

TAXLETTER

Budget 2026 Highlights

Malaysia's 2026 budget - dubbed the "Rakyat's Budget", demonstrates a strategic shift toward long-term, people-centred fiscal management. Total spending rises modestly to RM470 billion, with operating expenditure increasing just 1.8 % from an estimated RM332.1 billion to RM338.2 billion, while development expenditure nudges up to RM81 billion. This careful balance between growth and fiscal restraint allows the government to prioritise digital and green investments, enforce targeted subsidy reforms, and continue narrowing the budget deficit toward 3.5 % of GDP.

The budget's governance reforms are already bearing fruit. Enhanced procurement legislation and vigorous anti-corruption measures have restored investor confidence, enabling Malaysia to climb 11 places in the World Competitiveness Index and stabilise the ringgit. These efforts recovered RM15.5 billion in misappropriated funds, which are being redirected to infrastructure and social programmes. Significantly, the drive to modernise the economy—through AI infrastructure, SME support and green finance—has created new jobs, pushing unemployment down to 3 %, the lowest in a decade. Overall, Budget 2026 charts a sustainable path that combines fiscal discipline with inclusive growth and digital competitiveness.

Federal Government's Target Revenue

KOMPONEN	RM JUTA			PERUBAHAN (%)			BAHAGIAN (%)		
	2024	2025 ¹	2026 ²	2024	2025 ¹	2026 ²	2024	2025 ¹	2026 ²
Hasil cukai	240,192	253,400	270,383	4.8	5.5	6.7	74.0	75.8	78.8
Cukai langsung	171,693	177,145	187,357	0.2	3.2	5.8	52.9	53.0	54.6
<i>antaranya:</i>									
CITA	92,776	97,033	103,353	1.1	4.6	6.5	28.6	29.0	30.1
Individu	41,099	44,859	49,069	8.8	9.1	9.4	12.7	13.4	14.3
PITA	20,528	16,906	15,698	-21.3	-17.6	-7.1	6.3	5.1	4.6
Cukai tidak langsung	68,499	76,255	83,026	18.4	11.3	8.9	21.1	22.8	24.2
<i>antaranya:</i>									
SST	44,758	53,424	59,627	26.2	19.4	11.6	13.8	16.0	17.4
Duti eksais	13,383	12,508	12,791	1.8	-6.5	2.3	4.1	3.7	3.7
Duti import	3,072	3,077	3,081	1.2	0.2	0.1	1.0	0.9	0.9
Duti eksport	2,092	1,920	1,913	2.6	-8.3	-0.3	0.6	0.6	0.6
Hasil bukan cukai	84,426	80,715	72,741	-1.6	-4.4	-9.9	26.0	24.2	21.2
<i>antaranya:</i>									
Lesen dan permit	17,041	15,879	15,726	1.8	-6.8	-1.0	5.2	4.8	4.6
Pendapatan pelaburan	45,782	50,374	36,676	-18.0	10.0	-27.2	14.1	15.1	10.7
Jumlah hasil	324,618	334,115	343,124	3.1	2.9	2.7	100.0	100.0	100.0
Bahagian daripada KDNK (%)	16.8	16.6	16.1						

Revenue Outlook 2026

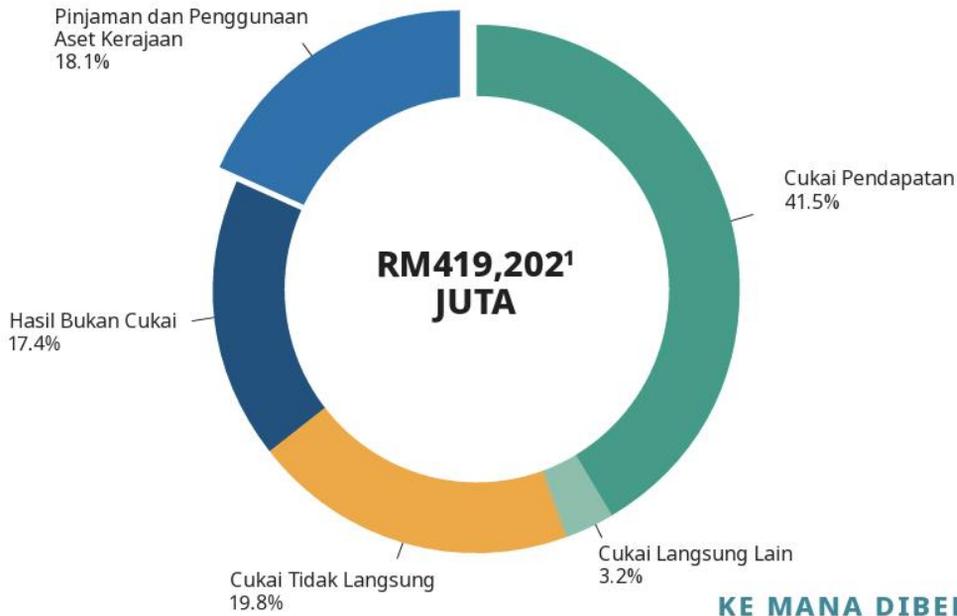
Our Prime Minister-cum-Finance Minister Datuk Seri Anwar Ibrahim anticipates that tax-revenue reforms introduced since 2024, such as broadening the sales and service tax (SST) and mandating digital e-invoices, will show their full impact by 2026. Consequently, federal revenue is projected to grow 2.7 % to RM343.1 billion in 2026. Tax revenue is estimated at RM270.4 billion, making up about 78.8 % of total revenue and 12.7 % of GDP, while non-tax revenue is expected to be RM72.7 billion (3.4 % of GDP).

Direct tax collection is forecast to rise 5.8 % to roughly RM187.4 billion. Corporate income tax (CITA) remains the largest contributor, estimated at RM103.4 billion, supported by sustained domestic activity and the full rollout of the e-invoice system. Individual income tax is projected to increase 9.4 % to RM49.1 billion due to a stable labour market and salary adjustments, while stamp duties and real property gains tax are expected to rise to about RM10.3 billion and RM2.4 billion respectively. Petroleum-related revenue will shrink to around RM43 billion because Petronas dividends are lower.

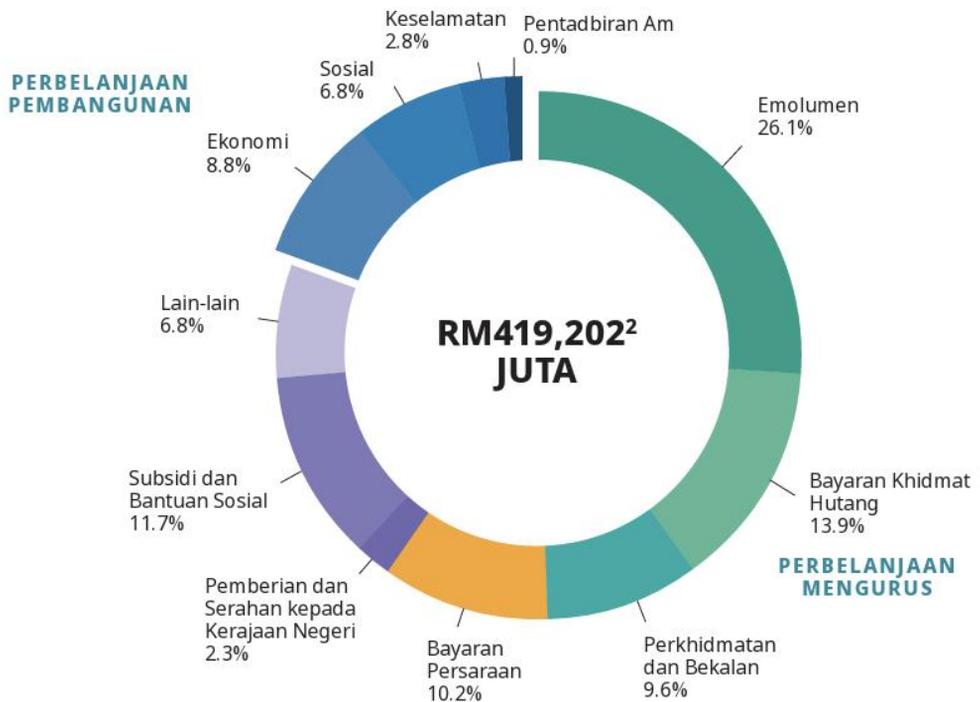
Indirect tax revenue is projected to grow 8.9 % to RM83 billion, buoyed by continued domestic demand. SST is expected to contribute about RM59.6 billion, with sales tax and service tax estimated at RM26.6 billion and RM33 billion respectively, reflecting strong spending during the Visit Malaysia 2026 campaign. Excise duties should reach around RM12.8 billion, helped by new vehicle models and the end of excise duty exemptions on imported electric vehicles. Despite lower dividends from Petronas and Khazanah, non-tax revenue is projected at RM72.7 billion, and the government plans to offset some of the shortfall through contributions from the Retirement Fund (KWAP) and one-off receipts from the transfer of Bintulu Port Authority. This shift towards a broader, more sustainable revenue base is consistent with fiscal consolidation efforts and aims to reduce dependence on volatile commodity-linked income.

Federal Government's Target Revenue and Expenditure

DARI MANA DATANGNYA



KE MANA DIBELANJAKAN





Individual Tax

1. Complete Medical Examination for Self, Spouse or Child

Current	Proposal	YA 2025	YA 2026
<p>The deductible expenses include:-</p> <p>a) Complete medical examination for self, spouse or child</p> <p>b) COVID-19 detection test expenses</p> <p>c) Mental health examination or consultation as evidenced by receipts issued by the following :</p> <p>(i) Psychiatrist within the meaning of section 2 of Mental Health Act 2001 [Act 615];</p> <p>(ii) Clinical psychologist registered with Malaysia Allied Health Professions Council under the Allied Health Professions Act 2016 [Act 774]; or</p> <p>(iii) Counsellor registered with Board of Counsellors under the Counsellors Act 1998 [Act 580].</p> <p>d) Vaccination expenses up to RM1,000 for taxpayer, spouse and child. Vaccines eligible include Pneumococcal, Human Papillomavirus, Influenza, Rotavirus, Varicella, Meningococcal, combination of tetanus-diphtheria-acellular pertussis, Covid-19 vaccine and Covid-19 screenings.</p>	<p>To advance the national health system's goal of prioritizing disease prevention over treatment and to encourage vaccination as a key preventive measure, it is proposed that the range of vaccines qualifying for individual income tax relief be broadened to include all vaccines registered and approved by the National Pharmaceutical Regulatory Agency of the Ministry of Health.</p> <p>Effective YA 2026.</p>	1,000	1,000

2. Childcare Fees to Childcare Centre or Kindergarten

Current	Proposal	YA 2025	YA 2026
<p>This deduction is allowed in respect of childcare fees for a child aged 6 years and below paid to a:</p> <p>a) childcare centre registered with the Department of Social Welfare (DSW) pursuant to the Child Care Centre Act 1984 (Act 308) under the Ministry of Women, Family and Community Development; or</p> <p>b) kindergarten registered with the Ministry of Education Malaysia pursuant to the Education Act 1996 (Act 550).</p> <p>This deduction is restricted to RM3,000 even though the number of children who fulfils the mentioned conditions exceeds one. If the amount of claim is less than RM3,000, the amount of deduction allowed is limited to the amount paid only.</p> <p>Where a husband and a wife are assessed separately, the tax deduction under this paragraph can only be claimed either by the husband OR the wife who incurs the expenses.</p> <p>Where a husband and wife are divorced, the tax deduction can be claimed by the former husband and the former wife provided that they both made payment for the fees of the child and that child is not the same child.</p> <p>The claim for this deduction must be evidenced by the:</p> <p>a) birth document of the child (MyKid or birth certificate); and</p> <p>b) receipts for the monthly fees issued by the childcare centre or kindergarten.</p>	<p>To support working parents requiring childcare and after-school transit facilities, it is proposed individual income tax relief for childcare fee be reviewed as follows:</p> <p>a) The further time bound tax relief of RM1,000 be made permanent and combined with the existing permanent relief of RM2,000, resulting in a total claimable tax relief at RM3,000; and</p> <p>b) the eligible childcare premises be expanded to include daily care centres or after-school transit centres registered with Department of Social Welfare for children aged up to 12 years old.</p> <p>Effective YA 2026.</p>	3,000	3,000

Individual Tax

3. Diagnosis / Early Intervention Programme Relief for Child

Current	Proposal	YA 2025	YA 2026
<p>Assessment for the purposes of diagnosis of learning disability and early intervention programme or rehabilitation treatment for learning disability.</p> <p>The claim is evidenced by:</p> <p>a) Receipt issued by a medical practitioner registered with the Malaysian Medical Council (MPM) for initial examination for diagnosis purposes;</p> <p>b) Receipts issued by allied health practitioners registered with the Malaysian Allied Health Professions Council under the Allied Health Professions Act 2016 for early intervention programs or rehabilitation treatment;</p> <p>c) Expenses qualified as deductions for (a) and (b) are for the following categories:</p> <ul style="list-style-type: none"> - Autism Spectrum Disorder; - Attention Deficit Hyperactivity Disorder (ADHD); - Global Developmental Delay (GDD); - Intellectual Disability, - Down Syndrome; and - Specific Learning Disabilities. <p>d) Assessment for the purpose of diagnosis, early intervention programs and rehabilitation treatment should be carried out in Malaysia</p>	<p>It is proposed the relief amount be increased to RM10,000.</p> <p>Effective YA 2026.</p>	6,000	10,000

4. Life Insurance and Takaful Contribution

Current	Proposal	YA 2025	YA 2026
<p>A deduction not exceeding RM4,000 is available on life insurance and takaful contributions for self or spouse. The relief also covers additional voluntary contribution to EPF.</p>	<p>Effective YA 2026, it is proposed that the relief be expanded to include children. The eligibility criteria are as follow:-</p> <ul style="list-style-type: none"> o Aged below 18 and unmarried; o Aged 18 and above, unmarried and pursuing tertiary education; and o No age limit for unmarried disabled children. 	3,000	3,000

5. Education and Medical Insurance

Current	Proposal	YA 2025	YA 2026
A deduction not exceeding RM3,000 is available on insurance premiums in respect of education or medical benefits for an individual, husband, wife, or child.	<p>Effective YA 2026, it is proposed that the eligibility criteria for children are reviewed as follow:-</p> <ul style="list-style-type: none"> ○ Aged below 18 and unmarried; ○ Aged 18 and above, unmarried and pursuing tertiary education; and ○ No age limit for unmarried disabled children. 	4,000	4,000

6. Environmental Sustainability and Home Safety

Current	Proposal	YA 2025	YA 2026
<p>A deduction limited to a maximum of RM2,500 for the following expenses:-</p> <p>a) electric vehicle charging facility as follows:-</p> <ul style="list-style-type: none"> - Cost of installation of electric vehicle charging; - Purchase including hire-purchase of electric vehicle charging; - Rental of electric vehicle charging; or - Subscription for use of electric vehicle charging facility. <p>Effective YA 2022 to YA 2027.</p> <p>b) purchase of food waste composting machines be allowed to be claimed once within 3 years of assessment.</p> <p>From YA 2025 to YA 2027</p>	<p>To encourage sustainable and safe living through green technology and smart safety systems, it is proposed that the existing RM2,500 individual income tax relief for electric-vehicle charging facilities and food composting machines be expanded to cover the following items:</p> <ul style="list-style-type: none"> a) Household food waste grinders; and b) Closed-Circuit Television (CCTV) for home use. <p>The tax relief claim for the purchase of food waste grinders and / or CCTV is allowed once within a period of 2 years of assessment.</p> <p>For the YA 2026 and YA 2027.</p>	2,500	2,500

7. Tourist Attractions and Cultural Programmes

Past	Proposal	YA 2025	YA 2026
<p>To revive domestic tourism after it was hit by the COVID-19 pandemic, an individual income tax relief of up to RM1,000 was made available for the YA 2020 to YA 2022. Eligible expenses included:-</p> <ul style="list-style-type: none"> a) accommodation at premises registered with the Ministry of Tourism, Arts and Culture (MOTAC) b) entrance fees to tourist attractions; and c) domestic tourism packages purchased through licensed travel agents registered with MOTAC. 	<p>To further boost domestic tourism in conjunction with Visit Malaysia Year 2026, it is proposed that individual taxpayers be granted a relief of up to RM1,000 on:-</p> <ul style="list-style-type: none"> a) entrance fees to tourist attractions, such as museums, theme parks, national parks, marine parks, zoos, and geoparks; and b) cultural and art programmes. <p>For the YA 2026.</p>	-	1,000

8. Profit Distribution Received by Partners in a Limited Liability Partnership

Current	Proposal										
<p>Limited Liability Partnerships (LLPs) are taxed in line with corporate entities, with LLP income subject to the corporate tax rates of 15 %, 17 % and 24 %.</p> <p>Profit distributions to partners are exempt from tax under Paragraph 12C, Schedule 6 of the Income Tax Act 1967.</p> <p>Partners, however, must pay individual income tax at progressive rates on any income they receive other than LLP profit distributions (e.g., employment income).</p>	<p>It is proposed a Profit Distribution Tax be introduced as follows:</p> <p>Scope of taxation on Profit Distribution</p> <ul style="list-style-type: none"> a) income in the form of profit distributions from LLP received by individual partners; and b) individual LLP partners consisting of resident and non-resident individuals. <p>Threshold and formula to determine chargeable income</p> <ul style="list-style-type: none"> a) Threshold: income in the form of profit distributions exceeding RM100,000 per year is subject to tax; and b) Determination formula for chargeable income: If partners have income in the form of profit distributions from the LLP and other types of income, the apportionment of the total chargeable income is determined based on the following formula: <table border="1" data-bbox="692 1067 1253 1311" style="margin-left: 20px;"> <tr> <td style="text-align: center;">(A) Profit Distributions Statutory Income</td> <td style="text-align: center;">x</td> <td style="text-align: center;">Chargeable Income</td> <td style="text-align: center;">=</td> <td style="text-align: center;">Chargeable Profit Distribution Income</td> </tr> <tr> <td style="text-align: center;">(B) Aggregate Income</td> <td></td> <td></td> <td></td> <td></td> </tr> </table> c) Tax Rate: A rate of 2% is imposed on chargeable profit distribution income after taking into account allowable relief and deduction. <p>From the YA 2026.</p>	(A) Profit Distributions Statutory Income	x	Chargeable Income	=	Chargeable Profit Distribution Income	(B) Aggregate Income				
(A) Profit Distributions Statutory Income	x	Chargeable Income	=	Chargeable Profit Distribution Income							
(B) Aggregate Income											



Employer

1. Tax Incentive for Employing Vulnerable Persons

Current	Proposal
<p>The additional tax deduction for employers hiring ex-convicts was first introduced in Budget 2019. Subsequently, the scope of this incentive was expanded to include former drug dependents, as well as individuals classified as Parolees and Supervised Persons.</p> <p>In Budget 2023, this incentive was further enhanced to cover employment costs incurred for hiring current and former residents of the following institutions:-</p> <ul style="list-style-type: none"> a) Henry Gurney School under the Malaysian Prison Department; and b) Cure and Care Rehabilitation Centres, as well as non-governmental care centres registered with the Department of Social Welfare. <p>This tax deduction is given until YA 2025.</p>	<p>In line with the Sustainable Development Goals (SDG) 2030, which emphasize equal employment opportunities and the empowerment of vulnerable groups to achieve sustainable livelihoods, it is proposed that the existing tax incentive be reviewed and enhanced as follows:</p> <ul style="list-style-type: none"> a) The incentive will be extended to include Prisoners Released on Licence under the Prisons Act 1995, as well as drug and substance dependants or misusers undergoing treatment and rehabilitation under the Drug and Substance Dependants and Misusers (Treatment and Rehabilitation) Act 1983; and b) The incentive will be granted for a period of five (5) years. <p>For the YA 2026 to YA 2030.</p>

2. Tax Incentive for Employing Senior Citizens

Current	Proposal
<p>further tax deduction was given to employers hiring senior citizens aged 60 years and above, subject to the following conditions:</p> <ul style="list-style-type: none"> a) the employee is hired on a full-time basis b) the employee's monthly remuneration does not exceed RM4,000; c) the employer and employee are not the same individual; and d) the employee has no familial relationship with the employer. <p>This tax deduction is given until YA 2025.</p>	<p>To encourage senior citizens to remain active, achieve financial independence, and continue contributing to national economic development, it is proposed that the additional tax deduction for employers hiring senior citizens be extended for another five (5) years.</p> <p>For the YA 2026 to YA 2030.</p>



Corporate Tax

1. Tax Exemption on Income Received from Outside Malaysia

Current	Proposal
<p>Since 1 January 2022, Malaysia has taxed foreign-sourced income (FSI) received by residents. Exemptions, however, apply on a time-limited basis.</p> <p>a) Resident companies and LLPs are exempt on foreign dividends and gains from disposing of capital assets received between 1 January 2022 and 31 December 2026;</p> <p>b) individual taxpayers (other than partners in partnership businesses) are exempt on FSI received from 1 January 2022 until 31 December 2036; and</p> <p>c) unit trusts are exempt on FSI received between 1 January 2024 and 31 December 2026.</p>	<p>To spur overseas investment by Malaysian resident companies and encourage the return of foreign funds, the proposal envisages two changes:</p> <p>a) extending the existing tax exemption on foreign dividends and gains from the disposal of overseas assets, currently available to resident companies and LLPs, to cooperative societies and trust bodies; and</p> <p>b) granting a four-year tax exemption on such dividends and gains received by resident companies, LLPs, cooperative societies and trust bodies, as well as on foreign-sourced income received by unit trusts.</p> <p>From 1 January 2027 to 31 December 2030.</p>

2. Income Tax Deduction for Cost of Listing on BURSA Malaysia

Current	Proposal
<p>Technology-based companies and MSMEs that list on Bursa Malaysia's Main Market, ACE Market or LEAP Market are eligible for an income-tax deduction of up to RM1.5 million on listing expenses.</p> <p>The deduction covers:-</p> <p>a) fees payable to Bursa Malaysia and the Securities Commission;</p> <p>b) professional services fees; and</p> <p>c) underwriting, placement and brokerage charges.</p> <p>It applies for the YA 2023 to YA 2025.</p>	<p>To encourage more companies and MSMEs to access capital through Bursa Malaysia's Main, ACE or LEAP Markets, and to underpin the National Energy Transition Roadmap and National Semiconductor Strategy, two enhancements have been proposed to the current RM1.5 million deduction for listing expenses:-</p> <p>a) tax deduction to MSMEs operating in the energy and utilities sectors; and</p> <p>b) allow technology-based companies and MSMEs in the technology, energy and utilities sectors to claim the deduction for five years.</p> <p>For the YA 2026 to YA 2030.</p>

3. Income Tax Deduction on Contributions for Integrity and Anti-Corruption Programmes or Activities

Current	Proposal
<p>Since 2021, businesses can claim a tax deduction under Section 34(6)(h) of the Income Tax Act 1967 for expenses incurred in organising integrity and anti-corruption programmes. To qualify:-</p> <ul style="list-style-type: none"> a) programmes must be organised in collaboration with the Malaysian Anti-Corruption Commission (MACC); b) must benefit the public and remain apolitical; c) must be non-profit-oriented and free of participation fees; and d) must be separate from the company's core activities and undertaken voluntarily. <p>The allowable deduction equals the amount of expenditure incurred, offset against gross business income.</p>	<p>To support the National Anti-Corruption Strategy (NACS) 2024 – 2028, which aims to embed an anti-corruption culture in organisations and encourage broader public involvement, the following measures have been proposed:</p> <ul style="list-style-type: none"> a) Anti-corruption education programmes organised by civil society organisations (CSOs) would be designated national-interest projects under Section 44(11C) of the Income Tax Act 1967, subject to their recognition by the:- <ul style="list-style-type: none"> - Malaysian Anti-Corruption Commission - benefits the rakyat and does not involve sensitive political, racial or religious issues - non-profit nature (including no participation fees); and - their implementation between 1 January 2026 and 31 December 2028. b) Cash donations to these approved CSO programmes would qualify for an income-tax deduction equal to the amount contributed, capped at 10 % of the donor's aggregate income. <p>These provisions would apply to applications submitted to the Ministry of Finance between 1 January 2026 and 31 December 2028.</p>

4. Accelerated Capital Allowance for Plant, Machinery and ICT Equipment

Current

Companies are allowed to claim capital allowance on qualifying capital expenditure incurred for business purposes under Schedule 3, Income Tax Act 1967 as follows:

Types of Assets	Initial Allowance (%)	Annual Allowance (%)
Motor Vehicle and Heavy Machinery	20	20
Plant and Machinery	20	20
ICT Equipment and Computer Software	40	20
Others	20	10

Proposal

To encourage domestic direct investment and expedite digital-technology adoption among businesses, it is proposed that qualifying capital expenditures be accorded an Accelerated Capital Allowance (ACA) enabling companies to fully claim the allowance within two years.

Types of Assets	Initial Allowance (%)	Annual Allowance (%)
Procurement of Heavy Machinery from local manufacturers	20	40
Procurement of plant and general machinery acquired from local manufacturers		
Purchase of ICT equipment and computer software		
Consultation, licensing and incidental fees related to customised computer software development		

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

5. Tax Incentive for Training in Artificial Intelligence

Current	Proposal
<p>Companies may deduct from taxable income the cost of employee training directly related to their business under Section 33 of the Income Tax Act 1967.</p> <p>They may also claim an additional deduction for expenditure on approved training programmes across manufacturing, non-manufacturing and hotel/tourism activities.</p> <p>However, companies that contribute to the Human Resources Development Corporation (HRDC) are not eligible for this further deduction.</p>	<p>To encourage the adoption of artificial intelligence (AI) in business operations, it is proposed that MSMEs, including those that contribute to the HRDC, be granted an additional tax deduction of 50 %, available once every two years, for expenses on AI training recognised by the MyMahir National AI Council for Industry (NAICI).</p> <p>For applications received by TalentCorp from 1 January 2026 to 31 December 2027.</p>

6. Tax Incentive for Commercialization of Research and Development Findings

Current	Proposal
<p>In Budget 2013, companies that invested in subsidiary companies commercialising non-resource-based research and development (R&D) findings from public research institutions or public universities were granted a five-year tax deduction, covering the period from 29 September 2012 to 31 December 2017.</p> <p>The incentive was revived in Budget 2021, expanding eligibility to include the commercialisation of R&D findings by private higher education institutions, with a renewed five-year period from 7 November 2020 to 31 December 2025.</p>	<p>To boost productivity and enhance Malaysia's national competitiveness, it is proposed that the tax deduction for companies investing in subsidiary companies that commercialise non-resource-based research and development (R&D) findings from public research institutions, public universities, and private higher education institutions be extended for an additional five years.</p> <p>This extension aims to sustain industry-academia collaboration and strengthen the country's innovation ecosystem by encouraging private-sector participation in R&D commercialisation.</p> <p>For applications received by the Malaysia Investment Development Authority (MIDA) from 1 January 2026 to 31 December 2030.</p>

7. Tax Deduction on Costs of Renovation and Refurbishment for Tourism Projects

Current	Proposal
<p>Renovation and refurbishment expenses incurred for business premises are not allowable for tax deductions under Section 33(1) Income Tax Act 1967.</p>	<p>To encourage tourism project operators to upgrade and refurbish their business premises and enhance the quality of domestic tourism products in preparation for Visit Malaysia Year 2026, it is proposed that registered tourism project operators with the Ministry of Tourism, Arts and Culture (MOTAC) be allowed a tax deduction of up to RM500,000 on qualifying renovation and refurbishment expenditure incurred for business purposes.</p> <p>This measure aims to help tourism operators improve infrastructure, modernise facilities, and deliver higher service standards, thereby strengthening Malaysia's overall tourism appeal and competitiveness.</p> <p>For qualifying expenditure incurred from 11 October 2025 to 31 December 2027.</p>

8. Tax Incentive for Scholarships

Current	Proposal
<p>Companies providing scholarships to students pursuing technical and vocational skills training, as well as higher education at the Diploma, Bachelors, Masters and Doctorate levels are eligible for double tax deduction subject to the student's criteria as follows:</p> <ul style="list-style-type: none"> a) Malaysian citizen; b) pursuing full-time studies; c) no source of income; and d) the monthly income of parents / guardians does not exceed RM10,000. 	<p>To expand access for more students to pursue technical, vocational, and higher education, the Government proposes to enhance the tax incentive for private companies offering scholarships as follows:</p> <ul style="list-style-type: none"> a) Double tax deduction will be granted to companies providing scholarships to students pursuing Sijil Teknikal dan Vokasional, Diploma, or Bachelor's Degree programmes. b) The scope of the double tax deduction will be expanded to include recognised professional certification courses. c) The household income threshold for the student's parents or guardians will be increased to not exceeding RM15,000 per month. d) This incentive will be extended for an additional five (5) years. <p>For the YA 2026 to YA 2030.</p>

9. Tax Incentive for Training of Care Worker

Current	Proposal
<p>A double tax deduction is given on expenses incurred by companies to sponsor training for persons with disabilities (OKU) registered with the Ministry of Women, Family and Community Development (KPWKM) and are not employees of the company.</p>	<p>To address the growing need for quality care services for the elderly, children with special needs, and persons with disabilities (OKU), it is proposed that the scope of the double tax deduction for companies sponsoring training for OKU be expanded.</p> <p>The expansion will include sponsorship of care workers to attend training programmes at institutions recognised by the Ministry of Women, Family and Community Development (KPWKM).</p> <p>These sponsored care workers are not required to be employees of the sponsoring company.</p> <p>For YA 2026 and YA 2027.</p>

10. Kampung Angkat MADANI

Current	Proposal
-	<p>To empower the welfare and development of the MADANI community, it is proposed that tax deductions be granted to companies and individuals with business income who make contributions towards the following programmes:</p> <ul style="list-style-type: none"> a) Kampung Angkat MADANI; b) Sekolah Angkat MADANI, and c) Sejahtera MADANI Initiative. <p>This measure aims to encourage private sector participation and collective responsibility in advancing community well-being under the Malaysia MADANI framework.</p>



Labuan

1. Penalty Restructuring

Current	Proposal
<p>In the case of prosecution and upon conviction:-</p> <p>a) a person is liable to a fine not exceeding RM1 million; or</p> <p>b) imprisonment for a term not exceeding two (2) years, or both.</p>	<p>To ensure consistency and fairness in the imposition of penalties under the Labuan legislation, it is proposed that the penalty structure be standardised in cases where no prosecution is instituted.</p> <p>In cases where no prosecution is instituted:-</p> <p>a) a civil penalty may be imposed under the Rules issued by the Minister.</p> <p>b) For cases where prosecution is instituted, a minimum fine of RM20,000 shall be imposed for a criminal offence.</p>

2. Appointment of Tax Agent / Employee for Labuan Entity

Current	Proposal
<p>At present, authorisation to file any prescribed form electronically by a tax agent must be given in writing.</p> <p>There is no definition of "tax agent" provided under the current framework.</p>	<p>To enhance compliance in administrative governance, the authorisation to file any prescribed form by a tax agent or employee shall be given through an electronic medium, eliminating the need for written authorisation.</p> <p>The term "tax agent" shall be defined as an Approved Tax Agent under Section 153 of the Income Tax Act 1967 (ACP 1967).</p> <p>From 1 January 2026.</p>



Excise Duty

Excise Duty

1. Excise Duty on Cigarette

Current

Cigarette is subject to import duty, excise duty and sales tax as follows:

Tariff Code	Import Duty	Excise Duty	Sales Tax
2402.20.2000	20 cents per stick @ RM4 per packet	40 cents per stick @ RM8 per packet	10%
2402.20.9000			
2402.90.2000			

Proposal

In line with Malaysia's commitment as a party to the World Health Organisation (WHO) Framework Convention on Tobacco Control (FCTC) and in support of ongoing efforts to reduce the consumption of smoking products for the health and well-being of the rakyat, it is proposed that the excise duty rate on cigarettes be increased in phases, beginning with an increment of 2 cent per stick, equivalent to 40 cents per packet.

2. Import Duty and Sales Tax Exemption on Nicotine Replacement Therapy Products

Current

Import duty and sales tax rate for Nicotine Replacement Therapy (NRT) products are as follows:

Products	Tariff Code	Import Duty	Sales Tax
Nicotine Gum	2404.91.1000	15%	5%
Nicotine Patch	2404.92.1000	0%	10%
Nicotine Mist	2404.91.9000	15%	5%
Nicotine Lozenges			

Nicotine gum and nicotine patch are exempted from import duty and sales tax effective from 1 April 2023 to 31 March 2026.

Proposal

To further support the implementation of the mQuit Programme and the Lung Health Initiative by the Ministry of Health, as well as to align with Malaysia's commitment under the World Health Organisation (WHO) Framework Convention on Tobacco Control (FCTC) in providing smoking cessation treatment, it is proposed that:

- The import duty and sales tax exemption on nicotine gum and nicotine patch be extended until 31 December 2027; and
- The scope of exemption for Nicotine Replacement Therapy (NRT) products be expanded to include nicotine mist and nicotine lozenges, effective from 11 October 2025 to 31 December 2027.

For applications received by the Ministry of Finance from 11 October 2025 to 31 December 2027.

Excise Duty

3. Excise Duty on Alcoholic Beverage Products

Current

Alcoholic beverage products are subject to excise duty at the following rates:-

Product Description	Tariff Code	Excise Duty (RM) (per 100% vol. per liter)
Beer	22.03	175.00
Sparkling Wine	2204.10.000	450.00
Other wine, grape must, other grape must, vermouth, brandy, whiskies, rum, gin and geneva, vodka	2204.21, 2204.22, 2204.29, 2204.30, 22.05, 2208.20, 2208.30, 2208.40.0000, 2208.50.0000, 2208.60.0000	150.00
<i>Cider and perry, sake, shandy, wine (vegetable & fruit juice), other rice wine, liqueurs and cordials, arrack or pineapple spirit</i>	2206.00.1000, 2206.00.2000, 2206.00.4100, 2206.00.4900, 2206.00.6000, 2206.00.9100, 2208.70.1000, 2208.70.9000, 2208.90.5000, 2208.90.6000, 2208.90.9100, 2208.90.9900	60.00
Samsu (including medicated samsu)	208.90.1000, 2208.90.2000, 2208.90.3000, 2208.90.4000	60.00
Coconut palm toddy, mead, bitters	2206.00.3100, 2206.00.3900, 2206.00.5000, 2206.00.9900, 2208.90.7000, 2208.90.8000	40.00
Undenatured ethyl alcohol	2207.10.0000	22.50 and 15%
Ethyl alcohol and other spirits	2207.20	1.10 and 15%

Proposal

To reduce access to alcoholic beverages and promote a healthier lifestyle, it is proposed excise duty rate on alcoholic beverage products be increased by 10%.

From 1 November 2025.



Stamp Duty

Stamp Duty

1. Stamp Duty on Property Ownership by Non-Citizens

Current	Proposal
<p>Under Item 32(aa) of the First Schedule to the Stamp Act 1949, instruments transferring real property that are executed by non-citizen individuals (excluding Malaysian permanent residents) and foreign companies are subject to a fixed stamp-duty rate of 4 %.</p>	<p>To reinforce the stamp-duty regime and help control property prices, it is proposed that the fixed stamp-duty rate on transfers of residential properties executed by non-citizen individuals (other than Malaysian permanent residents) and foreign companies be increased from 4 % to 8 %.</p> <p>For Instruments of transfer of residential homes executed from 1 January 2026.</p>

2. Stamp Duty Exemption for the Purchase of First Residential Home

Current	Proposal
<p>Malaysian citizens who purchase their first residential property priced up to RM500 000 are fully exempt from stamp duty on the instrument of transfer and the loan agreement.</p> <p>This exemption applies to sale and purchase agreements executed between 1 January 2021 and 31 December 2025.</p>	<p>To further support home ownership among Malaysian citizens, particularly those in low and middle-income groups, it is proposed that the full stamp-duty exemption on instruments of transfer and loan agreements for first-time residential properties priced up to RM500 000 be extended for a further two (2) years.</p> <p>For Sale and Purchase Agreements executed from 1 January 2026 to 31 December 2027.</p>

3. Extension of Stamp Duty Exemption for Perlindungan Tenang Products

Current	Proposal
<p>A full stamp-duty exemption applies to insurance policies and takaful certificates for Perlindungan Tenang products, covering family, life and general insurance/takaful, provided the premium or contribution does not exceed RM150.</p> <p>This exemption is available for policies and certificates issued between 1 January 2019 and 31 December 2025.</p>	<p>To encourage low and middle-income individuals to secure affordable insurance and takaful coverage, it is proposed that the full stamp-duty exemption on insurance policies and takaful certificates for all Perlindungan Tenang products be extended for a further three (3) years.</p> <p>For Perlindungan Tenang insurance policies and takaful certificates issued from 1 January 2026 to 31 December 2028.</p>

4. Stamp Duty on Insurance Policies or Takaful Certificates with Low Annual Premium / Contribution

Current	Proposal
<p>A full stamp-duty exemption applies to insurance policies and takaful certificates with low annual premiums or contributions, defined as:-</p> <p>a) up to RM150 for individuals and;</p> <p>b) up to RM250 for micro, small and medium enterprises (MSMEs).</p> <p>Eligible policies include liability, fire, travel, engineering and personal accident coverage, and business-interruption policies arising from fire.</p> <p>The exemption applies to policies and certificates issued between 1 January 2022 and 31 December 2025.</p>	<p>To encourage more individuals and MSMEs to secure basic insurance or takaful cover against risks such as fire, travel and personal accidents, it is proposed that the full stamp-duty exemption for insurance policies and takaful certificates with low annual premiums or contributions be extended for a further three (3) years.</p> <p>For insurance policies or takaful certificates issued from 1 January 2026 to 31 December 2028.</p>

5. Stamp Duty on Contract Notes for Buy-Side Transaction of Structured Warrants

Current	Proposal
<p>Structured warrants are investment instruments issued by eligible financial institutions and listed on Bursa Malaysia, enabling investors to diversify their portfolios and potentially achieve attractive returns with modest capital outlays.</p> <p>These warrants are based on underlying asset, such as shares, exchange-traded funds or indices, and give holders the right to buy or sell the underlying asset at a predetermined price within a fixed period. Contract notes for the sale and purchase of structured warrants are subject to stamp duty under Item 31(b) of the First Schedule to the Stamp Act 1949, at 0.1 %, capped at RM200 per contract note.</p>	<p>To foster capital-market growth and enhance Malaysia's regional competitiveness, it is proposed that contract notes for buy-side structured warrant transactions be exempt from stamp duty for a period of three (3) years.</p> <p>For buy-side structured warrant transactions executed from 1 January 2026 to 31 December 2028.</p>

Stamp Duty

6. Stamp Duty Exemption on Contract Notes for Exchange Traded Funds listed on BURSA Malaysia

Current	Proposal
<p>Stamp duty exemption is given on contract notes for Exchange Traded Funds (ETFs) transactions executed from 1 January 2021 to 31 December 2025.</p>	<p>To further enhance the competitiveness of Malaysia's capital market as well as to encourage alternative investments that offer greater cost efficiency and transparency, it is proposed stamp duty exemption on contract notes for ETFs transactions be extended for three (3) years.</p> <p>For ETFs transactions from 1 January 2026 to 31 December 2028.</p>

7. Review of Wage Threshold for Stamp Duty Exemption on Employment Contract

Current	Proposal
<p>Employment contracts are generally subject to a stamp duty of RM10 under Item 4 of the First Schedule to the Stamp Act 1949.</p> <p>However, contracts involving monthly wages of RM300 or less are exempt.</p>	<p>To help lower business costs associated with employment contracts, it is proposed to raise the wage threshold for the stamp duty exemption on such contracts from RM300 to RM3,000.</p> <p>For employment contracts executed from 1 January 2026.</p>

8. Review of Stamp Duty Penalty under Stamp Duty Self Assessment System (SDSAS)

Type of Offence	Current Fine	Proposed Fine
Registration of Transfer of Debentures or Shares (Executed Abroad)	Not exceeding RM250	Not less than RM1,000 and not exceeding RM10,000
Failure to Pay Remitted Compound Duty on Time	RM200 or 10% of the amount payable (whichever is higher)	RM500 or 20% of the amount payable (whichever is higher)
Failure to Disclose Facts in Instrument (Intent to Evade Duty)	Not exceeding RM2,500	Not less than RM2,500 and not exceeding RM50,000
Executing or Signing Documents Not Duly Stamped	Not exceeding RM1,500	Not less than RM1,000 and not exceeding RM10,000
Failure to Execute and Transfer a Contract Note	Not exceeding RM1,500	Not less than RM1,000 and not exceeding RM10,000
Offences Related to Stamp Certificates (Selling or Falsifying, etc.)	Not exceeding RM5,000	Not less than RM2,500 and not exceeding RM50,000

Effective 1 January 2026



9. Stamp Duty Payment

Current	Proposal
There is no explicit provision stating that an assessment raised under the SDSAS is final and conclusive.	<p>It is proposed that the provision be amended to expressly provide that assessments raised under the Stamp Duty Self Assessment System (SDSAS) shall be treated as final and conclusive.</p> <p>This amendment aims to enhance legal certainty and ensure finality of assessments issued under the SDSAS framework.</p> <p>From 1 January 2026.</p>

10. Stamp Duty Refund

Current	Proposal
The existing provisions do not allow refunds for relief of error or mistake made and declared in the Return Form by the duty payer.	<p>To enhance the efficiency of the refund process in line with the implementation of the Stamp Duty Self Assessment System (SDSAS), it is proposed that the law be amended to allow refunds for overpayment of duty arising from errors or mistakes made by the duty payer in the submitted return.</p> <p>From 1 January 2026.</p>

11. Duty Payment for Exchange of Real Properties

Current	Proposal
For transactions involving the exchange of real properties, the duty payable is currently borne equally by all parties involved in the exchange.	<p>It is proposed that the duty shall be payable by each transferee in accordance with the respective value of the real property acquired.</p> <p>This amendment aims to ensure equitable treatment among the public in the payment of stamp duty arising from property exchange transactions.</p> <p>From 1 January 2026.</p>

12. Penalty Remission for Offences

Current	Proposal
-	<p>To provide taxpayers with adequate time to comply with the procedures under the Self Assessment System (SAS) for Stamp Duty, penalties imposed for offences relating to the submission of incorrect returns or incomplete information may apply for remission, in accordance with the provisions of Section 72D of the Stamp Act 1949.</p> <p>Effective 1 January 2026 to 31 December 2026.</p>



Real Property Gains Tax

Real Property Gains Tax

1. Submission of Amended Return Electronically

Current	Proposal
<p>There is no provision requiring the mandatory submission of Real Property Gains Tax (RPGT) Amended Returns through an electronic medium or electronic transmission.</p>	<p>It is proposed to mandate the submission of Amended Returns for all categories of taxpayers by way of electronic medium or electronic transmission.</p> <p>This measure aims to enhance efficiency, streamline administrative processes, and support the Government's digitalization agenda in tax compliance.</p> <p>From 1 January 2026.</p>

2. Treatment of Losses for Disposal of Assets

Current	Proposal
<p>Unabsorbed loss may be carried forward to the subsequent year(s) of assessment until it is fully absorbed.</p>	<p>It is proposed that unabsorbed losses be allowed to be carried forward for a period of up to ten (10) years to be set off against gains from the disposal of other assets in subsequent years of assessment.</p> <p>With effect from YA 2026.</p>

3. Application for Relief

Current	Proposal
<p>Applications in writing to refer a relief claim to the Special Commissioners of Income Tax (SCIT) may be submitted without any prescribed form or specific format.</p>	<p>It is proposed that applications for relief shall be submitted using a prescribed form, to standardize the process and enhance administrative efficiency.</p> <p>With effect from 1 January 2026.</p>

4. Instalment of Real Property Gains Tax under Self Assessment System

Current	Proposal
<p>Instalment payment facilities are only available for tax payable under formal assessments.</p> <p>Tax payable under a deemed assessment is not eligible for instalment payments.</p>	<p>It is proposed that the balance of tax payable may be settled by instalments, subject to the approval of the Director General of Inland Revenue (DGIR).</p> <p>This amendment aims to provide greater flexibility and ease the cash flow burden on taxpayers.</p>

Real Property Gains Tax

5. Flexibility in the Administration of Payment of RPGT

Current	Proposal
<p>The acquirer of a chargeable asset has two options regarding the rate or amount to be retained and remitted to the Director General of Inland Revenue (DGIR):</p> <p>a) The whole amount of the consideration; or</p> <p>b) 3%, 5%, or 7% of the total value of the consideration,</p> <p>whichever amount is lesser.</p>	<p>It is proposed that the acquirer shall have three options on the amount to be retained and remitted to the Director General of Inland Revenue (DGIR):</p> <p>a) The whole amount of the consideration; or</p> <p>b) 3%, 5%, or 7% of the total value of the consideration, depending on the category of disposer; or</p> <p>c) The amount of tax deemed assessed;</p> <p>whichever amount is lesser.</p> <p>In addition, the DGIR will:</p> <p>a) Provide an option for the disposer to notify the acquirer of the amount of tax deemed assessed in the RPGT Return Form; and</p> <p>b) Deem such notification made through an electronic medium to have been served on the acquirer on the date the RPGT Return Form (Form 1A/1B) is furnished to the DGIR.</p> <p>From 1 January 2026.</p>

6. Failure to Produce Documents / Records

Current	Proposal
<p>The existing law does not specifically address the failure to furnish a return, document, or information from the date on which the notice is served.</p>	<p>It is proposed that failure to furnish a return, document, or information from the date the notice is served shall be deemed an offence, and the person shall be liable to:</p> <p>a) a penalty of not less than RM2,000; or</p> <p>b) imprisonment for a term not exceeding one (1) year; or</p> <p>c) both.</p> <p>From 1 January 2026.</p>

7. Electronic Authorization

Current	Proposal
<p>At present, authorisation to file any prescribed form electronically by a nominee, lawyer or tax agent must be given in writing.</p>	<p>To enhance compliance in administrative governance, the authorisation to file any prescribed form by a nominee, lawyer or tax agent shall be given through an electronic medium, eliminating the need for written authorisation.</p> <p>From 1 January 2027.</p>





Tax Incentive

1. Income Tax Exemption for Social Enterprises

Current	Proposal
<p>Income tax exemption is given on all income of Social Enterprises (SE) accredited by the Ministry of Entrepreneur Development and Cooperatives up to 3 consecutive YAs.</p> <p>The exemption is for applications received by the Ministry of Finance from 1 January 2022 to 31 December 2025.</p>	<p>To foster social entrepreneurship, generate employment and lessen reliance on government aid, it is proposed that the application period for the social enterprise income tax exemption be extended for a further three (3) years.</p> <p>For applications received by the Ministry of Finance from 1 January 2026 to 31 December 2028.</p>

2. Income Tax Exemption on Sustainable and Responsible Investment Sukuk and Bond Grant Scheme

Current	Proposal
<p>Issuers of Green Sustainable and Responsible Investment (SRI) Sukuk may apply to the Securities Commission Malaysia for a grant financed by the Capital Market Development Fund that reimburses up to 90 % of external review costs, subject to a cap of RM300 000.</p> <p>Grants received by Green SRI Sukuk issuers are exempt from income tax between 1 January 2018 and 31 December 2025.</p> <p>The programme has since been rebranded as the SRI Sukuk and Bond Grant Scheme, which supports Securities Commission-approved issuances of</p> <ul style="list-style-type: none"> ○ SRI Sukuk; ○ SRI-Linked Sukuk; ○ bonds aligned with the ASEAN Green, Social and Sustainability Bond Standards; and ○ bonds meeting the ASEAN Sustainability-Linked Bond Standards. 	<p>To further encourage the issuance of SRI sukuk and bonds aligned with green, social and sustainability standards in Malaysia, the following enhancements to the SRI Sukuk and Bond Grant Scheme have been proposed:-</p> <ol style="list-style-type: none"> a) increase the grant coverage for external review expenses from 90 % to 100 %, up to a maximum of RM300 000. b) broaden eligibility to include sukuk and bonds that comply with the ASEAN Taxonomy for Sustainable Finance. c) extend the associated income-tax exemption for an additional three (3) years. <p>For SRI Sukuk and Bond Grant Scheme applications received by Securities Commission (SC) from 1 January 2026 to 31 December 2028.</p>

3. Tax Treatment for Public University Teaching Hospitals Endowment Funds

Current	Proposal
<p>Under Section 44(11D) of the Income Tax Act 1967, endowment funds established by public universities incorporated under the Universities and University Colleges Act 1971 or the Universiti Teknologi MARA Act 1976 receive favourable tax treatment:-</p> <ul style="list-style-type: none"> a) Contributions must be made in cash; b) the total contribution sum must be preserved; and c) only the income generated may be spent in pursuit of the fund's objectives. <p>Donors may claim a tax deduction equal to their contribution, up to 10 % of aggregate income, and both the contributions received and the income generated by the fund are exempt from income tax.</p>	<p>To enhance the financial sustainability of public university teaching hospitals and safeguard quality healthcare services, it is proposed that these hospitals be permitted to establish endowment funds. Cash contributions to such funds would be eligible for a tax deduction under Section 44(11D) of the Income Tax Act 1967, provided the funds are governed and managed solely by the teaching hospitals in accordance with prescribed guidelines.</p> <p>From the YA 2026.</p>

4. Tax Incentive for Automation in the Agriculture Sector

Current	Proposal
<p>Two tax incentives support livestock farming under closed-house systems:-</p> <ul style="list-style-type: none"> a) closed-house chicken rearing qualifies for a 100 % Accelerated Capital Allowance (ACA) and a 100 % income-tax exemption on qualifying capital expenditure for applications lodged with the Ministry of Agriculture and Food Security between 1 January 2023 and 31 December 2025. b) the agriculture sector automation incentive offers a 100 % ACA on the first RM10 million of qualifying capital expenditure and a 100 % income-tax exemption on qualifying capital expenditure for cropping, livestock farming, apiculture, aquaculture and capture-fisheries activities, for applications received by the ministry from 1 January 2023 to 31 December 2027. 	<p>To maintain support for closed-house chicken rearing and harmonies livestock incentives, it is proposed to extend the Agricultural Sector Automation Incentive to include chicken farming conducted in closed-house systems.</p> <p>For applications received by KPKM from 1 January 2026 to 31 December 2027.</p>

5. Tax Incentive for Food Security Projects

Current

In Budget 2023, tax incentive for food production projects was given as follows:

Eligible Companies	Tax Incentive
Companies investing in subsidiary companies engaging in new food production projects.	Tax deduction equivalent to the investment amount in the basis year when the investment was made.
Companies engaging in food production projects.	<ul style="list-style-type: none"> a) New projects are given 100% income tax exemption on statutory income for 10 years of assessment; or b) Expansion projects by existing companies are given 100% income tax exemption on statutory income for 5 years of assessment.

The tax incentive is effective for applications received by Ministry of Agriculture and Food Security (KPKM) from 1 January 2023 to 31 December 2025.

Proposal

The Tax Incentive for Food Production Projects be rebranded as the Tax Incentive for Food Security Projects. To ensure national food security remains sustainable through greater participation of industry players in the agriculture sector, it is proposed that tax incentive provided for 5 years, for companies implementing food security projects be provided as follows:

Eligible Companies	Tax Incentive
Companies engaging in new projects	<ul style="list-style-type: none"> a) 100% income tax exemption on statutory income for 10 years of assessment; and b) The tax exemption be given on income generated from sales in domestic markets.
Existing companies undertaking expansion projects	<ul style="list-style-type: none"> a) 100% income tax exemption on statutory income for 5 years of assessment; and b) The tax exemption be given on income generated from sales in domestic markets.

For applications received by KPKM from 1 January 2026 to 31 December 2030.

6. Tax Incentive for Tour Operators

Current	Proposal
<p>To strengthen Malaysia's tourism industry and mitigate the effects of the COVID-19 pandemic, a tax incentive was introduced for companies operating tourism packages. Previously, companies enjoyed a 100% income-tax exemption on statutory income derived from:</p> <ul style="list-style-type: none"> a) Domestic tourism packages participated in by at least 1,500 local tourists annually; and b) Inbound tourism packages participated in by at least 750 foreign tourists annually. <p>This incentive was valid from the YA 2007 to 2020.</p> <p>To ease the burden on tourism operators during the pandemic, the incentive was revised and extended as follows:</p> <ul style="list-style-type: none"> a) The threshold for domestic tourism packages was reduced to 200 local tourists per year, and the minimum requirement for foreign tourists under inbound tourism packages was removed; and b) The income-tax exemption was extended to YA 2022. 	<p>To further encourage tourism operators ahead of Visit Malaysia Year 2026, it is proposed that tour operators be granted a 100% income tax exemption on incremental income derived from inbound tourism packages, subject to the following conditions:</p> <ul style="list-style-type: none"> a) The operator must bring in at least 1,000 foreign tourists annually; and b) The incremental income refers to the difference between the qualifying income from inbound tourism packages during the current basis period and the income recorded in the preceding basis period. <p>This measure aims to reward tour operators who successfully expand Malaysia's international tourism market while supporting the broader recovery and growth of the tourism sector.</p> <p>For the YA 2026 and YA 2027.</p>

7. Tax Incentive for Organising International Incentive Trips, Conferences and Trade Exhibitions

Current	Proposal						
<p>Companies promoting and organising conferences are given tax incentives as follows:</p> <table border="1" data-bbox="72 499 682 1120"> <thead> <tr> <th data-bbox="72 499 362 549">Eligible Companies</th> <th data-bbox="362 499 682 549">Tax Incentive</th> </tr> </thead> <tbody> <tr> <td data-bbox="72 549 362 820">Companies, associations, or organisations whose main activity is promoting and organizing conferences</td> <td data-bbox="362 549 682 820"> a) 100% income tax exemption on statutory income, subject to bringing in at least 500 foreign participants annually. b) Effective from the year of assessment 1997. </td> </tr> <tr> <td data-bbox="72 820 362 1120">Entities whose main activity is other than promoting and organising conferences</td> <td data-bbox="362 820 682 1120"> a) 100% income tax exemption on statutory income, subject to bringing in at least 500 foreign participants annually. b) Effective from the year of assessment 2020 to 2025. </td> </tr> </tbody> </table>	Eligible Companies	Tax Incentive	Companies, associations, or organisations whose main activity is promoting and organizing conferences	a) 100% income tax exemption on statutory income, subject to bringing in at least 500 foreign participants annually. b) Effective from the year of assessment 1997.	Entities whose main activity is other than promoting and organising conferences	a) 100% income tax exemption on statutory income, subject to bringing in at least 500 foreign participants annually. b) Effective from the year of assessment 2020 to 2025.	<p>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:</p> <p>a) 100% income tax exemption on statutory income for organisers verified by Ministry of Tourism, Arts and Culture (MOTAC), subject to bringing in:</p> <ul style="list-style-type: none"> - at least 1,500 foreign participants for incentive trips annually; or - at least 2,000 foreign participants for conferences annually; or - at least 3,000 foreign participants for trade exhibitions annually. <p>b) the incentive be extended for 2 years.</p> <p>For the Year of Assessment 2026 and 2027.</p>
Eligible Companies	Tax Incentive						
Companies, associations, or organisations whose main activity is promoting and organizing conferences	a) 100% income tax exemption on statutory income, subject to bringing in at least 500 foreign participants annually. b) Effective from the year of assessment 1997.						
Entities whose main activity is other than promoting and organising conferences	a) 100% income tax exemption on statutory income, subject to bringing in at least 500 foreign participants annually. b) Effective from the year of assessment 2020 to 2025.						

8. Tax Incentive for Organising Arts, Cultural, Sports and Recreational Activities

Current	Proposal
<p>A 50% income tax exemption on statutory income is granted to organisers of approved events, as follows:</p> <ul style="list-style-type: none"> a) Arts and cultural activities endorsed by the Ministry of Tourism, Arts and Culture (MOTAC) and held at approved venues such as Istana Budaya, the National Art Gallery, or Dewan Filharmonik Petronas; and b) International sports and recreational competitions approved by the Ministry of Youth and Sports (KBS). <p>This incentive has been in effect from the Year of Assessment 2020 to 2025, supporting Malaysia's creative, cultural, and sports sectors by encouraging more large-scale, internationally recognised events.</p>	<p>To further encourage the organisation of arts, cultural, tourism, international sports, and recreational activities in conjunction with Visit Malaysia Year 2026, it is proposed that the existing tax incentive be enhanced and extended as follows:</p> <ul style="list-style-type: none"> a) Scope Expansion – The incentive will be broadened to include tourism activities approved by the Ministry of Tourism, Arts and Culture (MOTAC), excluding concert performances. b) Venue Flexibility – Eligible arts, cultural, and tourism activities may be held at any location in Malaysia approved by MOTAC. c) Sports and Recreation – The incentive will continue to cover international sports and recreational competitions approved by the Ministry of Youth and Sports (KBS). d) Extension Period – The tax incentive will be extended for an additional two years beyond the current expiry. <p>This enhancement aims to position Malaysia as a vibrant destination for cultural, tourism, and international sporting events, thereby driving economic activity and strengthening the nation's global tourism appeal.</p> <p>For YA 2026 and YA 2027.</p>

9. Tax Incentive for Venture Capital

Current	Proposal
<p>Tax incentives for venture capital are structured as follows:</p> <p>a) Venture Capital Company (VCC)</p> <p><u>Income Tax Exemption</u> VCCs enjoy a full exemption on statutory income from all sources, except for interest income from savings or fixed deposits and profits from Shariah-compliant deposits.</p> <p><u>Incentive Period</u> The exemption applies for five years of assessment, starting from the date of the first certification issued by the Securities Commission Malaysia (SC) for investments made in a venture company (VC).</p> <p><u>Investment Condition</u> VCCs must invest at least 50% of their funds in seed, start-up, or early-stage financing, and both the VCC and VC must not be related entities at the time of investment.</p> <p><u>Incorporation</u> VCCs must be incorporated under the Companies Act 2016.</p> <p>b) Venture Capital Management Company (VCMC)</p> <p><u>Income Tax Exemption</u> VCMCs are exempt from income tax on profit shares, management fees, and performance fees received from VCCs.</p> <p>c) Investment in VCC Companies or individuals with business income that invest in a VCC fund are eligible for a tax deduction equivalent to the investment amount, capped at RM20 million.</p> <p>a) Investment in VC Companies or individuals with business income investing directly in a venture company (VC) are eligible for a tax deduction equal to the investment made.</p> <p>The VCC must be registered with the Securities Commission (SC) by 31 December 2023, and the first certification must be obtained by 31 December 2026.</p>	<p>To further promote investment by Venture Capital Companies (VCCs), the Government has refined and expanded the tax incentives for the venture capital sector as follows:</p> <p>a) Venture Capital Company (VCC) A corporate income tax rate of 5% will be imposed on all income of the VCC, except for interest or profit income derived from savings, fixed deposits, or similar instruments. The VCC is required to invest at least 20% of its funds in local venture companies.</p> <p>This tax incentive is granted for 10 years, or for the remaining life of the fund, commencing from the year the VCC obtains its first certification from the SC. The first certification must be obtained no later than 31 December 2035.</p> <p>The incentive is extended to entities incorporated under the Limited Liability Partnerships Act 2012 and the Labuan Limited Partnerships and Limited Liability Partnerships Act 2010, provided they elect to be taxed under the Income Tax Act 1967.</p> <p>b) Venture Capital Management Company (VCMC) A 10% income tax rate will apply to income derived from the share of profits, management fees, and performance fees for the years of assessment 2025 to 2035.</p> <p>c) Individual Shareholders of VCC Income tax exemption will be granted on dividends paid, credited, or distributed to individual shareholders at the first level from the year of assessment 2025 to 2035.</p> <p>From the YA 2025.</p>

10. Accelerated Capital Allowance on the Cost of Purchasing Speed Limitation Devices for Heavy Vehicles

Current	Proposal
<p>The Government has announced the mandatory implementation of Speed Limitation Devices (SLD) on commercial vehicles as part of its initiative to enhance road safety and reduce fatalities involving heavy vehicles.</p> <p>The SLD is a device installed in vehicles to restrict maximum speed, controlled through the Engine Control Unit (ECU) or other relevant onboard systems.</p> <p>The implementation of SLD enforcement will be carried out in three phases as follows:</p> <ul style="list-style-type: none"> ○ Phase 1: Verification of SLD functionality for heavy vehicles manufactured on or after 1 January 2015, effective 1 October 2025. ○ Phase 2: Activation of the SLD within the ECU for heavy vehicles manufactured before 1 January 2015, effective 1 January 2026. ○ Phase 3: Retrofit installation of SLD devices for heavy vehicles manufactured before 1 January 2015 that are not equipped with an SLD system, effective 1 July 2026. <p>The purchase and installation cost of SLD devices will qualify for Capital Allowance (CA) under Schedule 3 of the Income Tax Act 1967, classified under the “Other Assets” category, with an Initial Allowance (IA) of 20% and an Annual Allowance (AA) of 10%.</p>	<p>To further support the Government’s initiative in reducing road accidents through the installation of SLD on heavy vehicles, it is proposed that an Accelerated Capital Allowance (ACA) be granted on the expenditure incurred for the purchase of SLD devices, up to RM4,000 per unit, subject to the following conditions:</p> <ul style="list-style-type: none"> a) The retrofit installation of SLD must be certified by a Verification Body recognized by the Road Transport Department (JPJ); and b) The installation of SLD devices applies only to heavy vehicles manufactured before 1 January 2015 that are not originally equipped with such devices, and is limited to the following categories: <ul style="list-style-type: none"> - Goods vehicles with a Gross Vehicle Weight (GVW) exceeding 3,500 kg; and - Passenger vehicles with a GVW exceeding 5,000 kg, designed to carry more than eight (8) passengers. <p>The ACA is fully claimable within one (1) year, consisting of a 20% IA and an 80% AA. It is important to note that the ACA does not apply to the replacement of existing SLD devices.</p> <p>This incentive applies to SLD installations carried out from 1 January 2026 to 31 December 2026.</p>

Other Incentives

11. Green Investment Tax Allowance (GITA)

Current

For companies incurring expenditure on the qualifying assets listed below, the Green Investment Tax Allowance (GITA) shall be granted as follows:

Qualifying Assets	GITA	% Deductible Statutory Income	Incentive Period
Tier 1 a) List of qualifying assets approved by Ministry of Finance b) Battery Energy Storage System c) Green Building	100%	70%	Qualifying Capital Expenditure incurred from 1 January 2024 to 31 December 2026
Tier 2 a) List of qualifying assets approved by Ministry of Finance b) Renewable Energy System c) Energy Efficiency	60%	70%	

Proposal

It is proposed that a 100% Green Investment Tax Allowance (GITA) be granted to companies utilizing green technology products within the local manufacturing supply chain, certified with the MyHIJAU Mark.

This initiative aims to promote sustainable industrial practices, support the growth of local green technology industries, and encourage wider adoption of certified green products.

12. Conversion of Office Building into Residential Premise

Current

Proposal

-

To maximize the utilization of vacant office space in urban areas, it is proposed that expenditure incurred for renovation and conversion works of commercial buildings into residential premises be eligible for a special tax deduction equivalent to 10% of the qualifying capital expenditure, subject to a maximum limit of RM10 million.

This measure aims to revitalize underutilized commercial properties, encourage urban regeneration, and increase housing supply in city areas.

Pending clarification on the effective date.

13. Rejuvenation of National Museum

Current	Proposal
-	<p>Cash donations made by individuals and corporate entities to the Department of Museums Malaysia Trust Account are eligible for tax deductions equivalent to the amount of the donation.</p> <p>The eligible donations may be utilised to finance the following activities:</p> <ul style="list-style-type: none"> a) The development of archaeological, ethnological, and natural history collections for research and reference purposes, including related overseas research expenses; b) The acquisition of reference materials, research documentation, and museum collections; and c) The implementation of projects or activities organised by the Department of Museums Malaysia, such as publications, permanent or temporary exhibitions, and seminars. <p>Pending clarification on the effective date.</p>

14. Promotion of Development of Sports

Current	Proposal
-	<p>Institutions, organizations, or funds not established or conducted primarily for profit may apply for approval from the Director General of Inland Revenue (DGIR) under subsection 44(6) of the Income Tax Act 1967.</p> <p>Once approved, these organizations are permitted to utilize a portion of their income to organize and carry out sports-related activities, in line with their approved objectives and the conditions set by the DGIR.</p> <p>Pending clarification on the effective date.</p>



Tax Administration

1. Restructuring of Tax Instalments (CP204)

Current

In respect of tax instalment for Companies and LLPs, the first instalment payment for the tax estimate shall be made in the second month of the taxpayer's basis period and shall conclude in the first month of the basis period for the following year of assessment.

YA 2027	Total Estimate RM120,000
Basis Period : 01.02.2026 – 31.01.2027	

Instalment Month	CP204 Instalment Amount
March 2026	RM10,000
April 2026	RM10,000
May 2025	RM10,000
June 2026	RM10,000
July 2026	RM10,000
August 2026	RM10,000
September 2026	RM10,000
October 2026	RM10,000
November 2026	RM10,000
December 2026	RM10,000
January 2027	RM10,000
February 2027	RM10,000

Proposal

It is proposed that the first instalment of the tax estimate be payable in the first month of the basis period for a YA, with subsequent instalments concluding within the same YA.

A transitional arrangement will apply for YA 2027, whereby instalment payments for that year shall commence in the second month of the basis period and be completed within the total number of months in the basis period, less one month.

YA 2027	
Total Estimate : RM120,000	
Instalment Month	CP204 Instalment Amount
March 2026	RM10,909.09
April 2026	RM10,909.09
May 2025	RM10,909.09
June 2026	RM10,909.09
July 2026	RM10,909.09
August 2026	RM10,909.09
September 2026	RM10,909.09
October 2026	RM10,909.09
November 2026	RM10,909.09
December 2026	RM10,909.09
January 2027	RM10,909.10
February 2027	-

YA 2028	
Total Estimate : RM240,000	
Instalment Month	CP204 Instalment Amount
February 2027	RM20,000
March 2027	RM20,000
April 2027	RM20,000
May 2027	RM20,000
June 2027	RM20,000
July 2027	RM20,000
August 2027	RM20,000
September 2027	RM20,000
October 2027	RM20,000
November 2027	RM20,000
December 2027	RM20,000
January 2028	RM20,000

$$RM120,000 / 11 = RM10,909.09$$

Effective YA 2028.

2. Authorization for Filing of Tax Forms

Current	Proposal
At present, the electronic filing of any prescribed form by tax agents or employees was required to be authorised in writing through Form CP55.	It is proposed that the authorization process be conducted electronically, thereby eliminating the need for written authorization. From 1 January 2027.

3. Taxpayers Tax Arrears

Current	Proposal
To facilitate taxpayers in settling tax arrears, the transfer of excess tax payments is currently limited to cases involving the Income Tax Act 1967 (ITA 1967), Petroleum (Income Tax) Act 1967 (PITA 1967), and Real Property Gains Tax Act 1976 (RPGT 1976).	It is proposed that the scope of excess tax payment transfers be extended to include the Stamp Act 1949 and the Labuan Business Activity Tax Act 1990 (LBATA 1990), to further streamline tax administration and facilitate settlement of taxpayers' obligations across different tax regimes. From 1 January 2026.

ANC 11.11 Post Budget Seminar

ANC GROUP

财案2026

SST扩展 电子发票

YS Lt. Kol Berserkutu (PA)
Song Liew 裕

HRD CORP CLAIMABLE

Founder of ANC Group
Licence: Tax Agent,
FCCA (UK) | CPA (AUS) | AICPA (ASTAN) | CA (M) | ACTIM
(M) | CFMP | CFP

吉隆坡场
KUALA LUMPUR

11 Nov TUE. 10:00AM-6:00PM

财税蓝图 策略财路

- 1. 印花税**
扩展范围，它的风险区，以及需要印花税的文件
- 2. SST 销售税和服务税**
探讨每个商家无论是不是制造商，都可以申请的豁免，以及如何淋漓尽致的运用服务税的豁免
- 3. 电子发票**
更新与进展，探讨当中不为人知的风险区，规划，系统运用与政策样本
- 4. 财政预算案2026**
所有更新，包括最新的税务进展，税务优惠，津贴和税务规划
- 5. 定价转让 2024**
新指南更新
- 6. 产业盈利税**
买卖产业重大更改和风险
- 7. 资产盈利税**
股权规划，并规划盈利税
- 8. 雇主责任更新**
包括双重扣税机制和更新
- 9. EPF 2% 进展和扩展**
详细探讨最新的外劳/外籍人士EPF2%，需注意事项和执行
- 10. 税务案例**
马来西亚的case law



HRD注册链接



直接付款

Courtyard by Marriott Kuala Lumpur South
2025年11月11日 | 9AM to 5PM
不见不散！

Our Offices

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Services

Business Advisory	Corporate Services	Accounting Services
HR & Payroll Services	Tax Compliance	Business Incorporation
Indirect Tax Advisory	Tax Advisory and Consultation	Training & Development
Transfer Pricing	Assurance	Due Diligence
Business Expansion Advisory in ASEAN and Labuan	Marketing and Content Creation	

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