# FREQUENTLY ASKED QUESTIONS (FAQ)
# STAMPING OF EMPLOYMENT CONTRACTS IN MALAYSIA
# (UPDATED: 03 JULY 2025)

## 1. Is it mandatory to stamp an employment contract?

Pursuant to subsection 4(1) of the Stamp Act 1949 (SA 1949), all instruments listed in the First Schedule shall be stamped according to the rates set out in the said Schedule.

Pursuant to section 2 of SA 1949, an instrument is defined as a written document, and stamp duty is generally imposed on instruments of a legal, commercial and financial nature.

An employment contract is an instrument of agreement/contract that creates a relationship between an employer and an employee. An employment contract shall be stamped and is liable to duty under the First Schedule of SA 1949.

## 2. What is the importance of stamping an employment contract?

An employment contract shall be stamped in order to comply with legal requirements as provided under section 36 of SA 1949.

An instrument that is not duly stamped cannot be accepted as evidence in court, as provided under section 52 of SA 1949 (instruments not duly stamped inadmissible in evidence).

## 3. What are the characteristics of an employment contract?

Employment means there exists a relationship between an employer and an employee whereby remuneration is payable. Among the characteristics that typically indicate the existence of an employer-employee relationship in an employment contract are:

**a) Existence of parties known as “employer” and “employee”**

The contract clearly states the party offering employment and the party accepting employment, together with their respective responsibilities.

**b) Payment of remuneration or salary on a periodic basis**

There is a clause stating a fixed rate of payment (salary/wages) paid by the employer to the employee on a monthly (or other) basis as consideration for work performed.

**c) Determination of working hours and place of work**

The contract stipulates specific working hours and place of work, indicating the employer's control over how and when the work is to be carried out.

**d) Compliance with the employer's policies and regulations**

The employee is required to comply with the instructions, internal procedures and work rules set by the employer.

**e) Provision of benefits such as EPF and SOCSO contributions and annual leave**

This is a key characteristic of an employer-employee relationship that distinguishes an employee from a service provider.

**f) Work carried out under the direction and control of the employer**

The employee is subject to direct instruction, monitoring and reporting to/from the employer in carrying out daily tasks.

**g) Prohibition on working for a third party without permission**

The employee is not permitted to carry out work for another party during the term of the contract, indicating an element of exclusivity in the service.

Generally, an employment contract bearing the above characteristics is liable to duty of RM10 under item 4 of the First Schedule of SA 1949.

### 4. Must temporary / short-term / part-time employment contracts or contract employees' contracts be stamped?

Pursuant to the definition under section 2 of SA 1949, an instrument covers any written document. Accordingly, all employment contracts shall be stamped in accordance with subsection 4(1) of SA 1949.

### 5. Is stamping required each time an employment contract is renewed?

Yes, each new employment contract agreement is regarded as a separate instrument and must be stamped.

### 6. Is a letter of offer of employment that sets out the terms of service and is signed by both the employer and employee regarded as an employment contract for the purpose of imposing stamp duty?

If the letter of offer is the only document binding the employer-employee relationship, it is an employment contract instrument liable to duty.

### 7. Is a letter of offer to a trainee (e.g. practical training for 3 to 6 months, receiving only an allowance or honorarium) regarded as an employment contract that must be stamped?

If the letter of offer proves the existence of an employer-employee relationship, then the employment contract instrument is liable to duty.

### 8. Is a supplementary or complementary document to the letter of offer, such as an information technology usage policy or a letter explaining benefits signed by the employer and employee, regarded as an instrument liable to stamp duty?

An addendum is an instrument and is subject to the imposition of duty.

For example:

- Information technology usage policy – liable to duty as it is a binding agreement;
- Letter explaining benefits – liable to duty as it is a binding agreement; and
- Offer to study under employer sponsorship – liable to duty pursuant to sub-item 22(4) of the First Schedule of SA 1949.

### 9. Can an employment contract agreement be made in a language other than Bahasa Melayu (BM) and English (BI)?

For stamping purposes, an employment contract made in a language other than BM and English must be translated line by line within the same document.

The translation must be carried out using a certified translation service such as the Malaysian Translators Association (https://www.malaysiantranslatorsassoc.com/ms/) or the Institute of Translation and Books Malaysia (https://www.itbm.com.my/).

## 10. Who is responsible for paying the stamp duty – the employer or the employee?

Pursuant to section 33 of SA 1949, the person liable for duty is the person specified under the Third Schedule of SA 1949. For an employment contract, the person who first signs the instrument is the person responsible for paying the stamp duty. Typically, the employer signs the letter of offer first. Accordingly, the employer is the party responsible for paying the duty.

## 11. What is the time period for stamping an employment contract after the contract is signed?

Pursuant to section 36 of SA 1949, an employment contract shall be submitted for assessment within the stipulated period.

In accordance with section 47 of SA 1949, an employment contract shall be stamped within:

- 30 days from the date the document is signed, if signed in Malaysia; or
- 30 days from the date it is received in Malaysia, if signed outside the country.

The stamp duty shall be paid within 14 days or such period as may be permitted by the Collector.

## 12. What is the stamp duty rate imposed on employment contracts?

Every instrument is assessed based on its contents and not its title. Where the contents of the instrument prove the existence of an employer-employee relationship (relationship of master and servant), the stamp duty rate for an employment contract or agreement is RM10 for each original copy of the contract under item 4 of the First Schedule of SA 1949.

Where the instrument does not fall under item 4 of the First Schedule, it is a contract for services subject to duty under item 22(1)(a) of the First Schedule of SA 1949.

A duplicate instrument under section 12 of SA 1949 is liable to stamp duty of RM10, provided that the original instrument has been duly stamped.

## 13. What is the effect if an employment contract is not stamped?

All instruments listed in the First Schedule of SA 1949 shall be duly stamped. Pursuant to section 63 of SA 1949, a penalty may be imposed on a person who executes an instrument without it being stamped.

If an instrument is not stamped within the stipulated 30-day period, a penalty is imposed based on the length of delay as follows:

- RM50.00 or 10% of the duty short-paid, whichever is higher, if stamping is carried out within 3 months after the expiry of the 30-day period; or
- RM100.00 or 20% of the duty short-paid, whichever is higher, if stamping is carried out after 3 months from the expiry of the 30-day period.

## 14. Is an employment contract eligible for exemption from stamp duty?

Pursuant to the Media Statement dated 05 June 2025, the exemption or remission of stamp duty on employment contracts is as follows:

**a)** Employment contracts finalised before 1 January 2025 are granted a stamp duty exemption under the power conferred on the Minister of Finance under subsection 80(1A) of SA 1949, and a penalty remission under the power conferred on the Director General of Inland Revenue under subsection 47A(2) of SA 1949.

**b)** Employment contracts finalised from 1 January 2025 to 31 December 2025 are granted a penalty remission under the power conferred on the Director General of Inland Revenue under section 47A(2) of SA 1949, provided that the employment contract document is stamped on or before 31 December 2025.

**c)** Employment contracts finalised from 1 January 2026 onward are subject to the imposition of stamp duty, and any delay in stamping such employment contracts will be subject to the appropriate penalty.

Please refer to the media statement issued by LHDNM on the Official HASiL Portal or HASiL's social media, or the file 20250606_kenyataan-media-hasil_pengecualian-pengenaan-ds-untuk-kontrak-penggajian-yang-dimuktamadkan-sebelum-1-januari-2025.pdf.

### 15. Must an employment contract signed before 1 January 2025 and granted a duty exemption be submitted to LHDNM for endorsement?

An exempted employment contract may be submitted to LHDNM for assessment and endorsement purposes in order to obtain a stamp duty exemption certificate.

### 16. Is any payment or fee imposed for obtaining an exemption endorsement on an employment contract that is exempted from stamp duty?

No fee will be imposed. Pursuant to subsection 37(2A) of SA 1949, a fee of RM10 is only imposed on an instrument liable to duty exceeding RM10 where the duty is exempted.

### 17. Must an employment contract agreement be stamped after 1 January 2025?

An employment contract shall be submitted to LHDNM for stamping in accordance with subsection 4(1) of SA 1949.

### 18. Will a penalty be imposed on an employment contract stamped after 1 January 2025?

Penalty remission is only granted if the employment contract is stamped on or before 31 December 2025.

### 19. Will the penalty remission for employment contracts finalised from 1 January 2025 to 31 December 2025 be processed automatically in STAMPS?

The penalty remission for the period from 1 January 2025 to 31 December 2025 will be granted automatically through STAMPS.

### 20. What is the duty treatment for employment contracts signed after 1 January 2026?

Employment contracts finalised or executed from 1 January 2026 onward are subject to the imposition of stamp duty of RM10 under item 4 of the First Schedule of SA 1949, and late stamping will be subject to the appropriate penalty.

### 21. What is the application procedure for stamping an employment contract?

The process for stamping an employment contract through the Stamp Assessment and Payment System (STAMPS) is as follows:

**a) Register for a user ID (first-time users) at https://stamp.hasil.gov.my.**

- A company user ID is permitted to submit stamp duty applications for agreements belonging to the company and its clients.
- An individual user ID is permitted to submit stamp duty applications for personal / own agreements only.

**b) Log in to STAMPS after successful ID registration and carry out the following steps:**

- Select the Application Form menu > Stamping submenu;
- Select the type of stamping category > 'General Stamping';
- Select the Stamp Office and enter the agreement date / the date the agreement was signed;
- Select Document Title > Employment Agreement or Employment Contract;
- Enter the required information and upload the document; and
- Click the Submit button.

**c)** The system will change to "LHDNM Processing" status once the application is successfully submitted. An adjudication number will be assigned once the type of stamping is selected. This adjudication number will be used as the reference for the document and for the stamp duty payment.

**d)** A notice of assessment will be issued after the application has been processed by the LHDNM State Stamp Office. For applications other than transfer of real property, the notice of assessment will be processed by the state stamp office within 5–7 working days, provided the application is complete and in order.

**e)** Stamp duty payment can be made once the adjudication status shows "ready for duty payment". After successful online payment of the stamp duty, the system will generate a stamp certificate.

**f)** The stamp certificate must be printed and attached to the original document as proof that the stamp duty has been paid. A document is not considered stamped if the stamp certificate is not attached.

Please refer to the STAMPS user manual and FAQ for further explanation.

## 22. Method of stamp duty payment?

Stamp duty payment can be made once the adjudication status shows "ready for duty payment". The online stamp duty payment process in STAMPS is as follows:

**a) FPX**

- Search for the adjudication number with "ready for duty payment" status.
- Click on the adjudication number and enter the adjudication number.
- Click the Online FPX Payment tab and select the account type.
- Follow the subsequent steps to complete the payment.

**b) Virtual Account (VA)**

Application for stamp duty payment via VA is specifically intended for:

- Duty payments exceeding the FPX transaction limit.
- Banks that do not offer the FPX service.
- Stamp duty payments made from outside the country.

Payment method using the VA Number:

- Internet banking – via Telegraphic Transfer (TT) / Interbank GIRO Transfer (IBG) / Electronic Fund Transfer (EFT) / RENTAS.
- Bank counter – via Telegraphic Transfer (TT) / Interbank GIRO Transfer (IBG) / Electronic Fund Transfer (EFT) / RENTAS.

Each VA number is limited to a single payment transaction, i.e. for one adjudication number only. The link to VA is as follows: https://stamps.hasil.gov.my/stamps/byrva/main/carianAdj

- The adjudication status will be updated to "Duty Paid" and the stamp certificate can be printed once LHDNM receives payment confirmation from the bank.
- This process will take at least 3 working days, depending on the time taken for bank confirmation to be received.

## 23. What is the procedure for a bulk application for stamping of employment contracts in STAMPS?

The procedure for a bulk stamping application in STAMPS is as follows:

**a)** Submit an application through the Feedback Form on the Official HASiL Portal at https://maklumbalaspelanggan.hasil.gov.my/Public/.

**b)** Users will be provided with a user manual and the bulk stamping XML specifications.

## 24. Further information or enquiries regarding STAMPS?

For any enquiries or feedback, please contact LHDNM via:

- Hasil Contact Centre (HCC) at 03-8911 1000 / 603-8911 1000 (Overseas);
- HASiL Live Chat;
- Feedback Form on the Official HASiL Portal at the quick link https://maklumbalaspelanggan.hasil.gov.my/Public/; and
- STAMPS FAQ and STAMPS user manual on MyTax > ez-Hasil Services > STAMPS > quick link https://stamps.hasil.gov.my/stamps/index.php/login?lang=BM.