *purchase by a company of its own shares* walaupun ianya bukan saham tersenarai.

9. Guidance needed to clarify the computation of CGT in cases involving redemption, conversion, winding up or dissolution

To-date, no guidelines have been issued by the IRB to clarify the computation of CGT in cases involving redemption, conversion, winding up or dissolution. In particular, there remains uncertainty around the determination of disposal consideration in these scenarios, which is critical for calculating chargeable gains. As highlighted above, we strongly view that the disposal price should be taken to be the amounts received for the redemption, winding-up or dissolution and further, a conversion should not be a taxable event. It would not be reasonable to apply market valuation principles to these transactions as there is no transfer of ownership of a valuable asset.

In a Self-Assessment System, taxpayers and tax agents require clarity on how to interpret the law in light of redemption, conversion, and liquidation being treated as disposal events. Therefore, we would appreciate that updated Guidelines can be issued soon with clarification and examples on these matters.

Maklum balas LHDNM:

Penentuan harga pelupusan bagi transaksi tersebut akan dijelaskan dalam garis panduan.

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a. Section 65E(8) should not apply to conversions, liquidations, redemptions etc

In particular, we view that Section 65E(8) should not apply in such situations. Section 65E(8) serves as an anti-avoidance provision, primarily aimed at preventing tax avoidance through non-arm's length transactions or artificial arrangements and hence should not apply to redemptions, conversions, winding-up or dissolutions.

Given this context, kindly confirm:

- i. Section 65E(8) and market value principles would not apply in such circumstances. The disposal consideration for CGT purposes should be the actual amount of distribution received by the shareholder.

Maklum balas LHDNM:

Situasi *redemption, conversion or liquidation* adalah tertakluk kepada perenggan 65E(11)(b) ACP di mana amaun atau nilai balasan atau agihan yang diterima boleh digunakan sebagai nilai balasan pelupusan. Sekiranya pelupusan adalah dalam bentuk *specie*, sebagai contoh agihan dalam bentuk hartanah, maka nilai pasaran hartanah tersebut akan digunakan sebagai nilai balasan pelupusan.

- ii. Where there is no distribution received by the shareholder, the disposal consideration for CGT purposes would be Nil. This will give rise to an allowable loss which can be carried forward to offset against the future chargeable gains.

Maklum balas LHDNM:

Ya. Sekiranya terdapat pendapatan larasan, CKM akan dikenakan. Sebaliknya berlaku kerugian larasan, kerugian tersebut boleh dibawa ke hadapan.

b. Disposal date for liquidation

For a company under liquidation, several steps would take place. First, a liquidator would be appointed. The liquidator may then make multiple interim distributions to the shareholders. Finally, the liquidation process will be completed and the company will cease to exist. Please advise what the disposal date should be for CGT purposes in such a scenario. We believe that it would be reasonable for the date that the liquidation is completed to be viewed as the disposal date.

Maklum balas LHDNM:

Tarikh pelupusan bagi transaksi penggulangan adalah pada tarikh di mana kesemua agihan modal daripada transaksi penggulangan itu telah diterima oleh pelupus atau pada tarikh penyata mesyuarat terakhir dan penyata akaun dimuktamadkan, yang mana lebih awal.

c. Disposal value of different classes of shares on redemption

Where there are multiple classes of shares (e.g. ordinary shares and preference shares) in a share redemption exercise, kindly advise how should the disposal value be ascertained accordingly to the different classes?

Maklum balas LHDNM:

Amaun balasan yang diterima daripada transaksi penebusan saham biasa dan saham keutamaan adalah dianggap sebagai amaun atau nilai balasan pelupusan. Pelupusan beberapa saham dalam beberapa perjanjian pada satu tarikh pelupusan yang sama dan pilihan kadar cukai yang sama boleh dianggap sebagai satu pelupusan. Walau bagaimanapun, harga pemerolehan setiap saham adalah mengikut harga pemerolehan masing-masing. Ini adalah selari di dalam helaian kerja yang dilampirkan bersama Borang Nyata CKM.

1.2 Amendment of Section 65D (wef 1 January 2026) - Application of Chapter 9

11. Subsection 65D(1) of the principal Act is amended by inserting after the words "capital asset" the words "situated in Malaysia or disposal of shares referred to in section 15C".

Comments:

Please confirm Chapter 9 of the Income Tax Act 1967 does not apply to the disposal of foreign capital assets. Therefore, ordinary tax principles will apply to such disposals, and the meaning of disposal for foreign capital assets will go back to the ordinary meaning of disposal.

Maklum balas LHDNM:

Pemahaman pihak persatuan adalah teratur. Bab 9 ACP hanya terpakai kepada layanan pengenaan CKM bagi saham tidak tersenarai dan saham seksyen 15C. Definisi am pelupusan terpakai kepada FSICGT.

1.3 Utilisation of losses from disposals of capital assets

Currently, where a loss arises on the disposal of a capital asset such as unlisted shares in a Malaysian-incorporated company, the loss can only be utilised against gains from subsequent disposals.

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Comments:

1. To take into account commercial realities and to reduce situations where such losses cannot be utilised, we would propose that Section 65E(5) of the Income Tax Act 1967 be amended to allow adjusted losses on the disposal of a capital asset to be utilised against gains arising from the disposal of any capital asset in the same year of assessment (and not necessarily only gains on subsequent disposals). For example, in certain corporate exercises, transactions must happen simultaneously and that may result in the loss not being able to be used if there is a loss transaction in that exercise.

Maklum balas MOF:

Sistem percukaian CKM dan CKHT adalah berdasarkan transaksi dan bukannya mengikut tahun taksiran. Layanan kerugian larasan semasa adalah berdasarkan kerugian yang boleh ditolak ke hadapan dan bukannya berdasarkan kerugian yang boleh ditolak ke belakang (carry back losses).

2. Please clarify whether shares acquired separately in batches but sold together on the same date under one sale and purchase agreement can be filed as one disposal transaction with a single disposal price and acquisition price (being the sum of acquisition prices of all the batches of shares), in one CGT return.

Maklum balas LHDNM:

Ya. Pelaporan pelupusan boleh dibuat dalam satu BNCKM sahaja.

2. Proposed Amendments to the Stamp Act 1949

2.1 Paragraph 26 of the 2026 Budget Speech – Stamp Duty Self-Assessment System (STSDS)

Paragraph 26

26. *To enhance tax compliance, the e-Invoicing initiative will be fully implemented beginning 2026, together with the self-assessment system for stamp duty to foster greater tax compliance. At the same time, refunds for excess tax paid will be expedited.*

The IRB's Responses to the Joint Memorandum on Issues Arising from 2025 Budget Speech & Tax Bills 2024

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6. Proposed Amendments to the Stamp Act 1949

6.1 Appendix 18 of 2025 Budget Speech - Implementation Of Self-Assessment System For Stamp Duty

In order to ensure the stamping and self-payment system is more efficient and further enhance compliance, it is proposed the self-assessment stamp duty system ("STSDS") be implemented in phases based on the types of instruments or agreements.

STSDS requires duty payers or appointed agents to upload information in STAMPS and undertake self-assessment of the value of stamp duties for the instruments or agreements, and subsequently make payments within the specified timeframe.

No.	Phase	Effective Date	Types of Instruments
1.	Phase 1	From 1 January 2026	Instruments or agreements related to rental or lease, general stamping and securities
2.	Phase 2	From 1 January 2027	Instruments of transfer of property ownership
3.	Phase 3	From 1 January 2028	Instruments or agreements other than stated in Phase 1 and Phase 2

Comments:

Based on the 2026 Budget Speech, there were no announcements on the deferment of the STSDS, which will be implemented in phases beginning 1 January 2026.

While we commend the IRB's efforts to educate the public on stamp duty, such as releasing an FAQ on Stamp Duty on Employment Contracts in Malaysia, the concept of stamp duty remains unfamiliar to many duty payers. In a self-assessment environment, clarity is crucial.

1. We would urge for more stamp duty guidelines, the new STSDS system and user manuals for the new STSDS system to be released ahead of the implementation start date of 1 January 2026, to give duty payers ample time to familiarise with the law and the new system.

In particular, guidelines should be issued on what specific instruments fall within the STSDS system and what do not.

Maklum balas LHDNM:

Cadangan diambil maklum. Pada masa ini, LHDNM telah menerbitkan garis panduan seperti berikut:

- i. Garis Panduan Pengenaan Duti Setem ke atas Surat Cara Jual Beli dan Surat Cara Pindah Milik bagi Harta Alih

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- ii. Garis Panduan Pengenalan Duti Setem di bawah Akta Setem 1949
- iii. Garis Panduan Pengenaan Penalti ke atas Surat Cara yang Lewat Disetamkan di bawah Akta Setem 1949
- iv. Garis Panduan Pengenaan Duti Setem Ke Atas Surat Cara Pinjaman atau Pembiayaan bagi Pembelian Barang yang Disenaraikan di bawah Jadual Pertama Akta Sewa Beli 1967
- v. Garis Panduan Permohonan Penyeteman Melalui Sistem Taksir Sendiri Duti Setem (STSDS)

2. Some areas of uncertainty include:

- a. The new Section 35A is not clear on the person responsible for furnishing the stamp duty return. Kindly confirm whether the person required to furnish the return is the same as the person liable to duty in the Third Schedule.

Maklum balas LHDNM:

Secara umumnya, penyeteman boleh dilaksanakan oleh pihak-pihak yang terlibat dalam perjanjian menurut Jadual Ketiga Akta Setem 1949. Walau bagaimanapun, pihak yang dibenarkan memfailkan penyata tidak dihadkan kepada pihak yang bertanggungjawab membayar duti. Pihak yang bertanggungjawab membayar duti adalah pihak yang disenaraikan di bawah Jadual Ketiga Akta Setem 1949.

- b. Company ABC Sdn Bhd and Company XYZ Pte Ltd have entered into a contract. Based on Third Schedule of the Stamp Act, Company XYZ Pte Ltd is liable to pay stamp duty.

In this regard, we seek confirmation that if the party liable to pay duty is also the party responsible for filing the stamp duty return (i.e. Company XYZ Pte Ltd in this case), the IRB will not pursue Company ABC Sdn Bhd should it later be discovered that the instrument has not been duly stamped.

Maklum balas LHDNM:

Berdasarkan peruntukan Akta Setem 1949, pihak yang bertanggungjawab untuk membayar duti adalah menurut Jadual Ketiga Akta Setem 1949. Sekiranya surat cara yang telah disempurnakan tidak dibayar duti yang sepatutnya, LHDNM akan menuntut bayaran duti daripada pihak yang bertanggungjawab membayar duti berkenaan.

- c. Item 2 of Third Schedule provides that for “BOND” to which Item 22 of First Schedule is applicable, the person liable to pay duty is “the obligor or other person giving the security”.

“Bond” is defined in Section 2 to mean—

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“(a) any instrument whereby a person obliges himself to pay money to another on condition that the obligation shall be void if a specified act is performed or is not performed, as the case may be; ...”

As service agreement and bonds are under the same Item 22, we understand from the recent IRB budget seminar that the person liable to pay the stamp duty on service agreement should be the party receiving the services (i.e., the service recipient), who is also the party liable to pay the fees. Kindly confirm.

Maklum balas LHDNM:

Berdasarkan Jadual Ketiga Akta Setem 1949, pihak yang perlu membayar duti adalah *obligor* atau pihak yang memberikan jaminan untuk membuat pembayaran bagi perkhidmatan tersebut.

3. Under the STSDS, will there be a voluntary disclosure programme with full waiver of penalties in place for duty payers to come forward to stamp past unstamped instruments?

Maklum balas LHDNM:

Program Khas Pengakuan Sukarela Duti Setem (PKPS) dilaksanakan berdasarkan ketetapan berikut:

- i. Tempoh PKPS bermula 1 Januari 2026 sehingga 30 Jun 2026 (6 bulan) bagi semua surat cara.
- ii. Surat cara yang disempurnakan sebelum 1 Januari 2026 layak untuk dikecualikan penalti di bawah peruntukan Seksyen 47A Akta Setem 1949.
- iii. Tiada permohonan rayuan penalti perlu dikemukakan dan penalti akan dikecualikan secara automatik apabila duti dibayar.

2.2 Paragraph 101 and Appendix 20 of the 2026 Budget Speech & Amendment of Item 4 of the First Schedule (wef 1 January 2026) - The wage threshold for stamp duty exemption on employment contract executed from 1 January 2026, will be increased from RM300 to RM3,000

Paragraph 101

101. To reduce the cost of doing business, the Government proposes the salary threshold of the stamp duty exemption on employment contracts be increased from 300 ringgit to 3,000 ringgit per month, effective from 1 January 2026.

Amendment of Item 4 of the First Schedule

Amendment of First Schedule

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29. *The First Schedule to the principal Act is amended—*

(a) in relation to item 4, in the column “Description of Instrument”, under “Exemptions”, in paragraph (b), by substituting for the words “RM300 per month” the words “RM3,000 per month”; and

24. *Clause 29 seeks to amend the First Schedule to Act 378.*

Paragraph 29(a) seeks to amend paragraph (b) in relation to item 4 of the First Schedule to Act 378 to increase the amount of wages in an agreement or memorandum which qualifies for stamp duty exemption from three hundred ringgit to three thousand ringgit.

Paragraph 2.3 of the IRB’s Guideline on Penalty for Late Stamping under the Stamp Act 1949

2.3. *Pengenaan penalti bagi surat cara yang dikecualikan duti.*

Semua surat cara yang disenaraikan dalam Jadual Pertama hendaklah disetamkan sebagaimana peruntukan seksyen 4(1) termasuklah surat cara – surat cara yang dikecualikan duti.

Comments:

1. We would appreciate it if the IRB and MOF could consider a position that all exempted instruments, including exempted employment contracts, do not need to be submitted for certification. An obligation to submit exempted documents for stamping would be extremely burdensome for taxpayers, especially in a self-assessment environment.

Maklum balas MOF:

Cadangan CTIM memerlukan kajian lanjut, terutamanya dari aspek peruntukan perundangan semasa.

2. "Wages" is not currently defined in the Stamp Act 1949. In the absence of this definition, does the duty payer rely on the definition of wages under the Employment Act 1955 or the Employees Provident Fund Act 1991, or will the IRB provide clarity for the purposes of implementing this exemption under the Stamp Act 1949?

Some matters for clarification should include whether wages refer to the basic wage, including any monthly fixed allowance, as indicated in the employment contract. On the other hand, wages should not take into account entitlement to any variable allowance, perquisites, commission, overtime, etc.

Maklum balas LHDNM:

Oleh kerana definisi wages tidak ditafsirkan dalam Akta Setem 1949, maka interpretasi wages dalam Akta Kerja 1955 boleh dirujuk.

3. Kindly clarify how to differentiate a contract of service / employment contract (which falls under Item 4) and contract for service (which falls under Item 22). For instance:

(a) Appointment of a board of director

(b) Contract worker which is of short-term / adhoc / temporary nature

Maklum balas LHDNM:

Suatu *contract of service* adalah suatu penggajian yang mewujudkan suatu hubungan antara majikan dan pekerja yang mana saraan kena dibayar. Antara ciri-ciri yang jelas menunjukkan wujudnya suatu hubungan majikan dan pekerja dalam kontrak penggajian adalah:

i. Kewujudan pihak yang dikenali sebagai “majikan” dan “pekerja”

Kontrak menyatakan dengan jelas pihak yang menawarkan kerja dan pihak yang menerima kerja serta tanggungjawab masing-masing.

ii. Pembayaran saraan atau gaji secara berkala

Terdapat klausa yang menyebut tentang kadar bayaran tetap (gaji / upah) yang dibayar oleh majikan kepada pekerja secara bulanan (atau kiraan lain) sebagai balasan terhadap kerja yang dilakukan.

iii. Penetapan waktu kerja dan lokasi kerja

Kontrak menetapkan waktu berkerja yang tertentu serta tempat kerja, yang menunjukkan kawalan oleh majikan terhadap bagaimana dan bila kerja perlu dilaksanakan.

iv. Penyediaan faedah seperti caruman KWSP, PERKESO dan cuti tahunan

Ini merupakan ciri utama dalam hubungan pekerja majikan yang membezakan pekerja dengan penyedia perkhidmatan.

v. Kerja dijalankan di bawah arahan dan kawalan majikan

Pekerja tertakluk kepada arahan, pemantauan dan pelaporan langsung daripada kepada majikan dalam melaksanakan tugas harian.

vi. Larangan bekerja dengan pihak ketiga tanpa kebenaran

Pekerja tidak dibenarkan untuk menjalankan kerja bagi pihak lain sepanjang tempoh kontrak, menunjukkan elemen eksklusif dalam perkhidmatan.

Ciri-ciri ini boleh dirujuk di dalam Soalan Lazim (FAQ) Penyeteman Kontrak Penggajian di Malaysia.

https://www.hasil.gov.my/media/jpxbp2oj/20250703-pkpe_faq-penyeteman-kontrak-penggajian-di-malaysia.pdf

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Sekiranya bersifat "contract for service" di mana tiada hubungan *master-servant* terjadi dan tidak memenuhi kriteria yang disenaraikan di atas, duti akan dikenakan bagi kategori "Service" di bawah Butiran 22.

4. Generally, the initial employment contract needs to be subjected to a nominal stamp duty of RM10.

Other than the employment contract, irrespective of whether the employment contract is stamped or not (e.g. the employment contract may have been executed before 1 January 2025 and hence is exempted from stamp duty), kindly confirm that all other correspondence / communications / documentation between employer and employee need not be stamped even if these are signed by both parties, for example:

- Notification on subsequent change of position/designation;
- Notification on changes in staff benefits/entitlements;
- Promotion letter;
- Inter-company or inter-department transfer; or
- Resignation / termination letter.

Maklum balas LHDNM:

Merujuk kepada definisi dalam seksyen 2 AS 1949, surat cara merangkumi apa-apa dokumen bertulis. Oleh itu, dokumen bertulis yang membentuk suatu perjanjian atau mewujudkan tanggungan untuk membayar hendaklah disetamkan sewajarnya menurut Butiran 4 atau 22 walaupun kontrak penggajian tersebut telah diberikan pengecualian kerana telah disempurnakan sebelum 1 Januari 2025.

5. If an employee is hired and the employment contract is exempt from stamp duty because the initial wages are below RM3,000, please confirm that any subsequent notification that the employee's wages have increased beyond RM3,000 would not require stamping.

Maklum balas LHDNM:

Sekiranya notifikasi tersebut membentuk suatu perjanjian dan mewujudkan tanggungan untuk membayar maka ia hendaklah disetamkan sewajarnya menurut Butiran 4 atau 22.

2.3 Appendix 15 of 2026 Budget Speech – Extension of Stamp Duty Exemption for Purchase of First Residential Home

It is proposed that the 100% stamp duty exemption on instruments of transfer and loan agreements for the purchase of first residential home priced up to RM500,000 be extended for 2 years for sale and purchase agreements executed from 1 January 2026 to 31 December 2027.

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INCENTIVE – FIRST HOME OWNERSHIP

HASIL BERSEKUTU MENCAPAI
BERKUALITI MELAKSANAKAN TRANSFORMASI

ASPIRATION

Stamp duty for first home ownership.

CURRENT

A 100% stamp duty exemption on the instrument of transfer and loan agreement executed for the purchase of a first residential property by a Malaysian citizen, where the value of such property does not exceed RM500,000.

- > P.U.(A) 53/2021
- > P.U.(A) 54/2021

PROPOSAL

Extended from 1 Jan 2026 to 31 Dec 2027

EFFECTIVE

Sale and Purchase Agreements executed from 1 Jan 2026 to 31 Dec 2027



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Comments:

1. For the current subsidiary legislations for stamp duty exemption for first home buyer which applies for Sales and Purchase Agreement (SPA) executed from 1 January 2021 to 31 December 2025:
 - (a) the application for stamp duty exemption is to be accompanied by a statutory declaration by the individual named in the SPA confirming that he or she has never owned any residential property including a residential property which is obtained by way of inheritance or gift, which is held either individually or jointly
 - (b) the RM500,000 threshold to be based on market value of property,
 - (c) “residential property” means a house, a condominium unit, an apartment or a flat purchased or obtained solely to be used as a dwelling house. Hence, it excludes service apartments, small office home office (SOHO), small office flexible office (SOFO), small office virtual office (SOVO) pursuant to the statutory declaration.

Kindly confirm that the above clarifications are also applicable to the proposed extension.

Maklum balas LHDNM:

Ya. Syarat-syarat kelayakan pengecualian yang dinyatakan dalam P.U. (A) 53/2021 dan 54/2021 masih terpakai ke atas perintah pengecualian yang baharu.

2. As the incentive is applied based on the execution date of SPA, kindly clarify that the dates of signing of the Memorandum of Transfer (MOT) and loan document are irrelevant to the application of this incentive, i.e. can be after 31 December 2027.

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Maklum balas LHDNM:

Ya. Kelayakan pengecualian duti setem atas surat cara pindah milik adalah berdasarkan kepada tarikh penyempurnaan SPA dalam tempoh 1 Januari 2026 hingga 31 Disember 2027.

2.4 Amendment of Section 47A & Section 36 (wef 1 January 2026) - Late stamping penalty

Amendment of section 47A

24. Subsection 47A(1) of the principal Act is amended by inserting after the words “in or under” the words “subsection 36(2),”.

Amendment of section 36

22. Section 36 of the principal Act is amended by substituting for subsection (2) the following subsection:

“(2) For the purposes of this Act, where—

- (a) the return is furnished together with an instrument within the period specified in section 43 or 47, and the Collector is deemed to have made an assessment under paragraph (1)(a)—*
 - (i) the return shall be deemed to be an assessment; and*
 - (ii) the duty payable on the instrument shall be due and payable and the instrument shall be stamped within thirty days from the date of the assessment by the Collector; or*
- (b) the return is furnished together with an instrument not within the period specified in section 43 or 47, and the Collector is deemed to have made an assessment under paragraph (1)(a)—*
 - (i) the return shall be deemed to be an assessment; and*
 - (ii) the duty payable on the instrument shall be due and payable and the instrument shall be stamped within thirty days from the date of the assessment by the Collector together with the penalty payable under section 47A.”.*

Failure to furnish return

72C. (1) Any person who fails to furnish a return with the instrument which is executed and chargeable with duty in accordance with section 35A without reasonable excuse shall be guilty of an offence and shall be liable on conviction to a fine not exceeding ten thousand ringgit.

(2) Where a person has been convicted of an offence under subsection (1), the court may make a further order that the person shall comply with the relevant provision of this Act under which the offence has been committed within thirty days, or such other period as the court considers appropriate, from the date the order is made.

(3) Where a person fails to furnish a return with the instrument which is executed and chargeable with duty in accordance with section 35A and no prosecution under subsection (1) has been

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instituted in relation to such failure, the Collector may require that person to pay a penalty of not less than two hundred ringgit and not more than two thousand ringgit.

(4) The Collector may, if he thinks fit, reduce or remit the penalty referred to in subsection (3).

Comments:

Please confirm that the late stamping penalty under Section 47A which takes into account the period of late filing of stamp duty return [read together with proposed amendment to Section 36(2)] will not be imposed with the penalty under Section 72C as the duty payer will be exposed to 2 penalties for essentially the same failure.

Maklum balas LHDNM:

Seksyen 47A memperuntukkan pengenaan penalti lewat penysetaman ke atas instrumen berhubung dengan seksyen 40, 43 dan 47. Jika suatu borang nyata tidak dikemukakan dalam tempoh yang diperuntukkan dan penalti telah dikenakan dibawah seksyen 47A, maka penalti dibawah seksyen 72C tidak dikenakan.

Garis Panduan Pengenaan Penalti Ke Atas Surat Cara Yang Lewat Disetamkan Di Bawah Akta Setem 1949 bertarikh 6 November 2025 tidak perlu dipinda kerana contoh-contoh yang disediakan adalah berkaitan dengan senario lewat pengemukaan Borang Nyata yang merujuk kepada perundangan berkuatkuasa pada masa Garis Panduan disediakan.

2.5 Section 72D - Stamp duty remission

It is proposed that remission be given on penalties for offences relating to submission of incorrect returns or incomplete information in accordance with the provisions of Section 72D of the Stamp Act 1949 effective from 1 January 2026 until 31 December 2026.

Comments:

1. To allow taxpayers to start afresh with the transition towards self-assessment regime and encourage taxpayers to review their current agreements, it is suggested for a penalty remission to apply for instruments executed prior to 1 January 2026, i.e. from 1 January 2022 (in line with the Stamp Duty Audit Framework) and up to 31 December 2026.

Maklum balas LHDNM:

Berdasarkan kepada Garis Panduan Operasi – Permohonan Penysetaman Melalui Sistem Taksir Sendiri Duti Setem (STSDS) yang dikeluarkan pada 26 Disember 2025, pemberian remisi penalti di bawah subseksyen 72D(2) AS 1949 adalah terpakai kepada permohonan penysetaman yang dikemukakan dalam tempoh 01.01.2026 hingga 31.12.2026.

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Remisi ini hanya terpakai ke atas surat cara tertentu di bawah kategori penyeteman yang jatuh di bawah Fasa 1 yang ditaksir secara sendiri iaitu sewa/ pajakan, sekuriti dan penyeteman am.

Remisi ini tidak terpakai bagi surat cara yang ditaksir secara formal.

2. The penalty equal to the duty undercharged is punitive even though provided for under Section 72D(1). We would suggest that the administration of the penalty be on a scale of lower to higher rates for first time and subsequent offences similar to that found in the Income Tax Audit Framework.

Maklum balas LHDNM:

Mulai 1 Januari 2026 hingga 31 Disember 2026, penalti di bawah seksyen 72D tidak dikenakan. Walau bagaimanapun, untuk tahun 2027, kadar penalti seksyen 72D akan ditentukan oleh Pemungut.

2.6 Amendment of Section 77A(1)(f) (wef 1 January 2026) - Refund for overpayment of duty due to the error or mistake in the return

It is proposed that a new provision be introduced to the Stamp Act 1949 to allow refund to be made for overpayment of duty due to the error or mistake in the return by the duty payer effective from 1 January 2026.

Clause 30 of Measures for the Collection, Administration and Enforcement Tax Bill 2025 expands Paragraph 77A(1)(f) to include Section 50B(2).

Comments:

Please clarify whether error or mistake includes situations where there is a change in the consideration.

Maklum balas LHDNM:

Perubahan pada amaun balasan adalah satu kesilapan dan kekhilafan pelaporan dalam Borang Nyata.

2.7 New Item 32(ab) of the First Schedule (wef 1 January 2026) - Sale of any residential property to a foreign company or a person who is not a citizen and not a permanent resident

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(b) in relation to item 32—

- (i) in the column “Description of Instrument”, in paragraph (aa), by substituting for the words “except stock,” the words “except residential property, stock,”;
- (ii) by inserting after paragraph (aa) and the particulars relating to it the following paragraph and particulars:

Item	Description of Instrument	Proper Stamp Duty
“(ab)	On sale of any residential property from 1 January 2026 to a foreign company or a person who is not a citizen and not a permanent resident	RM8.00 for every RM100.00 or fractional part of RM100.00 of the amount of the money value of the consideration or the market value of the residential property, whichever is the greater”; and

Comments:

1. Kindly clarify how the stamp duty rate would be applied if it is a transfer of mixed-use property (residential + non-residential). Is it apportioned based on the percentage of usage of property for residential vs non-residential purpose?

Maklum balas LHDNM:

Penentuan duti adalah berdasarkan tafsiran ‘rumah kediaman’ menurut seksyen 2 Akta Setem 1949 yang termasuk *service apartment* dan *small office home office (SOHO) solely to be used as a dwelling house*. Sekiranya ia tidak digunakan semata-mata sebagai rumah kediaman, maka ianya tidak memenuhi tafsiran tersebut.

2. Kindly clarify how the stamp duty rate would be applied if the property is jointly owned (e.g. individual is foreigner and not a Malaysian permanent resident, but spouse is Malaysian).

Maklum balas LHDNM:

Bagi pemilikan rumah kediaman secara bersejama, kadar duti setem hendaklah dikenakan secara berasingan berdasarkan bahagian pemilikan (share) setiap pemilik.

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Bahagian kepentingan yang dimiliki oleh warganegara atau pemastautin tetap Malaysia akan dikenakan kadar duti setem mengikut subbutiran 32(a) yang terpakai kepada rakyat Malaysia, manakala bahagian kepentingan yang dimiliki oleh bukan warganegara dan bukan pemastautin tetap akan dikenakan kadar duti setem mengikut subbutiran 32(ab) bagi bukan warganegara.

3. Please clarify the definition of “foreign companies”.

Under the Companies Act 2016, a foreign company means a company, corporation, society, association or other body incorporated outside Malaysia.

Kindly confirm that the same definition applies for stamp duty purposes.

Maklum balas LHDNM:

Ya.

4. If the sale and purchase agreement (SPA) is signed on 20 December 2025, and the Memorandum of Transfer (MOT) is signed on 5 January 2026, please confirm the new 8% rate will not apply because the sale took place before 1 January 2026 and please confirm the date the MOT is brought for stamping is irrelevant for the purposes of determining the appropriate stamp duty rate.

Maklum balas LHDNM:

Ya. Subbutiran 32(ab) terpakai bagi perjanjian jual beli yang ditandatangani bermula 1 Januari 2026.

3. Other Proposed Amendments to the Real Property Gains Tax Act 1976 (RPGTA 1976)

3.1 Amendment of Section 21B of the RPGTA 1976 (wef 1 January 2026) - Retention sum

Amendment of Section 21B(1) & (1A)

“(1) Subject to subsections (1A), (1B) and (1C), where on a disposal to which section 13 applies and the consideration consists wholly or partly of money, the acquirer shall—

(a) retain the whole of that money;

(b) retain a sum not exceeding three per cent of the total value of the consideration; or

(c) retain the amount of tax on the chargeable gains deemed assessed under subsection 14(1),

whichever is the less and, whether or not the amount is so retained, within a period of sixty days after the date of the disposal pay the amount to the Director General.

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(1A) Subject to subsection (1C), where a disposal under subsection (1) is made by a disposer under Part II of Schedule 5 in relation to a disposal within a period of three years after the date of acquisition of the chargeable asset, the acquirer shall—

(a) retain the whole of that money;

(b) retain a sum not exceeding five per cent of the total value of the consideration; or

(c) retain the amount of tax on the chargeable gains deemed assessed under subsection 14(1),

whichever is the less and, whether or not the amount is so retained, within a period of sixty days after the date of the disposal pay the amount to the Director General. “

New Section 21(1B), (1C) & (1D)

“ (1B) Subject to subsection (1C), where a disposal under subsection (1) is made by a disposer under Part III of Schedule 5, the acquirer shall—

(a) retain the whole of that money;

(b) retain a sum not exceeding seven per cent of the total value of the consideration; or

(c) retain the amount of tax on the chargeable gains deemed assessed under subsection 14(1),

whichever is the less and, whether or not the amount is so retained, within a period of sixty days after the date of the disposal pay the amount to the Director General.

(1C) In relation to the amount so retained under subsection (1), (1A) or (1B), the Director General may under special circumstances allow extension of time for the amount to be paid.

(1D) Paragraph (1)(c), (1A)(c) or (1B)(c) may only apply if the notification under subsection 13(9) is received by the acquirer prior to the amount so retained under paragraph (1)(a) or (b), (1A)(a) or (b), or (1B)(a) or (b) is paid to the Director General. “

Based on the above amendments, the acquirer has an additional option to remit the retention sum based on the amount of tax deemed assessed, effective from 1 January 2026.

Comments:

1. Under the Real Property Gains Tax (RPGT) framework, the acquirer is required to submit the RPGT return and remit the retention sum within 60 days from the date of acquisition. This deadline also applies to the disposer for submitting their RPGT return.

However, if the disposer submits their return at the last minute, it may cause complications for the acquirer — particularly in completing the necessary return and making the retention sum payment, especially under the proposed new requirement.

In this respect, we propose that the due date for the acquirer to submit the RPGT return and remit the retention sum be extended to 75 days, to allow sufficient time for coordination between both parties and to ensure accurate compliance.

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Maklum balas LHDNM:

Pilihan kepada pemeroleh untuk meremit amaun cukai disifatkan hanya terpakai sekiranya pemeroleh menerima suatu pemberitahuan berkenaan perkara tersebut. Pemeroleh boleh meremitkan bayaran seksyen 21B ACKHT mengikut kadar sedia ada, tanpa menunggu pelupus mengisi BNCKHT 1A/1B dan menerima pemberitahuan amaun cukai disifatkan.

Sehubungan itu, dicadangkan pelupus untuk mengemukakan BNCKHT 1A/1B lebih awal bagi membolehkan pemeroleh meremitkan amaun bayaran seksyen 21B ACKHT yang sewajarnya.

3.2 Amendment of Section 7(4)(b) (wef YA 2026) - Time limit to carry forward RPGT losses

Currently, RPGT losses are allowed as a deduction against chargeable gains from subsequent disposals within the YA the losses arose from and unabsorbed RPGT losses can be carried forward to be utilised against chargeable gains from subsequent disposals.

Clause 20 of the Finance Bill 2025 seeks to impose a time limit on the utilisation of the unabsorbed RPGT losses:

Amendment of Section 7(4)(b)

*“by reason of an insufficiency or absence of chargeable gain for the year of assessment in which the allowable loss arose, effect cannot be given or cannot be given in full to paragraph (a), the allowable loss which has not been so allowed (or so much thereof as has not been so allowed for that year) shall **be allowed as a deduction** to reduce the chargeable gain of a person **for the first subsequent year of assessment** for which there is total chargeable gain from the disposal of chargeable asset at an earlier point in time and so on for ~~subsequent years of assessment until the whole amount of the allowable loss to be allowed has been allowed.~~ **a period of nine consecutive years of assessment and any amount or balance of the amount which is not deductible at the end of the period shall be disregarded for the purposes of this Act.**”*

In addition, based on the explanatory statement to the Finance Bill, Clause 20 seeks to provide that any allowable losses in relation to a disposal in a year of assessment (YA) is allowed as a deduction for a period of 10 consecutive YAs.

Comments:

1. RPGT applies on capital gains. Capital gains (unlike revenue gains) may only occur very infrequently. By putting in a 10-year limitation, that may result in a situation where losses are very rarely utilised. So, first and foremost, we propose that this proposed amendment not be included. If however that is not possible, then what could be considered is a longer loss carry-forward time frame of 20 years, perhaps combined with a group relief to allow the losses to be used and allow the spirit of these loss provisions to be fulfilled.

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Maklum balas LHDNM:

LHDNM mengambil maklum.

2. The proposed amended wording of Section 7(4)(b) seems to suggest that the time-limit only starts from **“the first subsequent YA where there is a total chargeable gain”** instead of commencing from the YA immediately following the YA in which the RPGT losses arose.

Scenario:

The company's RPGT position is as follows:

- YA 2026: Disposal of real property resulted in RPGT loss of RM100,000.
- YA 2027: Nil transaction.
- YA 2028: Nil transaction.
- YA 2029: Disposal of real property resulted in chargeable gain of RM30,000.

Based on the above, the first YA of the carry forward period starts from YA 2029, being the first subsequent YA with chargeable gain for utilising the unabsorbed RPGT losses and any unabsorbed amount can continue to be carried forward for a period of nine consecutive YAs until YA 2038 (YA 2030 – YA 2038).

Kindly confirm whether the above interpretation is in order.

If otherwise, where the intention is for the time limit to commence immediately after the YA in which the loss arose, it is proposed that the amended wording be reworded to avoid ambiguity, incorporating words such as *“...and that period commences immediately following the YA in which the losses arise...”*.

Maklum balas LHDNM:

Ya. Pemahaman pihak persatuan adalah teratur.

4. Other Proposed Amendments to the Income Tax Act 1967 (ITA 1967)

4.1 Section 6(1)(i) - Tax treatment of distribution from Real Estate Investment Trust (REIT)

The withholding tax of 10% on distributions by REITs to individuals (resident / non-resident) and foreign institutional investors will expire in the year of assessment (YA) 2025.

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Comments:

1. As the Finance Bill 2025 does not indicate any extension of the current final withholding tax treatment (ending YA 2025), please confirm that if no further changes are made to the ITA 1967:
 - a. Withholding tax (WHT) will cease for distributions in YA 2026 (i.e. from 1 January 2026).
 - b. Taxable distribution for unit holders (excluding income exempt at REIT level) will depend on the profile of the unit holders.
 - c. In the case of individuals, taxable distributions will form part of chargeable income and be subject to his/her prevailing personal income tax rate,
 - d. The compliance requirements of foreign institutional investors require guidance.

Maklum balas LHDNM:

Ringkasan pemakaian dan kadar cukai yang dikenakan mulai 1 Januari 2026 adalah seperti berikut: -

Orang yang boleh dikenakan cukai	TT 2016 hingga 2025		TT 2026 & seterusnya	
	Jenis Cukai	Kadar	Jenis Cukai	Kadar
(A) Syarikat				
i) Pemastautin	Korporat	24%	i. Korporat	24%
ii) Bukan Pemastautin	Cukai Pegangan (muktamad)	24%	ii. Cukai Pegangan (muktamad)	24%
(B) Pelabur Institusi Asing	Cukai Pegangan (muktamad)	10%	Kadar Korporat/Kadar skala Individu	30% daripada pendapatan bercukai
(C) Individu				
i) Pemastautin	Cukai Pegangan (muktamad)	10%	i. Kadar Skala Individu	0%-30%
ii) Bukan Pemastautin	Cukai Pegangan (muktamad)	10%	ii. Kadar individu bukan pemastautin	30%

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(D) Lain-lain				
i) Pemastautin	Cukai Pegangan (muktamad)	10%	i. Kadar Korporat/ Kadar skala Individu	0%-30%
ii) Bukan Pemastautin	Cukai Pegangan (muktamad)	10%	ii. Kadar Korporat/ Kadar Individu	30% daripada pendapatan bercukai

Garis panduan akan dikeluarkan berhubung pematuhan bagi pelabur institusi asing.

2. If the WHT mechanism ceases after YA 2025, there could be potential tax leakage as individuals receiving REIT distributions (particularly non-resident individuals) may not file tax returns or may not include REIT distributions in the tax returns they are filing, due to a lack of awareness. Having a WHT mechanism facilitates collection and compliance.

Maklum balas LHDNM:

LHDNM mengambil maklum dan kajian lanjut akan dijalankan.

3. Furthermore, discontinuation of the WHT as it is, may lead to a higher tax burden on REIT distribution income (e.g. income of non-resident individuals). This could significantly impact the attractiveness of Malaysian REITs as an investment asset class and may result in investors instead investing in REITs in other jurisdictions and consequentially indirectly result in tax foregone.

Maklum balas LHDNM:

LHDNM mengambil maklum. Perbincangan telah diadakan pada 23 Disember 2025 bersama pihak MOF dan MRMA. Pihak MOF sedang menyemak cadangan yang dikemukakan.

4. In view that the discontinuation of the WHT mechanism could result in potential tax leakage and significantly impact the attractiveness of Malaysian REITs as mentioned above, we would suggest that the Malaysian REIT Managers Association and the Securities Commission of Malaysia be consulted on this matter.

Maklum balas LHDNM:

LHDNM mengambil maklum.

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4.2 Implementation of the Malaysian Income Tax Reporting System (MITRS) under Section 82B

B ITA 1967 - MITRS PARTNERSHIP

ASPIRATION
Leveraging technology on submission of documents

CURRENT
Submission of documents through Malaysian Income Tax Reporting System (MITRS) is mandatory for **company and individual taxpayers**

PROPOSAL
Extended to tax payer under the category of **partnership**

EFFECTIVE
From YA 2027

The submission of specified documents under Section 82B via the MITRS is mandatory for taxpayers who are required to furnish income tax returns under Section 77 or 77A.

Based on the IRB's MITRS filing program, submissions will be implemented in stages, beginning from YA 2025 with taxpayers under the company (C) and limited liability partnership (PT) categories.

Comments:

Please confirm whether MITRS submissions for individual taxpayers (not carrying on business through a partnership), as referenced in the IRB's Slide No. 45 on the 2026 Budget proposals presented at the *Seminar Percukaian Kebangsaan 2025 (Belanjawan 2026)* on 14 October 2025, are provided in the law but have not yet been implemented.

Maklum balas LHDNM:

Pemakluman berhubung dengan perincian pelaksanaan akan dikeluarkan.

4.3 Amendments to Section 107C - estimate of tax payable

Amendment to Section 107C(5) (wef YA 2028)

Section 107C(5) is amended by substituting for the words "second month" the words "first month".

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Insertion of Special Provision relating to Section 107C (has effect for YA 2027)

“ Notwithstanding Section 107C(5), where an estimate of tax payable for the year of assessment 2027 has been furnished in accordance with Section 107C(2), the amount shall be paid to the Director General in equal monthly instalments determined according to the number of months in the basis period for the year of assessment less one month, and each instalment shall be paid by the due date from the second month of the basis period for that year of assessment. ”

Comments:

Please confirm that in the absence of proposed amendment to the legislation, there is no change to the following:

1. The deadline of 30 days before the beginning of that YA for furnishing estimates under Section 107C(2).

Maklum balas LHDNM:

Tiada perubahan.

2. The 6th, 9th and 11th month tax estimate revisions.

Maklum balas LHDNM:

Tiada perubahan.

3. Treatments under Sections 107C(4)(a) and (6) for taxpayers who first commences operation in a YA where estimate of tax payable is to be furnished within 3 months of commencement, and the 12 instalments (assuming a 12-months basis period) are payable starting in the 6th month.

Maklum balas LHDNM:

Ya. Tiada perubahan.

4.4 Online Authorisation for Electronic Filing for Prescribed Form by Tax Agents and Employees

Currently, tax agents and employees are authorized in writing to perform electronic filing of prescribed forms on behalf under the ITA 1967 and the Petroleum ITA 1967.

It is proposed that the current authorization process be replaced with electronic authorization via the IRB's MyTax portal.

The IRB's Slide No. 54 on the 2026 Budget proposals presented at the Seminar Percukaaian Kebangsaan 2025 (Belanjawan 2026) on 14 October 2025

JOINT MEMORANDUM ON ISSUES ARISING FROM 2026 BUDGET SPEECH & TAX BILLS 2025

Authorisation in writing through Form CP55 for tax agents and employees

B **ITA 1967 AND PITA 1967 – AUTHORIZATION ELECTRONICALLY FOR FILING OF FORMS**


HASIL BERSEKUTU MAMPU MELAKSANAKAN TRANSFORMASI

ASPIRATION
To strengthen compliance in administration

CURRENT
Electronic filing of any prescribed form by tax agents and employees shall be authorised in writing through Form CP55

PROPOSAL
Electronic filing of any prescribed form by tax agents and employees shall be authorized electronically

EFFECTIVE
From 1 Jan 2027



54

Comments:

- In practice, it is common for one taxpayer to have different tax agents for income tax filing, CGT, RPGT return filing, tax audit and tax investigation.

For filing of CGT and RPGT returns on e-CKM and e-CKHT, tax audit and tax investigation, kindly advise whether such online appointment of tax agents is similarly required.

If affirmative, it is hoped that the IRB system is able to cater to the abovementioned scenario.

Maklum balas LHDNM:

Bagi pengemukaan e-Borang dan e-Perkhidmatan di bawah ACP 1967, Akta Petroleum 1967, ACAPL 1990, ACKHT 1976, aktiviti audit dan siasatan, perkara ini telah diambil kira dalam pembangunan TAeF 3.0.

- We would reiterate that operational issues such as the appointing/delegating of roles in MyTax by the taxpayer, and the retrieval of information that is only accessible to appointed/delegated taxpayer staff who have resigned, continue to persist. This is partly due to different types of taxpayers having different operational challenges, which the IRB system may not be able to cater to. We would welcome an engagement session with the IRB to discuss and address the taxpayers' concerns.

Maklum balas LHDNM:

Sesi libat urus dengan badan pengamal percukaian dijangka akan diadakan pada bulan April 2026 selepas penyediaan URS diperingkat LHDNM diselesaikan.

- We noted that the Form CP55 explicitly indicated the authority to file be given to tax agent. Kindly confirm whether there is another prescribed form for authorization of employees.

Maklum balas LHDNM:

Ya. Satu *prescribed form* akan diwujudkan secara dalam talian bagi tujuan di atas. Namun syarikat masih perlu mengeluarkan surat lantikan kepada pekerja dan surat lantikan hendaklah disimpan untuk semakan LHDNM.

5. Personal Tax

5.1 Appendix 4 of the 2026 Budget Speech - Review of Individual Income Tax Relief for Premium of Life, Education and Medical Insurances

To further encourage the uptake of life insurance or takaful contributions for children, it is proposed:

- i. the scope of individual income tax relief of up to RM3,000 for life insurance premiums or takaful contributions for self, husband / wife be expanded to include children; and
- ii. the eligibility criteria for insured children for the purpose of claiming individual income tax relief on life insurance premiums / takaful contribution, education and medical insurance premiums be determined as follows:
 - a. aged below 18 and unmarried;
 - b. aged 18 and above, unmarried and pursuing tertiary education; or
 - c. no age limit for unmarried disabled children.

Comments:

In relation to item (ii)(b) above, we suggest expanding the scope to include pre-university programme such as STPM, A-Levels, Matriculation, Foundation programmes, in addition to tertiary education, as a child will have to go through the pre-university programmes before pursuing tertiary education. If pre-university programmes are not covered, a gap will be created for the years of claiming this tax relief by the parents.

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Maklum balas MOF:

MOF mengambil maklum cadangan tersebut.

5.2 New Section 46(1)(sa) (wef YA 2026) - individual relief for entrance fee

Insertion of new paragraph (sa) for Section 46(1):

“an amount limited to a maximum of one thousand ringgit expended or deemed to have been expended under subsection (3) in that basis year by the individual as evidenced by a receipt on the amount expended for the payment of entrance fee to a tourist attraction, or for a cultural and arts programme;”

Comments:

The provision allows for tax relief of up to RM1,000 for amounts expended on entrance fees to a “tourist attraction” or for a “cultural and arts programme,” as evidenced by receipts. However, the terms “tourist attraction” and “cultural and arts programme” are not explicitly defined within the legislation or accompanying guidelines.

1. How are “tourist attraction” and “cultural and arts programme” defined for the purpose of this relief? Are there specific criteria or an official list to refer to?

Maklum balas MOF:

Kriteria adalah seperti mana ditetapkan oleh MOTAC.

2. For a multi-dimensional media art gallery offering immersive cultural and arts experiences (e.g. Immersify Kuala Lumpur), does the payment of the entrance fee to such a venue qualify as expenditure on a “cultural and arts programme” eligible for relief?

Maklum balas MOF:

Layak dikategorikan sebagai bayaran kemasukan ke program kebudayaan dan kesenian.

5.3 Amendment of Section 46(1)(v) (have effect for YA 2026 and YA 2027) - Expansion of individual income tax relief for environmental sustainability and home safety-related expenditure

(vi) by substituting for paragraph (v) the following paragraph:

“(v) expenses expended in that basis year by the individual—

- (i) for the payment of installation, rental, purchase including hire-purchase of equipment or subscription for use of electric vehicle charging facility for his own vehicle and

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not being used for the purposes of his own business for each basis year for the years of assessment 2023, 2024, 2025, 2026 and 2027;

(ii) for the purchase of food waste compost machine used for the household purpose of the individual for the years of assessment 2025, 2026 and 2027;

(iii) for the payment of installation or for the purchase of food waste grinder machine used for the household purpose of the individual for the years of assessment 2026 and 2027; or

(iv) for the payment of installation or for the purchase of closed-circuit television used for the household purpose of the individual for the years of assessment 2026 and 2027;”;

(b) by inserting after subsection (1) the following subsection:

“(1A) The expenses referred to in paragraph (1)(v) are subject to the following:

(a) the claim is evidenced by a receipt issued in respect of the payment or purchase, as the case may be;

(b) the deduction under subparagraph (1)(v)(ii) shall be claimed once either in the year of assessment 2025, 2026 or 2027;

(c) the deduction under subparagraphs (1)(v)(iii) and (iv) shall be claimed once either in the year of assessment 2026 or 2027; and

(d) the total amount of deduction under this paragraph is subject to a maximum amount of two thousand five hundred ringgit.”; and

(c) in subsection (3), by inserting after the words “(s),” the words “(sa),”.

It is proposed that the scope of individual income tax relief of up to RM2,500 for expenses on electric vehicle charging facilities and food composting machines be expanded to include:

- i. Household food waste grinders; and
- ii. Closed-Circuit Television (CCTV) for home use.

The tax relief claim for the purchase of food waste grinders and / or CCTV is allowed once within a period of 2 YAs, effective for YA 2026 and YA 2027

Comments:

1. Regarding the claim for relief limited to once within a period of 2 YAs, please confirm if our understanding as appended in the following scenarios is correct:
 - a. Taxpayers may claim a relief in respect of the purchase of household food waste grinders in YA 2026 and make another claim for relief in respect of the purchase of CCTV for home use in YA 2027, and vice versa, capped at RM2,500 for each YA 2026 and YA 2027.

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Maklum balas LHDNM:

Ya. Pemahaman pihak persatuan adalah teratur.

- b. If a taxpayer buys a household food waste grinder in YA 2026 and YA 2027, or that taxpayer buys a CCTV for home use in YA 2026 and YA 2027, please confirm that the taxpayer can only claim once for the household food waste grinder and once for the CCTV for home use i.e. the taxpayer cannot claim the same item in both YA 2026 and YA 2027. On the other hand, if the taxpayer purchases a food waste grinder in YA 2026 and a CCTV for home use in YA 2027 or vice versa, please confirm that a claim can be made for both items (subject to the annual cap of RM2,500)

Maklum balas LHDNM:

Ya. Pemahaman pihak persatuan adalah teratur.

2. Please confirm that “the payment of installation or for the purchase of closed-circuit television” includes the payment of subscription-based CCTV.

Maklum balas LHDNM:

Perbelanjaan *subscription-based* CCTV tidak layak dituntut di bawah perenggan 46(1)(v) ACP.

5.4 New Section 54C (wef YA 2026) - Special treatment on distribution of profits by limited liability partnership

New section 54C

9. The principal Act is amended by inserting after the deleted section 54B the following section:

“Special treatment on distribution of profits by limited liability partnership

54C. (1) Where in the basis period for a year of assessment, an individual who is a partner of a limited liability partnership has income which consists of profits derived from Malaysia which is paid, credited or distributed, whether in cash or in kind, to the individual by the limited liability partnership in excess of one hundred thousand ringgit, the income is deemed to be the statutory income of the individual for the basis period for that year of assessment.

(2) Where the profits under subsection (1) consist of profits in kind, the profits shall be taken to consist of an amount equal to the market value of the profits in kind at the time of the distribution of the profits.”

Under the new Section 54C(1), income in the form of profit distributions exceeding RM100,000 from Limited Liability Partnership (LLP) received by individual partners is

JOINT MEMORANDUM ON ISSUES ARISING FROM 2026 BUDGET SPEECH & TAX BILLS 2025

deemed to be the statutory income of the individual for the basis period for that year of assessment.

By virtue of the definition of a “person” and a “partnership” under Section 2, an LLP is excluded from the definition of “partnership” and instead, it will be taxed as a corporate entity. Nevertheless, the general provisions as to dividend income under Section 14 do not apply to profit distributions by an LLP to its partners.

“PartXXIII

1. Notwithstanding Part I, income tax shall be charged upon the income of an individual, who is a partner of a limited liability partnership, which consists of profits derived from Malaysia paid, credited or distributed, whether in cash or in kind, to the individual by the limited liability partnership, in excess of one hundred thousand ringgit at the rate of two per cent on every ringgit of the chargeable income in respect of such profits.

2. In this Part, where the individual has income from a source other than profits referred to in paragraph 1, the chargeable income of the individual referred to in the paragraph, shall be as prescribed by the Minister.”.

2% tax is applicable to individual partners of limited liability partnerships (LLPs) receiving profit distributions in excess of RM100,000.

Comments:

1. Given that such profit distributions exceeding RM100,000 from LLP received by an individual partner that is deemed to be his/her statutory income do not fall under Section 4(a) and Section 4(c) of the Act, we would appreciate clarification from the IRB on the category of income under Section 4 that is applicable to such income.

Maklum balas LHDNM:

Keuntungan yang diagihkan kepada pekongsi individu adalah kategori pendapatan perniagaan di bawah peruntukan seksyen 4(a) ACP 1967 kerana ianya terbit daripada pendapatan perniagaan PLT. Agihan keuntungan tersebut disifatkan sebagai pendapatan di peringkat pendapatan berkanun berdasarkan seksyen 54C ACP. Oleh itu, tiada sebarang tuntutan seperti perbelanjaan atau elaun modal boleh dituntut oleh pekongsi.

2. In a situation where the individual partner received profit distributions from more than one LLP, please clarify whether the threshold of RM100,000 refers to profit distributions by each LLP or the accumulated sum of profit distributions by all the LLPs.

Maklum balas LHDNM:

Nilai ambang RM100,000 diambil kira berdasarkan jumlah terkumpul agihan keuntungan yang diterima oleh individu daripada semua Perkongsian Liabiliti Terhad (PLT) dalam suatu tahun taksiran (TT).

JOINT MEMORANDUM ON ISSUES ARISING FROM 2026 BUDGET SPEECH & TAX BILLS 2025

3. Please clarify whether the 2% tax on profit distributions exceeding RM100,000 applies to foreign LLPs that have duly registered with the Companies Commission of Malaysia (SSM) under Section 45 of the Limited Liability Partnerships Act 2012.

Maklum balas LHDNM:

Ya. Layanan cukai ini juga terpakai kepada mana-mana PLT asing yang berdaftar dengan SSM di bawah Akta PLT 2012 dengan syarat agihan keuntungan tersebut terbit dari Malaysia.

6. Tax Incentives

6.1 Paragraph 43 of the 2026 Budget Speech - Income tax deduction for company and individual with business income who contribute to *Kampung Angkat* and *Sekolah Angkat MADANI*, and *Sejahtera MADANI* programmes

- *Companies and individuals with business income who contribute to Kampung Angkat MADANI, Sekolah Angkat MADANI or Sejahtera MADANI will be eligible for income tax deductions.*

Comments:

1. Please clarify if this tax deduction would fall under Section 34(6)(h) of the Income Tax Act 1967.
2. What is the effective date?
3. Will this be a single or double tax deduction?
4. Is this restricted to cash donations, or does it include donations in kind, and if donations in kind are covered, what types of expenses / items are eligible?

Maklum balas MOF:

Perbincangan akan diadakan dengan LHDNM berhubung perkara di atas.

6.2 Paragraph 82 of the 2026 Budget Speech - Deduction for cash donations made to the trust account of the Department of Museums Malaysia

It is proposed that cash contributions made by an individual or a company to the Trust Account of the Department of Museums Malaysia is eligible for a tax deduction equivalent to the amount of cash contributed.

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82. *The Government will provide an initial fund of 5 million ringgit as a matching grant to encourage the corporate sector, philanthropists and heritage experts to rejuvenate the National Museum. Cash donations by individuals and corporate entities to the Department of Museums Malaysia Trust Account are eligible for income tax deduction equivalent to the amount of the donation.*

Comments:

Please advise if this tax deduction would fall under either:

- Section 44(6) where the tax deduction amount is limited to 10% of aggregate income; or
- Section 34 where the tax deduction is claimed against business income.

Maklum balas LHDNM:

Sumbangan yang diberikan adalah layak untuk potongan cukai di bawah subseksyen 44(6) ACP dan terhad kepada 10% daripada pendapatan agregat.

6.3 Paragraph 92 of the 2026 Budget Speech - 100% Green Investment Tax Allowance Assets for Own Consumption

92. *The Government proposes that a 100 percent Green Investment Tax Allowance (GITA) assets for own consumption be granted to companies that utilise green technology products within the local supply chain that are certified under the MyHIJAU Mark.*

Comments:

1. Kindly clarify the list of qualifying assets which would be eligible (if it is a limited list as compared to the current list of assets eligible for green investment tax allowance (GITA) incentive).

Maklum balas MOF :

Senarai aset yang layak mengguna pakai senarai aset sedia ada dalam GITA Aset yang diumumkan dalam Belanjawan 2024.

2. What is the incentive period?

Maklum balas MOF :

Tempoh kuat kuasa insentif ini adalah bermula 1 Januari 2026 hingga 31 Disember 2026.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2026 BUDGET SPEECH & TAX BILLS 2025

3. Is the exemption allowed against 100% of statutory income?

Maklum balas LHDNM:

Perbelanjaan yang layak dibenarkan 100% elaun GITA dan elaun ini boleh ditolak sehingga 70% daripada pendapatan berkanun.

4. Is there any mutual exclusion with current GITA incentives?

Maklum balas MOF :

Insentif yang diumumkan ini merupakan penambahbaikan kepada Galakan Cukai Teknologi Hijau sedia ada bagi menggalakkan penggunaan produk teknologi hijau tempatan. Sehubungan itu, layanan dan syarat dalam Galakan Cukai Teknologi Hijau sedia ada adalah terpakai.

5. Will there be a differentiation between Own Use and the term Own Consumption which is used in current incentive?

Maklum balas MOF :

Kedua-duanya adalah merujuk kepada aset untuk kegunaan sendiri.

6. What is the definition of “green technology products within the local supply chain that are certified under the MyHIJAU Mark”?

Maklum balas MOF :

Aset teknologi hijau itu ialah suatu aset dikilangkan secara tempatan yang berdaftar di bawah Direktori MyHijau.

*Pelaksanaan dasar bagi galakan cukai ini tertakluk kepada Perundangan Subsidiari yang akan dimuktamadkan.

6.4 Paragraph 174 and Appendix 32 of the 2026 Budget Speech - Double tax deduction for training of care worker who is not an employee of the company

Paragraph 174

- *The Government has agreed to a double tax deduction for companies who sponsor training for PWDs extended to sponsoring care worker training programmes recognised by KPWKM.*

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Appendix 32

To fulfil the need for quality care services for the elderly, children with special needs and OKU, it is proposed scope of double tax deduction for companies sponsoring training for OKU, be expanded to include sponsorship of care workers to undergo training programmes in institutions recognised by KPWKM. The sponsored care workers are not employees of the company.

Effective Date

For the year of assessment 2026 and 2027.

Comments:

1. Please clarify if the companies that contribute to Human Resources Development Fund (HRDF) will be allowed to claim this double tax deduction.

Maklum balas MOF :

Ya.

2. What is the definition of care workers?

Maklum balas MOF :

Individu yang merupakan pemastautin di Malaysia dan bekerja sebagai penjaga di pusat jagaan berdaftar (berdaftar di bawah seksyen 2 dan 6 Akta Pusat Jagaan 1993) bagi warga emas, kanak-kanak berkeperluan khas dan orang kurang upaya (OKU). Takrifan ini masih tertakluk kepada semakan lanjut oleh Jabatan Peguam Negara (AGC).

6.5 Paragraph 181 of the 2026 Budget Speech - Hospital Welfare Funds

- *To encourage private hospitals to assist underprivileged patients in obtaining healthcare services, private hospitals are permitted to establish Hospital Welfare Funds managed by companies limited by guarantee (CLBG). Contributions made to the fund will be exempted from tax and donors will be eligible for tax deductions.*

Comments:

Currently, the following is stated in paragraph 2.2.1(b) of the Section 44(6) guidelines for hospital welfare fund:

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b) Hospital Swasta

Tabung hendaklah ditubuhkan oleh hospital swasta yang berdaftar sebagai Syarikat Berhad Menurut Jaminan di bawah Akta Syarikat 2016 (Akta 777). Penubuhan hendaklah selaras dengan peruntukan seksyen 105 Akta 586 Jadual Kedua Belas, Peraturan-Peraturan Kemudahan Dan Perkhidmatan Jagaan Kesihatan Swasta (Hospital Swasta dan Kemudahan Jagaan Kesihatan Lain) 2006 [P.U.(A) 138 / 2006] dengan surat

Please confirm that the scope is now expanded to private companies limited by shares, which must set up the welfare fund under a separate CLBG.

Maklum balas MOF:

Dasar yang ditetapkan adalah bagi membolehkan hospital swasta yang berdaftar sebagai CLBS menubuhkan CLBG bagi menguruskan Tabung Kebajikan Hospital.

Garis Panduan Permohonan Untuk Kelulusan Ketua Pengarah Hasil Dalam Negeri Di Bawah Subseksyen 44(6) ACP 1967 Bagi Tabung Kebajikan Hospital Awam, Hospital Swasta Dan Hospital Pengajar sedang dikemaskini dan dijangka dimuktamadkan dalam suku pertama tahun 2026.

6.6 Paragraph 205 and Appendix 13 of the 2026 Budget Speech - Income tax exemption on contributions received including the income generated from the endowment fund established by public university teaching hospitals and tax deduction equivalent to the amount of the contribution, subject to a maximum of 10% of aggregate income for the donor

205. The Government agrees public HPUs be allowed to establish endowment funds. The fund will enable public HPUs to receive cash contributions, which will be eligible for income tax deductions and all contributions received including income generated from the fund will be fully tax exempted.

Comments:

The Appendix 13 mentioned about prescribed guidelines. Please indicate when the prescribed guidelines are expected to be available.

Maklum balas MOF:

Garis Panduan Permohonan Untuk Kelulusan Ketua Pengarah Hasil Dalam Negeri Di Bawah Subseksyen 44(11D) ACP 1967 Bagi Endowmen sedang dikemaskini bagi membolehkan Hospital Pengajar Universiti Awam ditambah ke dalam senarai yang layak.

6.7 Paragraph 220 of the 2026 Budget Speech - Special tax deduction for renovation and conversion of commercial buildings to residential premises

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equivalent to 10% of the amount of eligible expenses but subject to a maximum amount of RM10,000,000

220. The Government proposes expenditure on the renovation and conversion of commercial buildings into residential units be granted a special tax deduction of ten percent of qualifying expenditure, limited up to ten million ringgit.

Comments:

We would appreciate it if guidelines could be provided on this matter and the following matters could be considered in the guidelines:

1. The eligibility criteria.

Maklum balas MOF :

Kriteria kelayakan untuk potongan cukai khas ini adalah seperti berikut:

- i. jumlah potongan yang dibenarkan tidak melebihi sepuluh juta ringgit;
- ii. potongan hanya dibenarkan kepada pemilik premis pejabat yang akan menyewakan rumah kediaman tersebut pengubahsuaian dilakukan; dan
- iii. pelan pembangunan telah diluluskan oleh Pihak Berkuasa Tempatan (PBT).

2. What counts as a conversion? Does the property title need to change from commercial to residential, or is it enough to just adapt it for residential use?

Maklum balas MOF :

“*Conversion*” merujuk kepada kerja-kerja penukaran dan pengubahsuaian yang dilakukan bagi membolehkan sesebuah premis pejabat digunakan sebagai rumah kediaman.

3. How about mixed-use buildings where only a portion is converted, does that count?

Maklum balas MOF :

Ya, potongan tersebut akan terpakai bagi perbelanjaan penukaran dan pengubahsuaian yang layak, dilakukan bermula dari 1 Januari 2026 sehingga 31 Disember 2027.

Penukaran dan pengubahsuaian secara keseluruhan atau sebahagian tertakluk premis pejabat yang tersebut perlu disewakan sebagai rumah kediaman. Pengubahsuaian tersebut mestilah mendapat kelulusan yang sewajarnya daripada PBT.

4. Definition of eligible expenses and whether it includes capital expenditure such as conversion of status from commercial to residential.

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Maklum balas MOF :

“Perbelanjaan penukaran dan pengubahsuaian” bermaksud kos perbelanjaan bagi penukaran dan pengubahsuaian premis pejabat kepada rumah kediaman yang dilakukan adalah seperti berikut:

- i. Lekapan dan kelengkapan
- ii. Lantai
- iii. Pemasangan elektrik am
- iv. Penutup dinding (termasuk kerja mengecat)
- v. Sekat ruang tetap
- vi. Pintu, tingkap, jeriji dan roller shutter
- vii. Siling gantung dan kornis
- viii. Sistem air
- ix. Sistem gas
- x. Sistem penyaman udara

tetapi tidak termasuk kos bagi tujuan seperti berikut:

- i. Yuran pereka
- ii. Yuran profesional
- iii. Pembelian barang antik (pembelian objek atau karya seni yang mewakili era terdahulu dalam masyarakat manusia, merupakan item koleksi disebabkan usia, kelangkaan, pertukangan atau ciri unik lain dan nilainya meningkat mengikut masa)

Perbelanjaan tersebut perlu disahkan oleh juruaudit luar.

5. Qualifying period.

Maklum balas MOF :

Potongan akan dibenarkan bagi perbelanjaan penukaran dan pengubahsuaian yang layak yang dilakukan dari 1 Januari 2026 sehingga 31 Disember 2027.

6. The application procedure, if any.

Maklum balas MOF :

Potongan tersebut hendaklah dituntut melalui borang nyata cukai pendapatan tahunan, tertakluk kepada pematuhan syarat-syarat yang ditetapkan oleh LHDNM.

7. Whether the cap of RM10 million is on a per project basis, per company basis or per year of assessment (YA) basis?

Maklum balas MOF :

Had RM10 juta adalah berdasarkan perbelanjaan layak yang dilakukan oleh syarikat antara 1 Januari 2026 hingga 31 Disember 2027.

JOINT MEMORANDUM ON ISSUES ARISING FROM 2026 BUDGET SPEECH & TAX BILLS 2025

8. Will this special tax deduction apply to all building owners across Malaysia?

Maklum balas MOF :

Potongan cukai khas ini terpakai kepada pemilik premis pejabat yang layak yang terletak di Malaysia tertakluk premis tersebut disewakan sebagai rumah kediaman.

9. Whether there is a specific duration or qualifying period within which expenses must be incurred in order to be eligible for the special deduction? If affirmative, kindly confirm that billings in relation to work performed during the qualifying period will be eligible for the special deduction, even though the project could be completed after the qualifying period. The timing of tax deduction should be based on the progress of work done, rather than the invoice date or project completion date.

Maklum balas MOF :

Perbelanjaan yang layak mestilah dilakukan antara 1 Januari 2026 dan 31 Disember 2027 untuk mendapat potongan khas. Pengeluaran invois dan bil mestilah sepadan dengan perbelanjaan yang dilakukan dalam tempoh yang dibenarkan bagi memastikan pembelian awal (*frontload*) tidak dilakukan semata-mata untuk mengambil kesempatan daripada insentif tersebut.

6.8 Appendix 9 of the 2026 Budget Speech (wef YA 2026 to YA 2030) - Review of Income Tax Deduction for Cost of Listing on Bursa Malaysia

To further encourage more companies and MSMEs to leverage the Main, ACE or LEAP Markets in raising additional capital through listing on Bursa Malaysia and to support the National Energy Transition Roadmap and National Semiconductor Strategy, it is proposed tax deduction of up to RM1.5 million on listing expenses for technology-based companies and MSMEs be reviewed as follows:

- i. tax deduction be expanded to MSMEs in the energy and utilities sectors; and*
- ii. tax deduction for technology-based companies, as well as MSMEs in the technology, energy and utilities sectors be given for 5 years.*

Effective Date

For the year of assessment 2026 to 2030.

Currently, the income tax deduction for cost of listing on Bursa Malaysia is legislated via the Income Tax (Deduction for Expenses in relation to Listing on Main Market, Access, Certainty, Efficiency (ACE) Market or Leading Entrepreneur Accelerator Platform (LEAP) Market of Bursa Malaysia Securities Berhad) Rules 2023 [P.U. (A) 235/2023]. These Rules apply to a technology-based company which has met the qualifying conditions stipulated under Paragraph 3 of the Rules, an extract as shown below:

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P.U. (A) 235

Application

3. These Rules shall apply to a technology-based company—
- (a) which is involved in the design, development and manufacture, production or application in any of the field and activities—
 - (i) as specified in the Schedule; and
 - (ii) which have been certified by Bursa Malaysia Securities Berhad as the principal business activity of the technology-based company; and
 - (b) which has applied for listing on the Main Market, ACE Market or LEAP Market.

Comments:

1. We suggest expanding the scope of tax deduction to MSMEs across all sectors, not restricted to those in the energy and utilities sector only, as a broader eligibility will promote inclusivity and allow more businesses to benefit from the incentive.

Maklum balas MOF :

MOF mengambil maklum cadangan ini.

2. Kindly clarify if for the purpose of special tax deduction, the MSMEs refers to MSMEs as defined by SME Corp. Malaysia.

Maklum balas MOF :

Di dalam draf pindaan subsidiari yang sedang dimuktamadkan, tafsiran PKS adalah merujuk kepada Akta Perbadanan Perusahaan Kecil dan Sederhana Malaysia 1995 [Akta 539] manakala tafsiran perusahaan mikro ditentukan oleh Majlis Pembangunan Perusahaan Kecil dan Sederhana Kebangsaan yang ditubuhkan di bawah Akta yang sama.

3. It was silent in the existing Rules [P.U. (A) 235/2023] that the Rules shall apply to a technology-based company and MSMEs. Please confirm that our understanding of the proposal under Appendix 9 as follows is correct:

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- a. Tax deduction for technology-based companies that is ending after YA 2025 pursuant to P.U. (A) 235/2023, will be extended for another 5 years.
- b. Tax deduction will be expanded and given to MSMEs in the energy and utilities sectors for 5 years.

Maklum balas MOF :

Ya. Perkara ini akan diperjelaskan di bawah perundangan subsidiari.

6.9 Appendix 21 of the 2026 Budget Speech - Accelerated Capital Allowance on Capital Expenditure for Plant, Machinery and ICT Equipment

To further promote domestic direct investment and accelerate the digital technology adoption among businesses, it is proposed qualifying capital expenditures be given Accelerated Capital Allowance (ACA) which can be fully claimed by companies within 2 years as follows:

No.	Qualifying Expenditure	Capital Allowance Rate
1.	Procurement of Heavy Machinery from local manufacturers	Initial Allowance: 20%
2.	Procurement of plant and general machinery acquired from local manufacturers	
3.	Purchase of ICT equipment and computer software	Annual Allowance: 40%
4.	Consultation, licensing and incidental fees related to customised computer software development	

Effective Date

For qualifying capital expenditure incurred from 11 October 2025 to 31 December 2026.

Comments:

1. Please provide the definition of the term “local manufacturers”, including examples.

Maklum balas MOF :

Istilah “pengilang tempatan” merujuk kepada pengilang jentera berat atau am yang dikilangkan secara tempatan yang memegang lesen pengilang atau pengeluar yang dikecualikan daripada memegang lesen pengilang di bawah Akta Penyelarasan Perindustrian 1975 [Akta 156].

Semakan perlu dibuat secara *case by case basis* semasa tuntutan dibuat.

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Contoh:

Pembayar cukai melakukan perbelanjaan modal layak dengan membeli 2 jentera berat daripada 2 pengeluar (A dan B). Kedua-dua pengeluar memegang lesen pengilang di bawah Akta Penyelarasan Perindustrian 1975 [Akta 156].

- Pengeluar A mengilang jentera berat tersebut;
- Pengeluar B adalah entiti yang memiliki lesen pengilang tetapi tidak pernah menjalankan aktiviti pengilangan sebaliknya mengimport jentera berat daripada syarikat berkaitan luar negara.

Oleh itu pembayar cukai hanya layak menuntut Elaun Modal Dipercepatkan bagi jentera berat yang dibeli daripada Pengeluar A sahaja.

2. What are the types of requisite documents to support the claim for these ACA?

Maklum balas MOF :

Antara dokumen yang boleh menyokong tuntutan ACA adalah seperti berikut:

- Invois pembelian/resit** bagi loji, jentera, atau peralatan ICT yang dibeli;
- Bukti pembayaran** (contohnya: resit pindahan bank, baucar pembayaran);
- Dokumen penghantaran atau pemasangan**, yang menunjukkan bahawa peralatan telah diterima dan dipasang;
- Sijil pengilang pembekal peralatan**, untuk mengesahkan pembelian daripada syarikat pengilang tempatan peralatan tersebut layak untuk ACA;
- Rekod perakaunan** yang menunjukkan aset tersebut telah direkodkan dalam buku akaun sebagai harta modal syarikat;
- Dokumen sokongan lain** tertakluk kepada LHDNM seperti mana di bawah Kaedah-Kaedah ACA yang berkaitan.

3. Kindly confirm that the relevant subsidiary legislation to be issued for the proposed ACA will supersede the current P.U. (A) 328/2024 Income Tax (Accelerated Capital Allowance) (Information and Communication Technology Equipment) Rules 2024.

Maklum balas MOF :

Tidak. Terdapat peruntukan eksklusif (*mutually exclusive*) di peringkat aset di mana syarikat hanya boleh menikmati sama ada insentif ini atau insentif di bawah P.U. (A) 328/2024 bagi setiap aset yang layak.

6.10 Appendix 24 of the 2026 Budget Speech - Tax Incentive for Training in Artificial Intelligence

To encourage the adoption of artificial intelligence (AI) in business operations, it is proposed expenses incurred by MSMEs, including those contributing to HRDF, on AI training recognised by

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MyMahir National AI Council for Industry (NAICI), be given further tax deduction of 50% once in 2 years.

Effective Date

For applications received by TalentCorp from 1 January 2026 to 31 December 2027.

Comments:

1. MSMEs are important to the economy, and getting MSMEs to embrace AI is crucial to enable them to be more efficient and save costs by applying cutting-edge technology. Further, AI training is extremely important for employees to enable them to remain relevant.

We suggest allowing a double deduction each year for two years, to encourage the adoption of AI by more businesses during these two years and sustain ongoing investment in digital innovation.

Maklum balas MOF :

Seperti yang diumumkan di bawah Belanjawan 2026, potongan lanjut bagi latihan AI dibenarkan sekali dalam tempoh 2 tahun.

2. Notwithstanding the request above, please provide clarity on the following:

Company A incurred qualifying expenses as follows:

YA 2026: RM100,000

YA 2027: RM300,000

As the further tax deduction of 50% is only claimable once in 2 years, kindly clarify whether taxpayers have the flexibility to choose the YA in which they wish to claim the deduction.

In the scenario above, Company A would prefer to claim the further tax deduction in YA 2027, as the amount of qualifying expenses is higher, resulting in greater tax savings. However, Company A may not know at the time of filing its YA 2026 tax return whether the amount of qualifying expenses is higher in YA 2026 compared to YA 2027 or vice versa. This reinforces the request in item 1 above for this deduction to be given each year for two years, not just once in two years.

Maklum balas MOF :

Seperti yang diumumkan di bawah Belanjawan 2026, potongan tambahan bagi latihan AI dibenarkan sekali dalam tempoh 2 tahun. Oleh itu, syarikat perlu membuat perancangan sama ada tuntutan dibuat dalam TT 2026 atau TT 2027, permohonan potongan tambahan tersebut hendaklah dikemukakan kepada TalentCorp.

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3. Please confirm that the proposed further tax deduction of 50% applies to the expenses incurred by MSMEs, including those contributing to HRDF, on AI training recognised by MyMahir NAICI.

Maklum balas MOF :

Ya.

4. The further tax deduction of 50% is given once in 2 years. Please advise the mechanism of this one-time claim. Does it refer to a claim made once per application received by TalentCorp regardless of how many training courses on AI.

Maklum balas MOF :

Ya.

6.11 Appendix 27 of the 2026 Budget Speech - Tax Deduction on Costs of Renovation and Refurbishment of Tourism Projects

To encourage tourism project operators to upgrade and refurbish their business premises to enhance the quality of domestic tourism product in line with Visit Malaysia Year 2026, it is proposed tourism project operators registered with Ministry of Tourism, Arts and Culture (MOTAC) undertaking renovation and refurbishment works for business purposes be allowed a tax deduction on qualifying expenditure, up to a maximum of RM500,000.

Effective Date

For qualifying expenditure incurred from 11 October 2025 to 31 December 2027.

Comments:

We would appreciate if detailed guidelines can be provided and the following matters can be considered in the guidelines:

1. What type of tourism project operators can qualify for the incentives? Currently based on MOTAC's website it could include licensed massage centre, spa, hotel, travel agency and so on.

Maklum balas MOF :

Projek Pelancongan Bukan Penginapan yang diluluskan oleh MOTAC termasuk tetapi tidak terhad kepada Taman Tema, Pusat Pameran Kraf Tangan dan Kebudayaan Bersepadu, Galeri dan Muzium, Taman Marina, Restoran Pelancongan serta Pusat Persidangan / Pameran.

2. Please confirm that this incentive can also apply to the owner of the business premises occupied by the tourism project operator (in a case where the tourism project operator is renting the building from another party).

Maklum balas MOF :

Hanya pemilik projek (pengendali atau pemilik) yang diluluskan oleh MOTAC layak menuntut insentif tersebut.

3. What are the eligibility criteria?

Maklum balas MOF :

- i. Sijil Pendaftaran Perniagaan;
- ii. Sijil Pendaftaran Projek Pelancongan;
- iii. Bukti pemilikan premis perniagaan. Jika premis perniagaan disewa, perjanjian penyewaan yang sah antara penyewa dan pemilik tanah;
- iv. Invois bagi kos pembaikan dan pengubahsuaian (R&R) yang berkaitan; dan
- v. Pengesahan kos R&R oleh juruaudit luar yang berkecualan.

4. What kind of renovation and refurbishment expenses can qualify for this deduction?

Maklum balas MOF :

Tertakluk kepada perundangan subsidiari yang akan dimuktamadkan.

Senarai cadangan adalah seperti berikut:

- i. Pembaikan struktur bangunan, siling, lantai termasuk permaidani, penutup dinding termasuk kerja mengecat dan ruang pameran.
- ii. Penambahbaikan zon baharu, siling palsu dan birai hias, penggantian struktur kayu atau besi yang rosak atau ruang pameran interaktif.
- iii. Penyelenggaraan dewan utama dan ruang pameran.
- iv. Penyelenggaraan dan naik taraf lif, eskalator, pintu, pintu pagar, tingkap, gril, bidai, kawasan penerimaan dan kemudahan pelawat.
- v. Naik taraf ruang makan, sistem gas danengkapan dapur.
- vi. Penukaran sistem elektrik, pemasangan elektrik am, sistem air, pam air dan peralatan mekanikal.

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- vii. Pemasangan sistem teknologi maklumat dan komunikasi, audio visual, pencahayaan serta sistem pendingin hawa.
- viii. Naik taraf sistem keselamatan dan ruang pameran digital.
- ix. Penyelenggaraan atau naik taraf landskap, lengkapan kebersihan, laluan pejalan kaki, laluan orang kurang upaya, tempat letak kenderaan dan tandas awam.
- x. Pembelian apa-apa keluaran kraf tangan daripada pengeluar yang berdaftar dengan Perbadanan Kemajuan Kraftangan Malaysia.

5. [Are there any mutual exclusions for those businesses that qualify for other tax incentives e.g. investment tax allowance for hotel operators?](#)

Maklum balas MOF :

Tidak terpakai jika pengendali projek pelancongan, berhubung dengan kos pengubahsuaian dan pembaikan premis perniagaan pelancongan, telah menuntut—

- i. sebarang perbelanjaan yang dibenarkan di bawah subseksyen 33(1) Akta; dan
- ii. sebarang elaun modal di bawah Jadual 3 Akta tersebut.

6. [We would like to seek clarification on the meaning of “incurred” for the purpose of this special deduction. Kindly confirm that billings in relation to work performed during the qualifying period will be eligible for the special deduction, even though the project could be completed after 31 December 2027. The timing of tax deduction should be based on the progress of work done, rather than the invoice date or project completion date.](#)

Maklum balas MOF :

Perbelanjaan yang layak mestilah dilakukan antara 11 Oktober 2025 dan 31 Disember 2027 untuk mendapat potongan khas. Pengeluaran invois dan bil mestilah sepadan dengan perbelanjaan yang dilakukan dalam tempoh yang dibenarkan bagi memastikan pembelian awal (*frontload*) tidak dilakukan semata-mata untuk mengambil kesempatan daripada insentif tersebut.

7. [Where the renovation by a company started before 11 October 2025 but is completed after 11 October 2025, we would appreciate your confirmation that a tax deduction would be allowed on the portion of qualifying cost relating to work performed from 11 October 2025 to 31 December 2027.](#)

Maklum balas MOF :

Hanya kos pengubahsuaian dan pembaikan premis perniagaan projek pelancongan yang dilakukan dalam tempoh dari 11 Oktober 2025 sehingga 31 Disember 2027 layak untuk tuntutan.

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6.12 Appendix 28 of the 2026 Budget Speech - Tax Incentive for Organising International Incentive Trips, Conferences and Trade Exhibitions

To promote international incentive trips, conferences and trade exhibitions (MICE) in conjunction with Visit Malaysia Year 2026, it is proposed tax incentive be reviewed as follows:

- i. 100% income tax exemption on statutory income for organisers verified by Ministry of Tourism, Arts and Culture (MOTAC), subject to bringing in:
 - a. at least 1,500 foreign participants for incentive trips annually; or*
 - b. at least 2,000 foreign participants for conferences annually; or*
 - c. at least 3,000 foreign participants for trade exhibitions annually.**
- ii. the incentive be extended for 2 years.*

Effective Date

For the year of assessment 2026 and 2027.

Comments:

1. We understand that Meetings, Incentives, Conferences and Exhibitions (MICE) tourism is a type of business tourism where groups are brought together for professional, commercial, or networking purposes.

Specifically, with regard to incentive trips, kindly confirm our understanding that incentive trips typically involve trips verified by MOTAC and organised by any organisations (not tour operators) as rewards for those who have achieved specific goals or demonstrated exceptional performance.

Kindly clarify if otherwise.

Maklum balas MOF :

Ya, pemahaman pihak persatuan adalah teratur. Lawatan insentif akan disahkan oleh MyCEB dan MOTAC.

2. Please provide clarity on what is meant by "incentive trips" in the context of item (i)(a) above. In the spirit of the exemption, we would appreciate it if the definition is broad.

Maklum balas LHDNM:

Syarat-syarat insentif diperincikan di dalam perundangan subsidiari yang akan diwartakan.

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6.13 Appendix 29 of the 2026 Budget Speech - Tax Incentive for Organising Arts, Cultural, Sports and Recreational Activities

To further encourage the organising of arts, cultural, tourism, international sports and recreational activities in conjunction with Visit Malaysia Year 2026, it is proposed tax incentive be reviewed as follows:

- i. the scope be expanded to include tourism activities approved by MOTAC (excluding concert performances);
- ii. the venue for arts, cultural and tourism activities be broadened to include any location in Malaysia approved by MOTAC;
- iii. international sports and recreational competitions approved by KBS; and
- iv. the incentive be extended for 2 years.

Effective Date

For the year of assessment 2026 and 2027.

Comments:

In relation to item (i) above, we would appreciate your clarification on the types of tourism activities approved by MOTAC and guidance on how to access the approved list.

Maklum balas MOF :

Senarai tersebut sedang dimuktamadkan oleh MOTAC. Antara aktiviti pelancongan adalah perkara berikut (tetapi tidak terhad):

- i. **Pelancongan alam semula jadi** – aktiviti seperti mendaki gunung atau bukit, meneroka gua, *scuba diving*, dan *snorkeling*.
- ii. **Pelancongan budaya dan warisan** – melawat tapak warisan, menyertai program inap desa, muzium dan galeri seni, menonton persembahan kebudayaan, menghadiri festival kebudayaan, dan merasai pengalaman kulinari warisan.
- iii. **Pelancongan santai dan rekreasi** – melawat taman tema, membeli-belah, *glamping*, menghadiri konsert, festival, acara sukan, karnival, dan larian warisan.
- iv. **Pelancongan gastronomik** – menghadiri festival makanan jalanan, melawat ladang teh atau buah-buahan, agropelancongan, dan jelajah kulinari.

6.14 Appendix 30 of the 2026 Budget Speech - Review of Tax Incentive for Venture Capital

To further encourage investment by VCC, the tax incentives for venture capital are reviewed as follows:

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i. *Venture Capital Company*

- a. *A corporate tax rate of 5% is imposed on all income of the VCC, except for interest / profit income derived from savings, fixed deposits, or deposits. The VCC is required to invest a minimum of 20% of its funds in local venture companies; and*
- b. *The tax incentive is given for 10 years or for the remaining life of the fund starting from the year the VCC obtains its first certification from SC. The first certification by SC must be obtained no later than 31 December 2035.*

This tax incentive is expanded to entities incorporated under the Limited Liability Partnerships Act 2012 and the Labuan Limited Partnerships and Limited Liability Partnerships Act 2010 which elect to be taxed under the Income Tax Act 1967.

Effective Date

From the year of assessment 2025.

Comments:

In Budget 2024, it was proposed that VCC be given a capital gains tax (CGT) exemption for the disposal of shares. As the gazette order for this proposal is outstanding and in view of the Budget 2026 proposal to tax all income of a VCC at 5% corporate tax, please clarify how these two proposals will apply alongside each other.

Maklum balas MOF :

MOF telah membuat keputusan untuk menggabungkan kesemua insentif berkaitan VC di bawah satu perundangan subsidiari yang akan diwartakan kelak.

MOF telah memberikan kelulusan secara prinsip bagi pengecualian CKM untuk pelupusan saham syarikat yang tidak tersenarai yang dibuat pada tahun 2024 oleh firma VC yang disahkan oleh SC. Senarai firma VC yang diluluskan adalah berdasarkan permohonan yang dikemukakan oleh firma VC berdaftar kepada SC bagi pelaporan data akhir tahun 2024 (Disember 2024).

Cukai korporat 5% bagi VCC akan diperuntukkan di bawah perundangan subsidiari baharu yang kini sedang dalam semakan AGC.

6.15 Appendix 31 of the 2026 Budget Speech - Review of Tax Incentive for Scholarships

In enhancing access to more students to pursue technical and vocational skills training as well as higher education, the tax incentive for private companies providing scholarships be reviewed as follows:

- i. *double tax deduction be given to companies providing scholarships to students pursuing Sijil Teknik Vokasional / Diploma / Bachelor's Degree;*

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- ii. *the scope of the double tax deduction is expanded to include qualified professional certification courses;*
- iii. *the household income requirement for the student's parents / guardians is increased to, not exceeding RM15,000 per month; and*
- iv. *this incentive is extended for 5 years.*

Effective Period

From the year of assessment 2026 to 2030.

Comments:

In relation to item (i) above, while the tax incentive for scholarships has been expanded to include qualified professional certification courses, we notice that the double deduction for scholarships for Master's and Doctorate levels has been removed.

It is suggested that the double deduction for scholarships for Master's and Doctorate programmes be retained.

This incentive would encourage greater private sector participation in funding higher education, help retain skilled talent in the country, and ensure consistent support across all levels of education, from vocational to postgraduate studies. This would be in line with the Government's aspiration for Malaysia to become a high-income and sustainable nation.

Maklum balas MOF :

Potongan cukai dua kali hanya diberikan ke atas penajaan biasiswa kepada pelajar diperingkat Sijil Teknik Vokasional / Diploma / Ijazah Sarjana Muda serta kursus pensijilan profesional yang berkecualan bagi memastikan liputan yang lebih luas untuk pelajar memasuki peringkat pendidikan tinggi.

B. Outstanding Gazette Orders – 2020 to 2025 Budgets

The Institutes note with concern that several gazette orders pertaining to proposals announced in the 2020 to 2025 Budgets are still outstanding to date. We would request for your urgent attention and update on the status of the relevant gazette orders.

As professional bodies, the Institutes would urge the tax authorities to ensure that all gazette orders / guidelines in respect of Budget proposals be issued in a timely manner, preferably within the first quarter following the Budget announcement, so that taxpayers are able to apply specific incentives and it creates certainty for investors.

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It would be appreciated if future gazette orders could be issued and published on a timely basis. Otherwise, the incentives may not fulfil their objective of incentivising businesses or investment planning decisions.

2020 Budget

1. Tax exemption of 100% up to 10 years on qualifying intellectual property income derived from patent and copyright software of qualifying activities.

Maklum balas LHDNM (30 May 2025):

Maklum balas CTIM mengenai cadangan pindaan kepada *Intellectual Property Development Incentive Policy* diambil maklum dan akan disemak sebelum pewartaan perintah tersebut.

Comments:

Please provide an update on the status of the above.

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

2. Expansion of the scope of tax incentives for automation equipment for Category 2: Other Industries to the services sector for applications received by MIDA between 1 January 2020 and 31 December 2023.

Maklum balas LHDNM (30 May 2025):

Draf dalam semakan pihak AGC.

Comments:

Please provide an update on the status of the above.

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

2023 Budget

1. Special tax deduction of up to RM150,000 for expenditure on Malaysian-made handicrafts purchased from local handicraft entrepreneurs registered with Perbadanan Kemajuan Kraftangan Malaysia. For qualifying handicraft products expenditure incurred from 1 January 2023 until 31 December 2025.

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Maklum balas LHDNM (30 May 2025):

Draf sedang dimuktamadkan oleh pihak LHDNM.

Comments:

Please provide an update on the status of the above.

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

2. Expansion of the scope of further tax deduction to include remuneration paid to inmates and ex-inmates of: -
- Henry Gurney School under Malaysian Prison Department; and
 - Protection and rehabilitation institutions and non-government care centres registered under the Department of Social Welfare.
- From YA 2023 to YA 2025.

Maklum balas MOF (30 May 2025):

Draf sedang dalam semakan MOF setelah menerima input daripada Jabatan Penjara dan Jabatan Kebajikan Masyarakat.

Comments:

Please provide an update on the status of the above.

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

3. Tax deduction for company renting non-commercial electric vehicle on the rental amount up to RM300,000. From YA 2023 to YA 2025.

Maklum balas LHDNM (30 May 2025):

Draf sedang dalam semakan MOF.

Comments:

Please provide an update on the status of the above.

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

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4. Tax incentives for carbon capture and storage (CCS): -
- (a) Companies undertaking CCS in-house activity: -
- 100% Investment Tax Allowance (ITA) on qualifying capital expenditure (QCE) for 10 years which can be set-off against 100% of statutory business income; and
 - Tax deduction for allowable pre-commencement expenses within 5 years from the date of commencement of operation.
- (b) Companies undertaking CCS services: -
- 100% ITA on QCE for a period of 10 years which can be set-off against 100% statutory income, or
 - 70% tax exemption on statutory business income for 10 years.
- (c) Companies engaging in CSS services: -
- Tax deduction on fees incurred for the use of CCS services.

Maklum balas LHDNM (30 May 2025):

Mekanisme pelaksanaan insentif di bawah perenggan 5(a) dan (b) adalah melalui kuasa Menteri di bawah subseksyen 127(3A) ACP 1967. Bagi insentif di bawah perenggan 5(c), draf perundangan subsidiari dalam semakan pihak MOF.

Comments:

[Please provide an update on the status of the above.](#)

Maklum balas MOF :

Draf sedang dalam semakan MOF.

5. 100% accelerated capital allowance and 100% income tax exemption on qualifying capital expenditure from YA 2023 to YA 2025 are given to chicken rearers that adopt environmentally-friendly closed house systems verified by the Ministry of Agriculture and Food Security (MAFS).

Maklum balas LHDNM (30 May 2025):

Draf sedang dimuktamadkan oleh pihak LHDNM.

Comments:

[Please provide an update on the status of the above.](#)

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

6. Tax incentives for food production projects: -
- The scope of tax incentives is expanded to include agricultural projects based on Controlled Environment Agriculture; and

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- The application period for tax incentives is extended for 3 years (1 January 2023 until 31 December 2025).

Maklum balas LHDNM (30 May 2025):

Draf dalam semakan pihak AGC.

Comments:

Please provide an update on the status of the above.

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

7. Accelerated capital allowance for automation equipment: -
- The scope of automation is to include the adaptation of Industry 4.0 elements;
 - The scope of the qualifying project is expanded to include the agriculture sector; and
 - The qualifying capital expenditure threshold for category 1, category 2, and agriculture is increased to RM10 million.
- For applications received by MIDA and MAFS from 1 January 2023 until 31 December 2027.

Maklum balas LHDNM (30 May 2025):

Draf sedang dimuktamadkan oleh pihak LHDNM.

Comments:

Please provide an update on the status of the above.

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

2024 Budget

1. CGT Exemption for Venture Capital Company.

Maklum balas LHDNM (30 May 2025):

Draf perundangan subsidiari sedang dalam semakan MOF.

Comments:

Please provide an update on the status of the above.

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Maklum balas MOF :

MOF telah membuat keputusan untuk menggabungkan ke semua insentif berkaitan VC di bawah satu perundangan subsidiari yang akan diwartakan kelak.

MOF had given approval-in-principle for CGT exemption for divestment/disposals of shares of unlisted companies made in year 2024 by VC firms verified by SC.

The approved list of VC firms is based upon submissions made by registered VC firms to SC for the data reporting cycle of year-end 2024 (December 2024). From 2025 onwards, 5% corporate tax is imposed on all income of a VC co.

2. Extension of period of tax incentive for women returning to work after career break. From YA 2025 to YA 2028.

Maklum balas MOF (30 May 2025):

Draf perundangan subsidiari sedang dalam semakan BUU, MOF dan dikemukakan kepada AGC untuk semakan dan pewartaan.

Comments:

[Please provide an update on the status of the above.](#)

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

3. Preferential income tax rate for non-citizen individuals holding key/C-Suite positions in Global Services Hub (GSH). For new company's GSH tax incentive applications received by MIDA from 14 October 2023 until 31 December 2027.

Maklum balas LHDNM (30 May 2025):

Draf sedang dimuktamadkan oleh pihak LHDNM.

Comments:

[Please provide an update on the status of the above.](#)

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

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4. Extension of tax deduction for rental of non-commercial electric vehicle. From YA 2023 to YA 2027.

Maklum balas LHDNM (30 May 2025):

Draf dalam semakan pihak MOF.

Comments:

[Please provide an update on the status of the above.](#)

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

5. Further tax deduction on expenditure incurred to participate for voluntary carbon market. For applications received by the Malaysia Green Technology and Climate Change Corporation (MGTC) from 1 January 2024 until 31 December 2026.

Maklum balas LHDNM (30 May 2025):

Draf dalam semakan pihak MOF.

Comments:

[Please provide an update on the status of the above.](#)

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

6. Tax incentive for foreign film production companies, foreign film actors and crews who are filming in Malaysia.

Maklum balas MOF (30 May 2025):

Dalam proses penyediaan perundangan subsidiari.

Comments:

[Please provide an update on the status of the above.](#)

Maklum balas MOF :

Permohonan akan dipertimbangkan dan diluluskan secara kes demi kes oleh MOF di bawah subseksyen 127(3A) ACP 1967, memandangkan kelulusan insentif di bawah perundangan subsidiari adalah kompleks kerana melibatkan syarat-syarat khusus ke atas

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syarikat pengeluaran filem asing serta pemberian insentif cukai kepada kru dan pelakon filem asing.

Memandangkan insentif diberikan berdasarkan kategori syarikat pengeluaran filem asing yang ditentukan seperti mengikut lokasi dan kos projek yang ditetapkan, terdapat keadaan di mana syarikat pengeluaran filem asing tidak layak menerima insentif kerana tidak memenuhi kriteria yang ditetapkan, namun kru atau pelakon filem asing masih layak di bawah insentif tersebut.

Sehubungan itu, kelulusan melalui perundangan subsidiari dilihat kurang sesuai, dan adalah lebih praktikal sekiranya permohonan syarikat serta kru diproses secara langsung oleh MOF setelah kelulusan daripada JK PUSPAL diperoleh.

7. Review of tax incentive on automation equipment. For applications received by Ministry of Plantation and Commodities from 14 October 2023 until 31 December 2027.

Maklum balas LHDNM (30 May 2025):

Draf sedang dimuktamadkan oleh pihak LHDNM.

Comments:

[Please provide an update on the status of the above.](#)

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

8. Review of Green Technology Tax incentive. For GITA Project – applications received by MIDA from 1 January 2024 until 31 December 2026. For GITA Asset – qualifying capital expenditure as verified by MGTC for the purchase of green technology assets from 1 January 2024 until 31 December 2026.

Maklum balas LHDNM (30 May 2025):

Draf GITA Asset sedang dimuktamadkan oleh pihak LHDNM manakala draf GITA Project dalam semakan pihak MOF.

Comments:

[Please provide an update on the status of the above.](#)

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

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9. Extension of tax incentive for angel investor. For applications submitted to MOF from 1 January 2024 until 31 December 2026.

Maklum balas MOF (30 May 2025):

Draf dalam semakan pihak MOF.

Comments:

[Please provide an update on the status of the above.](#)

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

10. Tax incentive for reinvestment under the New Industrial Master Plan 2030. For applications received by MIDA from 1 January 2024 until 31 December 2028.

Maklum balas LHDNM (30 May 2025):

Draf sedang dimuktamadkan oleh pihak LHDNM.

Comments:

[Please provide an update on the status of the above.](#)

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

11. Tax incentive for Global Services Hub. For applications received by MIDA from 14 October 2023 until 31 December 2027.

Maklum balas LHDNM (30 May 2025):

Draf sedang dimuktamadkan oleh pihak LHDNM.

Comments:

[Please provide an update on the status of the above.](#)

Maklum balas MOF :

Draf sedang dimuktamadkan oleh pihak AGC.

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2025 Budget

1. Exemption from dividend tax.

Maklum balas MOF:

Draf sedang dimuktamadkan oleh pihak AGC.

2. Special income tax rate for knowledge workers and Malaysians working in the Forest City Special Financial Zone (FCSFZ).

Maklum balas MOF:

MOF telah mengemukakan kertas pertimbangan kepada YB Menteri Kewangan II untuk penyelarasan dasar pekerja berpendidikan FCSFZ dan JSSEZ.

3. Accelerating the claim for capital allowance on Information and Communication Technology (ICT) equipment, computer software packages and related consultancy fees to facilitate the implementation of e-invoicing from the year of assessment 2024 to 2025.

Maklum balas MOF:

Draf sedang dimuktamadkan oleh pihak AGC.

4. Expansion of scope of further deduction on expenses related to elderly care from the year of assessment 2025.

Maklum balas MOF:

Draf sedang dimuktamadkan oleh pihak AGC.

5. Review of tax deduction on the cost of developing new courses at Private Higher Education Institutions from the years of assessment 2025 to 2030.

Maklum balas MOF:

Draf sedang dalam semakan MOF.

6. Tax deduction on contribution of new equipment and machinery made by a company to registered "Institut Latihan Kemahiran Awam" (ILKA), polytechnic or vocational colleges from the years of assessment 2025 to 2027.

Maklum balas MOF:

Galakan cukai ini diberikan di bawah Perenggan 34(6)(h) ACP 1967.

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7. Tax incentive for employers implementing flexible work arrangements. For applications received by Talent Corporation Malaysia Berhad from 1 January 2025 to 31 December 2027.

Maklum balas MOF:

Draf sedang dimuktamadkan oleh pihak AGC.

8. Tax incentive for employers providing caregiving leave benefit. For applications received by the Talent Corporation Malaysia Berhad from 1 January 2025 to 31 December 2027.

Maklum balas MOF:

Draf sedang dimuktamadkan oleh pihak AGC.

9. Tax incentive for hiring women returning to work. For applications received by Talent Corporation Malaysia Berhad from 1 January 2025 to 31 December 2027.

Maklum balas MOF:

Draf sedang dimuktamadkan oleh pihak AGC.

10. Review of tax incentive for structured internship programme from the year of assessment 2026 until the year of assessment 2030.

Maklum balas MOF:

Draf sedang dalam semakan MOF.

11. Tax incentive for Smart Logistics Complex (SLC). For applications received by MIDA from 1 January 2025 until 31 December 2027.

Maklum balas MOF:

Insentif SLC akan menggunakan peruntukan P.U.(A) 113/2006.

12. Multinational Enterprises (MNEs) that incur expenses for supply chain resilience initiatives, up to RM2 million annually, will be given a double tax deduction for a period of three consecutive years.

Maklum balas MOF:

Draf sedang dalam semakan MOF.

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13. Supply Chain Resilience Initiative - MNEs or vendors to MNEs that jointly invest in other local vendors will be given an income tax deduction on the amount invested in the joint venture initiative.

Maklum balas MOF:

Draf sedang dalam semakan MOF.

14. Stamp duty exemption on loan or financing agreements through an Initial Exchange Offering (IEO) platform.

Maklum balas MOF:

Semakan mendapati tiada keperluan untuk menyediakan perundangan subsidiari berasingan bagi IEO kerana perundangan subsidiari semasa berkaitan pengecualian duti setem ke atas P2P adalah terpakai dan meliputi pengecualian duti setem ke atas perjanjian pinjaman atau pembiayaan melalui platform IEO kepada PMKS. Ini selaras dengan keputusan Surat Polisi MOF bertarikh 17 Disember 2025.

15. Expansion of income tax exemption scope for Islamic financial activities under the Labuan International Business and Financial Centre (Labuan IBFC) – Labuan Business Activity Tax (Exemption) Order.

Maklum balas MOF:

Perintah Cukai Aktiviti Perniagaan Labuan (Pengecualian) 2026 telah selesai diwartakan pada 26 Januari 2026.