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GUIDELINES ON

CAPITAL GAINS TAX FOR UNLISTED SHARES

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GUIDELINES OF THE DIRECTOR GENERAL

Section 134A of the Income Tax Act 1967 provides that the Director General is empowered to issue Guidelines which the Director General thinks is expedient or necessary.

A Guidelines is published as a guide for the public and officers of the Inland Revenue Board of Malaysia. It provides the Director General's clarification of a particular provision of the tax law or facilitates the compliance of the law or any other matter relating to it.

The Director General may revoke, revise or amend the whole or any part of this Guidelines by publishing a new Guidelines.

Director General of Inland Revenue,
Inland Revenue Board of Malaysia.

1. INTRODUCTION

1.1 Tax on gains or profits from the disposal of capital assets known as capital gains tax (**CGT**) was introduced through the Finance (No.2) Act 2023 [Act 851]. The imposition of CGT has changed the taxation landscape under the Income Tax Act 1967 (**ITA**) which was previously only imposed on revenue or income other than capital gains.

1.2 CGT is administered by the Inland Revenue Board of Malaysia through the ITA with effect from 1.1.2024. However, the implementation of CGT on capital assets take effect from 1.3.2024. For the period from 1.1.2024 to 29.2.2024, CGT is exempted pursuant to the Income Tax (Exemption) (No.7) Order 2023 [P.U.(A) 410/2023] and the Income Tax (Exemption) (No.2) Order 2024 [P.U.(A) 57/2024].

1.3 Currently, CGT is imposed on gains or profits from the disposal of capital assets which consists of:

(a) share of an unlisted company incorporated in Malaysia (**unlisted shares**);

(b) share of a controlled company incorporated outside Malaysia which owns real property situated in Malaysia or shares of another controlled company or both (**shares of relevant company**) under section 15C of the ITA; and

(c) foreign capital assets according to paragraph (a) of the definition of “capital asset” in subsection 2(1) ITA received in Malaysia by a resident.

1.4 Chapter 9 of the ITA expressly addresses the tax treatment with regard to the imposition of CGT on gains or profits from the disposal of domestic capital assets, which refers to unlisted shares and shares of relevant company. As a result, Chapter 9 of the ITA does not apply to gains or profits from the disposal of foreign capital assets received in Malaysia.

1.5 With the imposition of CGT, gains or profits from the disposal of shares in a real property company (**RPC**) by a company, limited liability partnership, trust body and co-operative society including Labuan entity that are subject to tax under the ITA are no longer subject to the Real Property Gains Tax Act 1976 (**RPGTA**).

2. OBJECTIVE

2.1 This Guidelines is issued to provide an explanation regarding the treatment of CGT on gains or profits from the disposal of domestic capital asset, which refers to unlisted shares and shares of relevant company (**capital asset**).

2.2 For gains or profits from the disposal of foreign capital assets received in Malaysia by residents, kindly refer to the current Guidelines in relation to the tax treatment on gains or profits from the disposal of such assets.

3. INTERPRETATION

3.1 This Guidelines takes into account laws which are in force as at the date this Guidelines is published.

3.2 The terms used in this Guidelines have the following meanings:

(a) “capital asset” according to subsection 2(1) of the ITA means –

(a) movable or immovable property situated outside Malaysia including any rights or interests thereof; or

(b) movable property situated in Malaysia which is a share of a company incorporated in Malaysia not listed on the stock exchange (including any rights or interests thereof) owned by a company, limited liability partnership, trust body or co-operative society.

(b) "consideration" means consideration in money or money’s worth.

(c) "disposal" means sell, convey, transfer, assign, settle or alienate whether by agreement or by force of law and includes a reduction of share capital and purchase by a company of its own shares.

(d) "stock exchange" refers to the meaning assigned to it in the Capital Markets and Services Act 2007.

(e) "shares" refers to shares in relation to a company, include stock other than debenture stock.

4. CHARGEABLE PERSON

A company, limited liability partnership, trust body or co-operative society including a Labuan entity that is subject to tax under the ITA (**disposer**), is chargeable person to CGT.

5. BASIS PERIOD / YEAR OF ASSESSMENT

CGT is imposed on the disposer in the year of assessment in which the disposal of capital assets takes place. The year of assessment refers to the basis period for a year of assessment of the disposer.

6. THE IMPOSITION OF CAPITAL GAINS TAX

6.1 Gains or profits from the disposal of capital assets are included in the classes of income on which tax is chargeable under paragraph 4*(aa)* of the ITA.

6.2 The imposition of CGT on gains or profits from the disposal of capital assets consists of:

(a) shares of unlisted companies incorporated in Malaysia; or

(b) shares of a controlled company incorporated outside Malaysia which owns real property situated in Malaysia or shares of another controlled company or both as provided under section 15C of the ITA.

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, 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.

6.4 Gains or profits from the disposal of capital assets are not a source of business income under paragraph 4(*a*) of the ITA unless subsection 24(1) of the ITA applies.

6.5 Gains or profits from the disposal are taxable in a basis period for a year of assessment where disposal of capital assets takes place. Every disposal of capital assets shall be declared separately and treated as a separate source of gains or profits from the disposal of capital assets.

Example 1

Cyber Sdn. Bhd. (Cyber) owns 100,000 shares in Jaya Sdn. Bhd. (Jaya). Cyber disposes its shareholding in Jaya through sales and purchase agreement as below:

Date of Agreement	Number of Shares Disposed	Acquirer
15.6.2025	10,000	Tan Sri Danial (Director of Cyber Sdn. Bhd.)
30.9.2025	50,000	Syarikat Putra Sdn. Bhd.
2.10.2025	40,000	Persatuan Pencinta Alam

The financial year end of Cyber is on 30 September every year.

The disposal of shares for the above three transactions are separate disposal. Cyber shall declare the gains from the disposal of shares as a taxable income by filing the CGT return form electronically (e-CKM Form) within 60 days from the date of each disposal.

Year of Assessment	Date of Disposal	Number of Shares
2025	15.6.2025	10,000
2025	30.9.2025	50,000
2026	2.10.2025	40,000

7. DATE OF DISPOSAL AND ACQUISITION OF CAPITAL ASSETS

7.1 A disposal of a capital asset shall be deemed to take place on –

(a) the date of the agreement, if there is a written agreement; or

(b) the date of completion of the disposal, if there is no written agreement.

7.2 The date of completion of a disposal is –

(a) the date where the capital asset is transferred by the disposer; or

(b) the date on which the whole amount or value of the consideration for the transfer of ownership has been received by the disposer,

whichever is the earlier.

7.3 In a transaction of disposal and acquisition of a capital asset, the date of acquisition of the capital asset by the acquirer shall be deemed to coincide with the date of disposal by the disposer.

Example 2

Cempaka Sdn. Bhd. (Cempaka) had signed a written agreement with Mawar Sdn. Bhd. (Mawar) on 2.10.2024 to dispose of its shares in Rimba Sdn. Bhd. for RM3 million. The transfer of ownership of the shares to Mawar was done on 2.12.2024 and Mawar paid the full consideration on the same day.

In this case, the date of disposal for Cempaka is on 2.10.2024 which is the date of the written agreement.

Example 3

Koperasi Bakti Mekar (Koperasi) will transfer the unlisted shares of Integriti Padu Sdn. Bhd. (Integriti) to Sepakat Indah Sdn. Bhd. (Sepakat) after the payment of RM10 million is deposited into Koperasi's bank account. There is no written agreement between Koperasi and Sepakat for the disposal of the unlisted shares. The bank statement of Koperasi stated that an amount of RM10 million is received on 2.6.2025 and the ownership transfer form (Form under Section 105 Companies Act 2016) is completed on 30.8.2025.

In this case, the date of disposal for Koperasi is on 2.6.2025 when full consideration is received by Koperasi. The date of acquisition of the unlisted shares for Sepakat is on 2.6.2025, which coincides with the date of disposal of the unlisted shares by Koperasi.

7.4 Where a contract for the disposal of the capital assets is conditional and the condition is satisfied, the disposal and acquisition of the capital assets shall be regarded as taking place at the time the contract was made.

Where a contract for the disposal of a capital asset is conditional and requires approval by the Government or a State Government –

(a) the date of disposal is the date of approval by the Government or a State Government; or

(b) if the approval by the Government or State Government is conditional, the date of disposal shall be the date when all such conditions is satisfied.

8. DISPOSAL AND ACQUISITION PRICE OF CAPITAL ASSETS

8.1 The disposal price of a capital asset is the amount or value of the consideration in money or money's worth for the disposal of the capital asset after deducting any expenditure relating to the disposal.

8.2 The value of the consideration for the disposal and acquisition shall be equal to the market value of the capital assets. The market value refers to a price which is reasonable and appropriate at the time of disposal. Amongst the criteria to determine whether the market value is reasonable or appropriate are:

(a) the existence of both disposer and acquirer;
(b) the disposer and acquirer are not related persons;
(c) the disposal is made at arm's length transaction;
(d) disposal is not made as a result of undue influence; or
(e) parties to the transaction have sufficient knowledge.

8.3 A reasonable and appropriate share valuation method may be adopted to determine the market value of the share. One of valuation methods that may be adopted is the Net Tangible Assets value (**NTA**), which based on the financial statements of the company. This valuation method computes the value per share by considering the total net tangible assets of the company.

The formula for NTA computation is as follows:

$$\text{Net tangible assets value} = \text{Total Assets} - \text{Intangible Assets} - \text{Total Liabilities}$$

$$\text{Net tangible assets value per share} = \frac{\text{Net tangible assets value}}{\text{Total number of shares issued}}$$

Example 4

Eris Cent Sdn. Bhd. (Eris) transfers 100,000 shares in Melati Putih Sdn. Bhd. (Melati) to Dollar Sdn. Bhd. (Dollar) on 15.2.2025 for a debt settlement worth RM200,000. Both Eris and Dollar are controlled by Asoba Sdn. Bhd. (Asoba). The financial year for all companies ends on December 31 every year.

Eris uses the NTA method to determine the market value of the shares that is transferred based on Melati's financial statement for the year ended 31.12.2024.

Based on the NTA method, the market value per share is RM3 per share. Therefore, Eris has declared that the value of the consideration for the disposal of the shares is RM300,000 (100,000 shares x RM3.00).

Since Eris and Dollar are controlled by Asoba, the disposal of shares is a transaction between connected persons under paragraph 65E(8)(*e*) of the ITA. The value of the consideration for disposal shall be deemed to be equal to the market value of the shares at the time of the disposal. The NTA method to determine the market value of the consideration for disposal declared by Eris is acceptable.

Therefore, the value of the consideration for disposal of the shares at the market value of RM300,000 is reasonable and appropriate as provided under subsection 65E(8) of the ITA.

8.4 The Director General of Inland Revenue (**DGIR**) may determine the market value to be used in the following circumstances:

(a) the parties to the disposal of a capital asset are unable to agree on its market value;

(b) there is only one party to the disposal of a capital asset; or

(c) the DGIR is of the opinion that the market value as agreed on by the parties to its disposal is incorrect, such as disposal that involves related companies where the disposer is controlled by the acquirer or vice versa.

8.5 The value of the consideration for the acquisition or disposal of capital assets shall be deemed to be equal to the market value of the capital assets at the time of the disposal in the following circumstances:

(a) the acquisition or disposal of capital assets is not at arm's length transaction and, in particular, where the acquisition or disposal is by way of gift;

(b) the acquisition or disposal of the capital assets wholly or partly for a consideration that cannot be valued;

(c) if the disposer –

(i) acquire caital assets as a trustee (for the creditors of any person) to pay in full or part satisfaction of any debt due from that person; or

(ii) transfers capital assets as trustee (for the creditors of any person) to pay in full or part satisfaction of any debt due to the creditors;

(d) acquisition or disposal of capital assets in a transaction for the transfer of a business for a lump sum consideration; or

(e) disposal of capital assets in a transaction between connected persons.

8.6 The meaning of “connected person” is as follows:

(a) A company is connected with another company –

(i) if the same person has control of both companies;

(ii) if a person has control of one company and persons connected with him (or he and persons connected with him) have control over the other company;

(iii) if two or more groups of same persons have control of each company;

(iv) if any of the members in the same group are replaced by a person connected to him to control each company.

(b) A company is connected with another person –

(i) if that person has control of the company; or

(ii) if that person and a person connected to him jointly control the company.

(c) Any person is connected with one another –

(i) if any two or more persons are acting together to secure or exercise control of a company;

(ii) if any persons are acting on the direction of any of them to secure or exercise control of that company.

8.7 Where a capital asset is exchanged for another asset, the market value of the asset received by the disposer shall be taken as the value of the consideration for the disposal of the capital asset. However, if the market value of the asset received or exchanged cannot be determined, the market value of the capital asset disposed shall be taken as the value of the consideration for the disposal.

Example 5

Venus Sdn. Bhd. (Venus) owns 7 million unlisted shares of Mercury Sdn. Bhd. (Mercury) at RM2 per share. Venus has made an exchange agreement with Neptune Sdn. Bhd. (Neptune) to transfer all the unlisted shares in Mercury owned by Venus to Neptune, for a consideration of a plot of land in Cyber 8 worth RM15 million to be transferred by Neptune and a Tesla car worth RM450,000.

The tax treatment is as follows:

(a) The date of disposal for unlisted shares in Mercury is the date of the exchange agreement; and

(b) The value of the consideration for the disposal is RM15.45 million (the market value of property in Cyber 8 worth RM15 million and a Tesla car worth RM450,000) on the date of the exchange agreement.

8.8 Financing facility in accordance with the syariah

Where a capital asset is acquired with a financing facility provided by an Islamic bank in accordance with the Syariah, the acquisition price of the capital asset shall be –

(a) the amount or value of the consideration given by or on behalf of the acquirer to the person disposing of those capital assets; or

(b) in the case where the capital assets are owned by such bank, the amount or value of the consideration given to the bank for the acquisition of the capital assets.

9. GAINS OR PROFITS FROM THE DISPOSAL OF CAPITAL ASSETS

9.1 The gains or profits from the disposal of capital assets are subject to tax in the basis period for the year of assessment (**YA**) where the disposal of the capital assets takes place. For this purpose, the computation of adjusted income and chargeable income shall be carried out in accordance with the law in ascertaining the amount of tax payable.

9.2 The adjusted income or loss from the disposal of capital assets shall be ascertained by taking the difference between the amount or value of the consideration for the disposal and the acquisition after adjustment for any expenditure wholly and exclusively incurred for the disposal and acquisition of the capital asset.

9.3 Partial disposal of capital assets

When a capital asset is partially disposed of and the remaining part is still held, the partial disposal of the capital asset is deemed to take place as provided under subsection 65F(7) of the ITA.

For partial disposal, the determination of the amount or value of the consideration for the acquisition and other expenditures and incidental costs shall be appropriately apportioned to the part of the asset disposed of.

9.4 Disposal price

The disposal price is the amount or value of the consideration in money or money's worth for the disposal of the capital asset less the allowable expenditure.

9.4.1 The computation of the disposal price in line with paragraph 65E(2)*(a)* of the ITA may be summarised as follows:

	RM	RM
The amount or value of the consideration in money or money's worth for disposal of the capital asset		xx
Less: Allowable expenditure		
(i) the amount of any expenditure wholly and exclusively incurred on the capital asset at any time after its acquisition by or on behalf of the disposer for the purpose of enhancing or preserving the value of the capital assets, being expenditure reflected in the state or nature of the capital assets at the time of the disposal	xx	
(ii) the amount of any expenditure wholly and exclusively incurred at any time after the acquisition of the capital asset by the disposer in establishing, preserving or defending its title to, or to a right over, the capital asset	xx	
(iii) the incidental costs wholly and exclusively incurred for the disposal	xx	xx
Disposal price		xx

9.4.2 Incidental costs of the disposal

The incidental costs of the disposal of a capital asset shall consist of expenditure wholly and exclusively incurred by the disposer for the purposes of the disposal, being –

(a) fees, commission or remuneration paid for the professional services of any valuer, accountant, agent or legal adviser, such as –

(i) legal fees paid for preparing the sale and purchase agreement, including payments related to the disposal of the capital asset;

(ii) fees to valuers for obtaining the market value of the capital asset at the time of disposal; or

(iii) commissions paid to agents or any other persons for finding a buyer;

(b) the cost of advertising to find a buyer; and

(c) the costs reasonably incurred for the purposes of making any valuation or in ascertaining the market value of the capital asset.

9.5 Acquisition price

The acquisition price is the amount or value of the consideration in money or money's worth for the acquisition of the capital asset including the incidental cost at the time of acquisition**.**

9.5.1 The computation of the acquisition price in line with paragraph 65E(2)*(b)* of the ITA may be summarised as follows:

	RM	**RM**
The amount or value of the consideration in money or money's worth for the acquisition of the capital asset		xx
Add: Incidental costs for the acquisition		xx
		xx
Less:		
(i) any sum received by way of compensation for damage, destruction, depreciation, or risk of depreciation of assets	xx	
(ii) any sum received under a policy of insurance for any kind of damage, loss, destruction or depreciation of the asset	xx	
(iii) any sum forfeited, which is a deposit received by the disposer in connection with an intended transfer of capital asset (cancelled disposal)	xx	xx
Acquisition price		xx

9.5.2 Incidental costs of the acquisition

The incidental costs of the acquisition of a capital asset shall consist of expenditure wholly and exclusively incurred by the disposer for the purposes of the acquisition, being –

(a) fees, commission or remuneration paid for the professional services of any valuer, accountant, agent or legal adviser, such as –
    (i) legal fees paid for preparing the sale and purchase agreement, including payment related solely to the acquisition of capital asset;
    (ii) fees to valuers for obtaining the market value of the capital asset at the time of acquisition; and
    (iii) commissions paid to agents or any other persons for finding a seller;

(b) costs of transfer including stamp duty paid for the acquisition of capital aset; and

(c) the cost of advertising to find a seller.

9.6 In ascertaining the adjusted income or loss from the disposal of capital assets, expenditure wholly and exclusively incurred in relation to the disposal and acquisition of the capital assets shall be taken into account in accordance with the provision under Chapter 9 of the ITA, as explained in paragraphs 9.4 and 9.5 above. Therefore, allowable expenses under sections 33 and 34 of the ITA shall not apply for the purpose of ascertaining the gains or profits from the disposal of a capital asset as provided under subsection 65E(12) of the ITA.

9.7 In the case where the tax payer chooses to be charged at the tax rate of 2% of gross on the disposal price or value as specified in subparagraph *(a)*(ii) Part XXI Schedule 1 of the ITA, the deductible expenditure as provided under subsection 65E(2) of the ITA shall not apply.

9.8 The computation of adjusted income or adjusted loss

(a) Where the disposal price of capital assets exceeds the acquisition price, there is an adjusted income that is subject to tax; and

(b) Where the disposal price of capital assets is less than the acquisition price, there is an adjusted loss may be allowed as a deduction.

9.9 Chargeable Income

The ascertained adjusted income shall be treated as the chargeable income from the source of gains or profits from the disposal of capital assets for a year of assessment. Where there is an adjusted loss from the disposal of capital asset in the basis period, such amount shall be allowed as a deduction in ascertaining the chargeable income from the subsequent disposal of the capital asset.

Example 6

In the year 2025, Jebat Holding Sdn. Bhd. (Jebat) disposed of two unlisted shares held by them. The first disposal suffered a loss of RM350,000.

The second disposal was done on 2.10.2025 involving 200,000 units of shares in Tuah Teguh Sdn. Bhd. (Tuah) with a disposal price of RM600,000. These shares were acquired on 2.6.2024 at a price of RM300,000. Jebat has paid RM1,400 on stamp duty and RM6,600 on legal fees during the acquisition of the shares.

Jebat has incurred RM12,000 in legal fees during the disposal of the shares. Jebat's accounting period ends on 31 December every year.

Below is the computation of chargeable income and tax payable upon the disposal of shares by Jebat Holding Sdn. Bhd. for YA2025:

	RM	RM	RM
The amount or value of the consideration in money or money's worth for the disposal of the capital asset		600,000	
Less: Allowable expenditure			
(i) the amount of any expenditure wholly and exclusively incurred on the capital asset at any time after its acquisition by or on behalf of the disposer for the purpose of enhancing or preserving the value of the capital asset, being expenditure reflected in the state or nature of the capital asset at the time of the disposal	-		
(ii) the amount of any expenditure wholly and exclusively incurred at any time after the acquisition of the capital asset by the disposer in establishing, preserving or defending its title to, or to a right over, the capital asset	-		
(iii) Incidental costs of the disposal (Legal Fees)	12,000	(12,000)	
Disposal price			588,000
***Less*:**			
Consideration in money or money's worth for the acquisition of the capital asset		300,000	
Add: Incidental costs of the acquisition (Stamp duty + Legal fees)		8,000	
		308,000	

	RM	RM	RM
Less:			
(i) any sum received by way of compensation for damage, destruction, depreciation, or risk of depreciation of assets	-		
(ii) any sum received under a policy of insurance for any kind of damage, loss, destruction or depreciation of the asset	-		
(iii) any sum forfeited, which is a deposit received by the disposer in connection with an intended transfer of capital asset (cancelled disposal)	-	-	
Acquisition price			(308,000)
Adjusted Income / (loss)			280,000
Less: Current year adjusted loss	350,000		
Current year adjusted loss absorbed	(280,000)	*(Limited)*	(280,000)[1]
Unabsorbed adjusted loss carried forward	70,000		
Chargeable Income			0
Tax charged at the rate as specified in Part XXI Schedule 1 of the ITA			**0.00**

Note:

[1] The adjusted loss in the current year of assessment (first disposal) amounted to RM350,000 is allowed to be deducted from the adjusted income of the second disposal, limited to RM280,000. The remaining adjusted loss of RM70,000 that cannot be absorbed in YA2025 may be carried forward and allowed as a deduction from the adjusted income of the subsequent disposal in YA2026.

10. UNABSORBED LOSSES

10.1 The amount of adjusted loss from the disposal of capital asset shall be allowed only as a deduction to reduce the adjusted income in the subsequent disposal of capital asset in the same basis period for a year of assessment in which the disposal was made as provided under subsection 65E(5) of the ITA.

10.2 Unabsorbed current year adjusted losses shall be carried forward to be deducted against the adjusted income from the disposal of capital asset for a period of 10 consecutive years of assessment as provided under subsection 65E(6) of the ITA.

10.3 The period of 10 consecutive years of assessment commences immediately after the year of assessment in which the adjusted losses arise. Any amount or balance of unabsorbed adjusted loss after the end of that period shall be disregarded.

Example 7

The facts are the same as in Example 6.

Additional information:

In YA2024, Jebat disposed of a certain number of unlisted shares in another company and incurred a loss of RM50,000. This amount is allowed to be carried forward as it cannot be absorbed from the adjusted income of the disposal in YA2025.

The following is the computation of unabsorbed losses to be carried forward by Jebat Holding Sdn. Bhd. in YA2025:

	RM	RM	RM
Adjusted income / (loss)			280,000[1]
Less: Current year adjusted loss	350,000		
Current year adjusted loss absorbed	(280,000)	*(Limited)*	(280,000)
Current year unabsorbed adjusted loss carried forward	70,000		
Unabsorbed loss carried forward from YA2024	50,000		
Chargeable income			**0**

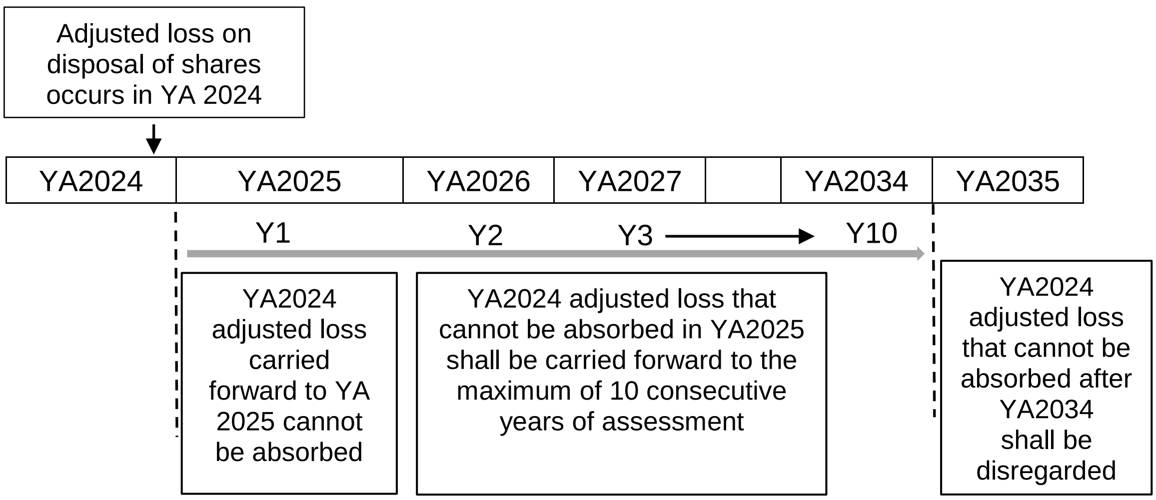
Note:

[1] Adjusted income (before deduction of losses) for the current year as in Example 6.

The treatment of adjusted losses is as follows:

The adjusted loss carried from YA2024 amounted to RM50,000, which cannot be absorbed in YA2025, is allowed to be carried forward to the subsequent years of assessment until YA2034. If there is still a balance of the adjusted loss that cannot be absorbed after YA2034, it shall be disregarded as provided under subsection 65E(6) of the ITA.

Illustration 1: Period of adjusted loss carried forward and absorbed into the subsequent years of assessment for disposal of capital assets



Example 8

Orked Medic Sdn. Bhd. (Orked) closes its accounts on 31 December every year. Orked disposed of its unlisted shares in several companies incorporated in Malaysia as follows:

Year of Assessment	Unlisted Share of the Companies	Adjusted Income / (Loss) (RM)
2024 – First disposal	Aranda Sdn Bhd	(408,000)
2024 – Second disposal	Doritis Sdn Bhd	100,000
2027	Eria Sdn Bhd	300,000
2035	Liparis Sdn Bhd	250,000

Orked Medic Sdn. Bhd.

Treatment of unabsorbed adjusted loss and carried forward for YA2024 to YA2035:

Items	YA2024		YA2025 – 2026	YA2027	YA2028 – 2034	YA2035
	First disposal RM	Second disposal RM	RM	RM	RM	RM
Adjusted Income / (Loss)	(408,000)	100,000	No disposal	300,000	No disposal	250,000
Current year adjusted loss absorbed	-	(100,000)	-	-	-	-
Unabsorbed adjusted loss from YA2024 absorbed in YA2027	-	-	-	(300,000)	-	-
Unabsorbed adjusted loss carried forward/*disregarded	(408,000)[1]	(308,000)[2]	(308,000)	(8,000)	*(8,000)[3]	NIL
Chargeable Income	NIL	NIL	NIL	NIL	NIL	250,000

Notes:

[1] Current year adjusted losses of RM408,000 shall be allowed as a deduction from the adjusted income in the subsequent disposal of capital asset in YA2024.

[2] Adjusted losses of RM308,000 that cannot be absorbed in YA2024 may be carried forward to be deducted against adjusted income from the same source of income for a period of 10 consecutive years of assessment commencing from YA2025.

[3] Adjusted losses of RM8,000 that cannot be absorbed at the end of the period of 10 consecutive years of assessment (YA2034) shall be disregarded in accordance with subsection 65E(6) of the ITA.

Example 9

Marmontte Sdn. Bhd. (Marmontte) closes its accounts on 31 December every year. Marmontte disposed of its unlisted shares in several companies incorporated in Malaysia as follows:

Year of Assessment	Unlisted Share of the Companies	Adjusted Income / (Loss) (RM)
2024	Totissima Sdn Bhd	(215,000)
2025	Blondie Sdn Bhd	175,000
2033	Horsebite Sdn Bhd	(150,000)
2034	Ophidia Sdn Bhd	(86,000)
2035	Emblem Sdn Bhd	200,000

Marmontte Sdn. Bhd.

Treatment of unabsorbed adjusted loss and carried forward:

Items	YA2024 RM	YA2025 RM	YA2026 – 2032 RM	YA2033 RM	YA2034 RM	YA2035 RM
Adjusted Income / (Loss)	(215,000)	175,000	No disposal	(150,000)	(86,000)	200,000
Current year adjusted loss absorbed	-	(175,000)[2]	-	-	-	(150,000)[4] (50,000)[5]
Unabsorbed adjusted loss carried forward / *disregarded	(215,000)[1]	(40,000)[2]	(40,000)	(40,000) (150,000)[4]	*(40,000)[3] (150,000)[4] (86,000)[5]	(36,000)[5]
Chargeable Income	NIL	NIL	NIL	NIL	NIL	NIL

Notes:

[1] Current year adjusted losses of RM215,000 that cannot be absorbed in YA2024 shall be carried forward to be deducted against adjusted income from the same source of income for a period of 10 consecutive years of assessment commencing from YA2025.

[2] Adjusted losses of RM175,000 are absorbed in YA2025. The remaining unabsorbed adjusted losses of RM40,000 are carried forward.

[3] Adjusted losses of RM40,000 that cannot be absorbed at the end of the period of 10 consecutive years of assessment (YA2034) shall be disregarded in accordance with subsection 65E(6) of the ITA.

[4] Adjusted losses brought forward from YA2033 amounting to RM150,000 are fully absorbed from the adjusted income in YA2035.

[5] Current year adjusted losses of YA2034 amounting to RM86,000, are partially absorbed (RM50,000) in YA2035. The remaining adjusted loss of RM36,000 (RM86,000 – RM50,000) shall be carried forward to be deducted against the adjusted income for a period of 10 consecutive years of assessment commencing from YA2034.

11. TRANSFER OF CAPITAL ASSETS TO TRADING STOCK

11.1 Where a capital asset acquired or held by the disposer is classified as an investment or a non-current asset in its business and later taken into the trading stock or inventory, there shall be deemed to be a disposal of a capital asset on the date the capital asset is taken into the trading stock or inventory, as provided under paragraph 65F(6)*(a)* of the ITA.

11.2 The disposal price of the capital asset shall be equal to the market value on the date the capital asset is taken into the trading stock, as provided under paragraph 65F(6)*(b)* of the ITA.

11.3 If the value of the capital asset taken into the trading stock exceeds the acquisition price of the capital asset, the difference is the gain or profit, which is subject to tax.

12. DISPOSAL OF SHARES OF RELEVANT COMPANY IN ACCORDANCE WITH SECTION 15C OF THE ITA

12.1 Gains or profits from the disposal of shares in a controlled company incorporated outside Malaysia (relevant company) shall be deemed to be derived from Malaysia and subject to CGT if the relevant company owns real property situated in Malaysia or shares in another controlled company or both.

12.2 The imposition of CGT in accordance with section 15C of the ITA also applies to the disposal of RPC shares (in accordance with paragraph 34A Schedule 2 of the RPGTA) effective from 1.1.2024. Any RPC shareholding before 1.1.2024 will be subjected to CGT under the ITA for a company, limited liability partnership, trust body and co-operative society.

12.3 Interpretation

(a) "Controlled company" means a company having not more than 50 members and controlled by not more than 5 persons, in the manner described by section 139 of the ITA.

(b) "Another controlled company" means a controlled company which owns real property situated in Malaysia (including any right or interest thereof) or shares in another controlled company, or owns both, where the defined value of the real property or shares, or both, is not less than 75% of the value of its total tangible asset.

(c) "Defined value" **(DV)** means –

(i) DV for real property means the market value of real property; or

(ii) DV for share of another controlled company is the acquisition price of shares of another controlled company as determined under subsection 15C(4) of the ITA.

(d) "Value of total tangible assets" **(TTA)** means the aggregate of the defined value of real property (including any right or interest thereof) or shares owned in another controlled company or both and the value of other tangible assets.

Tangible assets consist of:

(i) fixed/non-current assets such as land, buildings, vehicles, plant and machinery, equipment, furniture and other fixed assets;

(ii) current assets such as stocks, debtors, receivables, bank balances, cash balances and other current assets; and

(iii) investment.

Intangible assets such as patents, copyrights and trademarks are not taken into accounts in determining the TTA value.

12.4 Determination of shareholding of a relevant company

(a) A shareholding in a controlled company incorporated outside Malaysia becomes a relevant company shareholding when –

(i) the DV of the real property situated in Malaysia (including any right or interest thereof) owned by the relevant company is not less than 75% of the value of its TTA;

(ii) the DV of shares of another controlled company owned by the relevant company is not less than 75% of the value of its TTA; or

(iii) the DV of real property situated in Malaysia and shares of another controlled company [referred to in paragraphs 15C(2)*(a)* and 15C(2)*(b)* of the ITA] owned by the relevant company is not less than 75% of the value of its TTA.

(b) The holding of RPC shares pursuant to RPGTA is deemed to be the holding of shares of relevant company.

(c) Where a shareholding is not shares of a relevant company, the status of the shareholding shall be determined on any date the controlled company subsequently acquires (*i.e.* subsequent acquisition) real property situated in Malaysia or shares of another controlled company or both pursuant to subsection 15C(3) of the ITA.

Subsequent acquisition refers to the acquisition of real property or shares that confer the controlled company to a relevant company, provided that the DV owned by that controlled company is not less than 75% of the value of its TTA.

A shareholding is deemed to be relevant company shareholding starting from the date when the controlled company becomes a relevant company.

Example 10

Sweetgo Pty. Ltd. (Sweetgo) is a controlled company incorporated in Ireland with a number of issued shares amounting to 1 million Irish Pounds (IEP). On 1.4.2024, Sweetgo purchases a piece of land in the Kulim Industrial Zone with a market value of RM4,300,000. The TTA value of the company on 1.4.2024 is RM7,500,000.

In 2025, the company intends to obtain financing. Accordingly, a valuation is made on the company's assets, and it is found that the market value of the land in Kulim has revalued to RM6,100,000. The company's TTA is valued at RM8,000,000 and the DV is more than 75% of its TTA.

On 1.6.2026, Sweetgo acquires shares in another controlled company which is Giant Panda Sdn. Bhd. (Giant Panda) for a price of RM4,500,000. Giant Panda owns real properties in Malaysia and the DV is more than 75% of its TTA.

The market value of the land in Kulim on 1.6.2026 is RM7,000,000 and the TTA value of the company is RM13,000,000.

The status of Sweetgo‘s shares are determined as follows:

Date	Total of DV to TTA (%)	Status as Shares of Relevant Company
1.4.2024	Acquisition of new land	Not shares of relevant company[1]
	$= \frac{DV}{TTA} \times 100\%$ $= \frac{4,300,000}{7,500,000} \times 100\% = 57.33\%$	
2025	Increase in land value	Not shares of relevant company[2]
	No DV evaluation	

<table>
<tr><th>Date</th><th>Total of DV to TTA (%)</th><th>Status as Shares of Relevant Company</th></tr>
<tr><td rowspan="2">1.6.2026</td><td>Acquisition of Giant Panda shares</td><td rowspan="2">Shares of relevant company[3]</td></tr>
<tr><td>$= \dfrac{\text{DV land in Kulim} + \text{DV Giant Panda shares}}{\text{TTA}} \times 100\%$

$= \dfrac{11{,}500{,}000}{13{,}000{,}000} \times 100\% = 88.46\%$</td></tr>
</table>

Notes:

[1] On 1.4.2024, Sweetgo's shares are not shares of relevant company because the DV of real properties acquired by Sweetgo is less than 75% of the company's TTA value.

[2] Status of Sweetgo's shares does not need to be determined in 2025 as there is no acquisition of real property or shares of another controlled company by Sweetgo.

[3] On 1.6.2026, Sweetgo's shares are determined as shares of relevant company as the DV of real properties and shares [RM7,000,000 + RM4,500,000 = RM11,500,000] is more than 75% of the company's TTA value.

Example 11

Determination of share of another controlled company in accordance with subsection 15C(5) ITA.

On 1.5.2024, Odyssee Sdn Bhd (Odyssee/share holder) acquires 2,500 unit shares in Dauphine Pty. Ltd. (Dauphine), a controlled company incorporated in United Kingdom, amounting to GBP100,000. Dauphine owns a piece of land in Forest City, Johor which was acquired on 21.9.2021 for a consideration of RM2,000,000. The TTA value of Dauphine on 21.9.2021 was RM3,500,000.

On 1.2.2026, Dauphine acquires shares in another controlled company, Slouchy Sdn Bhd (Slouchy), amounting to RM2,800,000. Slouchy owns shares in another controlled company, Canoe Pty. Ltd. (Canoe), where the DV of shares in Canoe is more than 75% of Slouchy's TTA. Meanwhile, Canoe owns a piece of land in Kota Kinabalu, where the DV of the land is more than 75% of Canoe's TTA.

The market value of the land in Forest City on 1.2.2026 is RM3,800,000. and the TTA value of Dauphine is RM8,100,000.

The status of Dauphine's shares as relevant company shares are determined as follows:

Date	Total of DV to TTA (%)	Status as Shares of Relevant Company
21.9.2021	Acquisition of land in Forest City $= \frac{\text{DV of land}}{\text{TTA}} \times 100\%$ $= \frac{2,000,000}{3,500,000} \times 100\% = 57\%$	Not shares of relevant company[1]
1.2.2026	Acquisition of Slouchy's shares $= \frac{\text{DV land in Forest City} + \text{DV Slouchy's shares[2]}}{\text{TTA}} \times 100\%$ $= \frac{3,800,000 + 2,800,000}{8,100,000} \times 100\% = 81\%$	Shares of relevant company[3]

Notes:

[1] Since Dauphine did not acquire real property or shares in another controlled company after 21.9.2021, the acquisition of shares by Odyssee on 1.5.2024 is not an acquisition of shares of a relevant company.

2 Slouchy is another controlled company because the DV of the shares in Canoe is more than 75% of its TTA. Canoe is also another controlled company because the DV of the land in Kota Kinabalu is more than 75% of its TTA.

3 On 1.2.2026, the shares of Dauphine are shares of a relevant company because the total DV of land in Forest City and shares in Slouchy is more than 75% of the company's TTA. Therefore, the shareholding by Odyssee in Dauphine is a relevant company shareholding with effect from 1.2.2026 in accordance with subsection 15C(3) ITA.

12.5 Impact on the relevant company shareholding due to changes in the relevant company's status

Company shares shall not be regarded as shares of relevant company when the DV is less than 75% of the company's TTA value due to the disposal of real property or shares in another controlled companies or both. The impact on the relevant company shareholding is:

(a) the shares of relevant company remain as a chargeable capital asset in the hands of the shareholders even if at the time the shares are disposed of, the company is not regarded as a relevant company.

(b) shares acquired while the company ceases to be a relevant company is not an acquisition of a capital asset under section 15C of the ITA until the company subsequently becomes a relevant company.

12.6 Determination of the acquisition date and price of the shares of relevant company acquired before or on the date the company became a relevant company

(a) Date of acquisition of the shares of relevant company

The date of acquisition of shares is deemed to be the date the company becomes a relevant company pursuant to subsection 15C(3) of the ITA. Kindly refer to paragraph 12.4(c) above.

(b) Acquisition price of the shares of relevant company

The acquisition price of share is determined in accordance with the formula in paragraph 15C(4)*(a)* of the ITA as follows:

$$\frac{\mathbf{A}}{\mathbf{B}} \times \mathbf{C}$$

A - the number of shares of relevant company disposed by a company, limited liability partnership, trust body or co-operative society;

B - the total number of issued shares in the relevant company at the date of the subsequent acquisition by the relevant company; and

C - the defined value of the real property or shares of another controlled company or both owned by the relevant company at the date of the subsequent acquisition of real property/shares by the relevant company.

Example 12

Based on the facts in Example 10, Tekno Pak Pty. Ltd. (Tekno) is an existing shareholder of Sweetgo with a shareholding of 50,000 units.

The tax treatment of Tekno is as follows:

Tekno is deemed to have acquired the shares of relevant company (Sweetgo) on 1.6.2026, which is the same date Sweetgo became a relevant company pursuant to subsection 15C(3) of the ITA.

The determination of the acquisition price of the shares of relevant company (Sweetgo) by Tekno is as per formula pursuant to paragraph 15C(4)*(a)* of the ITA.

12.7 Determination of the date and price of the acquisition of the shares of relevant company acquired after the date the company became a relevant company

(a) The date of acquisition of the shares of relevant company is the date of acquisition of the shares as provided by subsection 15C(2) of the ITA.

(b) The acquisition price of the shares is pursuant to paragraph 15C(4)*(b)* of the ITA, which is the actual price paid pursuant to paragraph 65E(2)*(b)* of the ITA or the market value as provided by subsection 65E(8) of the ITA.

Example 11

Based on the facts in Example 10 above, a company named X-Tream Sdn. Bhd. (X-Tream) acquired shares in Sweetgo on 15.10.2026 at a price of RM10,000,000.

The tax treatment on X-Tream is as follows:

X-Tream is deemed to have acquired the shares of relevant company on 15.10.2026, pursuant to subsection 15C(2) of the ITA because Sweetgo has been a relevant company since 1.6.2026. The acquisition price of the shares is the actual acquisition price, that is RM10,000,000 as provided by paragraph 15C(4)*(b)* of the ITA.

12.8 Gains or profits from the disposal of shares of relevant company

The adjusted income or loss from the disposal of shares of relevant company shall be ascertained by taking the difference in the amount or value of the consideration of disposal and acquisition after the adjustments are made for any expenditure wholly and exclusively incurred related to the disposal and acquisition of the shares. The computation of chargeable gains is as per paragraph 9 above.

Where the acquisition price of the share is determined based on the formula pursuant to paragraph 15C(4)*(a)* of the ITA, the incidental cost of the acquisition is not allowed in ascertaining the adjusted income.

13. DETERMINATION OF THE DATE AND PRICE FOR ACQUISITION OF RPC SHARES BEFORE 1.1.2024

13.1 According to subsection 15C(2A) of the ITA, the date of acquisition of the shares of the relevant company, which are RPC shares before 1.1.2024 is determined under subparagraph 34A(2) Schedule 2 of the RPGTA.

13.2 According to subsection 15C(4A) of the ITA, the acquisition price of the shares of the relevant company, which are RPC shares before 1.1.2024 is determined under subparagraph 34A(3) Schedule 2 of the RPGTA

14. FOREIGN TAX CREDIT

A disposer who has been taxed outside Malaysia (either through the imposition of withholding tax or income tax) in relation to the gains or profits from the disposal of unlisted shares and shares of relevant company pursuant to section 15C of the ITA, may claim a bilateral tax credit under the provisions of section 132 of the ITA, subject to the Double Taxation Agreement between Malaysia and the country where foreign taxes are charged.

Residents claiming the tax credit must keep evidence that foreign taxes have been charged on that particular gains or profits.

15. CAPITAL GAINS TAX RATE

The tax rate charged on chargeable income from the disposal of capital asset, which consists of unlisted shares and shares of relevant company is specified in Part XXI, Schedule 1 of the ITA. The tax rate is determined based on the date of the acquisition of the capital asset as follows:

(a) Capital assets acquired before 1 January 2024

According to paragraph (*a*) Part XXI Schedule 1 of the ITA, taxpayers may choose whether to be taxed at the following rates:

(i) at the rate of 10% of chargeable income from the disposal of capital assets; or

(ii) at the rate of 2% of the gross disposal price of the capital assets.
The gross disposal price refers to the gross amount or value of the consideration of the disposal.

(b) Capital assets acquired on or after 1 January 2024

According to paragraph (*b*) Part XXI Schedule 1 of the ITA, the tax rate is 10% of chargeable income from disposal of capital assets.

16. CAPITAL GAINS TAX REPORTING

16.1 Taxpayers shall declare the gains from the disposal of capital assets by filing a CGT return form via e-Filing (e-CKM Form) within 60 days from the date of disposal.

16.2 Under section 77B of the ITA, taxpayers are allowed to make amendments to the return form that has been furnished to the DGIR.

Amendments to the return form may be made within 6 months after the deadline for filing the return form.

16.3 The capital gains tax shall be paid within 60 days from the date of disposal of the capital assets.

16.4 Taxpayers who dispose of capital assets are not subject to the provisions of section 107C of the ITA regarding the submission of estimated tax payable and installment payment of estimated tax.

17. DISCLAIMER

The examples in this Guidelines are for illustrative purposes only and are not exhaustive.

18. APPLICATION

This Guidelines replaces the Guidelines on Capital Gains Tax for Unlisted Shares dated 1.3.2024.

THE INLAND REVENUE BOARD OF MALAYSIA
21 Julai 2025

s.k. : LHDN.AG.600-1/2/11