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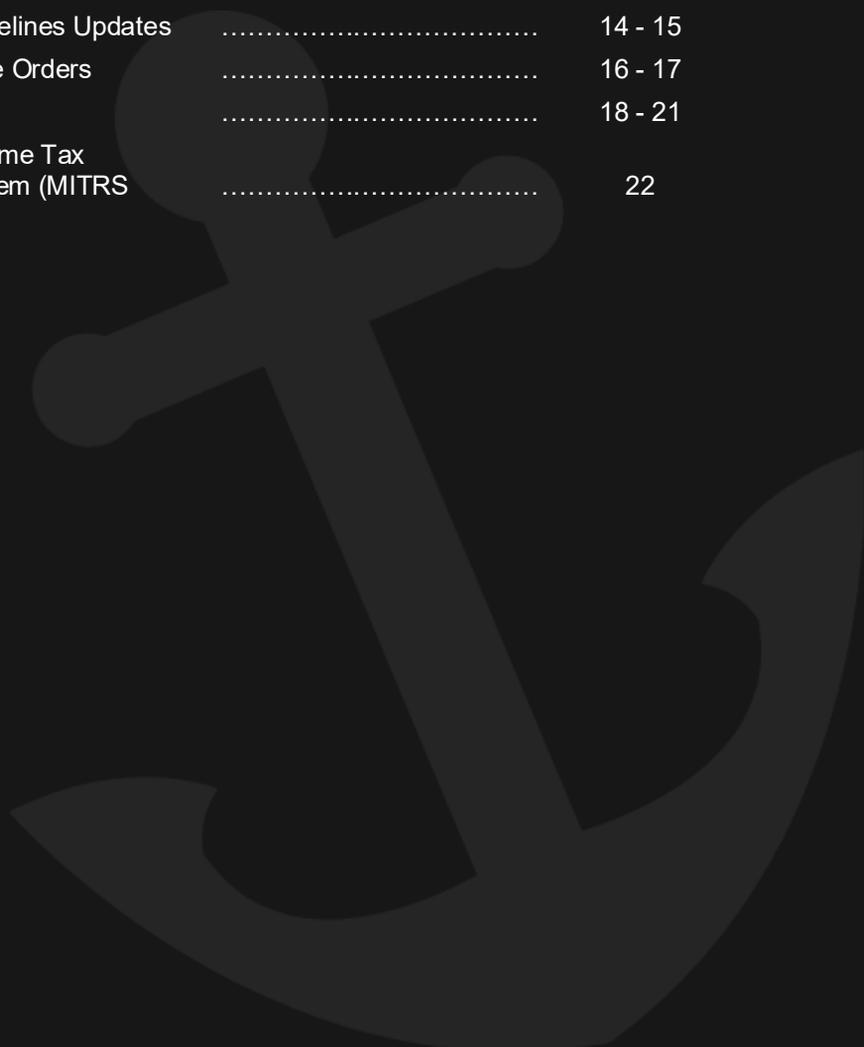
TAXLETTER

Announcement Updates, Public Ruling Updates,
Guidelines Updates, Recent Gazette Orders, Finance
Act 2025 and Malaysian Income Tax Reporting System

15 January 2026

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Part 1 : Announcement Updates

Announcement Updates	Description
<p><u>HASiL/2025/12/02 – 89</u></p>	<p>Approval Period for Institutions / Organizations / Funds (IOT)</p> <p>Effective 27 November 2025, the approval period for IOT under subsection 44(6) of the Income Tax Act 1967 (Act 1967) is limited to a maximum of 10 years. Approvals granted or renewed prior to this date shall remain valid for their originally approved period.</p> <p>IOTs are required to continue complying with all conditions of approval, as non-compliance may result in revocation and taxation of income under Schedule 6, subparagraph 13(1)(a) of the Act 1967.</p>
<p><u>HASiL/2025/12/21 – 95</u></p>	<p>First-Year Penalty Exemption for Self-Assessment Stamp Duty (STSDS)</p> <p>In line with the STSDS Phase 1 effective 1 January 2026, a special penalty concession is granted for any errors in the Stamp Duty Return or incorrect / misleading information affecting stamp duty.</p> <p>The concession applies to stamping applications submitted from 1 January 2026 to 31 December 2026 and is intended to educate and support taxpayers during the transition to electronic self-assessment.</p> <p>The concession also covers any offences under subsection 72D(2) of the Stamp Act 1949 identified through audit findings during this period.</p>
<p><u>HASiL/2025/12/31 – 101</u></p> <p><u>HASiL/2026/01/05 – 02</u></p>	<p>Explanation on the Issuance of CP500 Instalment Payment Notices</p> <p>CP500 Instalment Payment Notices were issued to taxpayers based on income reported from both employment and non-employment sources, including rent, interest, and royalties. In 2026, no penalties will be imposed on individual taxpayers receiving CP500 notices during the transition period, but voluntary payments are encouraged to reduce outstanding tax liabilities when filing the Income Tax Return (ITR).</p> <p>Taxpayers with employment income only are not required to comply with CP500 instalments, though accurate reporting in ITR is advised to avoid future notices. Amendments to CP500 amounts may be submitted using the CP502 Amendment Form, with the first submission by 30 June 2026 and the second submission by 31 October 2026.</p> <p>Ultimately, taxpayers are advised to ensure income is reported accurately to facilitate efficient and orderly tax administration.</p>

Part 1 : Announcement Updates

Announcement Updates	Description
<u>HASiL/2025/12/31 – 100</u>	Updates on Implementation of e-Invoice Phase 4 of the e-Invoice system covers taxpayers with annual revenue up to RM5 million, while Micro and Small and Medium Enterprises (MSMEs) with revenue below RM1 million are exempted. Effective 1 January 2026 until 31 December 2026, a 12-month transition period (extended from the previous 6 months) is granted for e-Invoice Phase 4, allowing MSMEs sufficient time to prepare. During this period, consolidated e-Invoices, including self-billed invoices, may be issued for all applicable activities and transactions as prescribed under the e-Invoice Specific Guidelines. No penalties will be imposed for non-compliance, provided the prescribed requirements are complied with. For the wholesale and retail construction sectors, consolidated e-Invoices are permitted only for transactions exceeding RM10,000 or upon buyer request.
<u>HASiL/2026/01/05 – 04</u>	

Part 2 : Public Ruling Updates

Public Ruling	Description										
<u>No. 3/2025</u>	<p>Tax Treatment on Asset-Backed Securitisation</p> <p>Date of Publication : 4 November 2025</p> <p>The objective of this Public Ruling (PR) is to clarify the income tax treatment of Asset-Backed Securitisation (ABS) transactions. It applies to ABS structures approved by the Securities Commission Malaysia and covers both the Originator and the Special Purpose Vehicle (SPV) established exclusively for the issuance of bonds or asset-based sukuk.</p> <p>Generally, ABS involves the transfer of assets or risks to a SPV which issues debt securities backed by those assets. In Malaysia, such securities may be acquired by institutional, retail, or asset management investors, with repayments derived from the cash flows of the underlying assets.</p> <p>This PR covers the tax treatments for each of the following ABS arrangement:</p> <table border="1"> <thead> <tr> <th>ABS arrangement</th> <th>Tax treatment</th> </tr> </thead> <tbody> <tr> <td>Originator</td> <td> <ul style="list-style-type: none"> a) Revenue or gains from the disposal of trade receivable or stock in trade b) Losses from disposal of trade receivable or stock in trade c) Call options for buyback d) Disposal of fixed assets </td> </tr> <tr> <td>SPV</td> <td> <ul style="list-style-type: none"> a) Gross income as a single business sources b) Expenses incurred in acquiring trade receivables or stock-in-trade under a securitisation transaction </td> </tr> <tr> <td>ABS issuance expenses</td> <td> <ul style="list-style-type: none"> a) Issuance costs borne by companies in relation to ABS issuance </td> </tr> <tr> <td>Tax Exemption for ABS Investors</td> <td> <ul style="list-style-type: none"> a) Interest received by non-resident companies for securities issued by the Government or Sukuk / debentures b) Interest from sukuk received by any person c) Any individual, unit trust and listed closed-end fund on interest or discounts </td> </tr> </tbody> </table>	ABS arrangement	Tax treatment	Originator	<ul style="list-style-type: none"> a) Revenue or gains from the disposal of trade receivable or stock in trade b) Losses from disposal of trade receivable or stock in trade c) Call options for buyback d) Disposal of fixed assets 	SPV	<ul style="list-style-type: none"> a) Gross income as a single business sources b) Expenses incurred in acquiring trade receivables or stock-in-trade under a securitisation transaction 	ABS issuance expenses	<ul style="list-style-type: none"> a) Issuance costs borne by companies in relation to ABS issuance 	Tax Exemption for ABS Investors	<ul style="list-style-type: none"> a) Interest received by non-resident companies for securities issued by the Government or Sukuk / debentures b) Interest from sukuk received by any person c) Any individual, unit trust and listed closed-end fund on interest or discounts
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Part 2 : Public Ruling Updates

Public Ruling	Description						
<u>No. 4/2025</u>	<p>Notification of Change of Accounting Period of a Company / Limited Liability Partnership / Trust Body / Co-operative Society</p> <p>Date of Publication : 28 November 2025</p> <p>Public Ruling (PR) No. 4/2025 supersedes PR No. 6/2021 dated 29 December 2021, clarifying the requirement for companies, limited liability partnerships, trust bodies and co-operative societies to notify the Director General of Inland Revenue of any change in their accounting period for a Year of Assessment (YA).</p> <table border="1"> <thead> <tr> <th>Effective YA</th> <th>Updates</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td> <p>An additional condition to be satisfied in determining whether a company that is resident and incorporated in Malaysia which first commences operation in a YA is required to furnish Form CP204:</p> <p>(i) not more than 20% of the company's paid-up ordinary share capital at the beginning of the basis period for a YA is directly or indirectly owned by 1 or more companies incorporated outside Malaysia or by non-Malaysian citizens.</p> <p>In addition, a company, limited liability partnership, trust body, or co-operative society that derives gains or profits from the disposal of a capital asset is not subject to the estimate of tax payable and instalment payments.</p> </td> </tr> <tr> <td>2025</td> <td> <p>The estimate of tax payable can be revised in the sixth, ninth and/or eleventh month of the basis period.</p> </td> </tr> </tbody> </table>	Effective YA	Updates	2024	<p>An additional condition to be satisfied in determining whether a company that is resident and incorporated in Malaysia which first commences operation in a YA is required to furnish Form CP204:</p> <p>(i) not more than 20% of the company's paid-up ordinary share capital at the beginning of the basis period for a YA is directly or indirectly owned by 1 or more companies incorporated outside Malaysia or by non-Malaysian citizens.</p> <p>In addition, a company, limited liability partnership, trust body, or co-operative society that derives gains or profits from the disposal of a capital asset is not subject to the estimate of tax payable and instalment payments.</p>	2025	<p>The estimate of tax payable can be revised in the sixth, ninth and/or eleventh month of the basis period.</p>
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Part 2 : Public Ruling Updates

Public Ruling	Description
<u>No. 5/2025</u>	<p>Construction Contracts</p> <p>Date of Publication: 9 December 2025</p> <p>Public Ruling (PR) No. 5/2025 supersedes PR No. 2/2009 dated 22 May 2009, clarifying the basis for determining gross income for ascertaining adjusted income from the business of construction contracts.</p> <p>With effect from Year of Assessment 2023, actual gross profit or loss for construction contracts is recognized in the basis period corresponding to the earliest of the following, when a construction contract is deemed completed but the final accounts can only be finalized later:</p> <ul style="list-style-type: none">i) 12 months after the completion date of the construction contract; orii) The date on which the final accounts of the contract are agreed between the contractor and the client. <p>Losses resulted from the construction contact business can be offset against the current year aggregate income and to be carried forward to the following basis period until it is fully absorbed.</p>
<u>No. 6/2025</u>	<p>Taxation of Income from Employment on Board a Ship</p> <p>Date of Publication : 10 December 2025</p> <p>Public Ruling (PR) No. 6/2025 supersedes PR No. 1/2023 dated 3 October 2023, clarifying the tax treatment of employment income derived by an individual from work performed on board a ship.</p> <p>There are no changes to the tax treatment of employment income for seafarers derived from Malaysia.</p> <p>For the purpose of tax treatment, a ship that does not sail beyond the port limit is not considered a seagoing ship. The reference to '<i>Malaysian waters</i>' has been removed and therefore, this rule applies generally to all ships, not limited to Malaysian waters.</p> <p>Please refer to the following link for more details on taxation for employment onboard a ship:</p> <p>https://ancgroup.biz/malaysia-seafarer-income-tax-exemption-complete-guide-lhdn-pr-6-2025/</p>

Part 2 : Public Ruling Updates

Public Ruling	Description										
<u>No. 7/2025</u>	<p>Taxation of a Resident Individual Part I – Gifts or Contributions and Allowable Deductions</p> <p>Date of Publication : 5 December 2025</p> <p>Public Ruling (PR) No. 7/2025 supersedes PR No. 4/2024 dated 27 December 2024, providing updated guidance on the treatment of gift or contributions, as well as allowable deductions for resident individual taxpayers, in determination of the total income for the Year of Assessment (YA) 2025.</p> <table border="1"> <thead> <tr> <th>Relief</th> <th>Updates (With effect from YA 2025)</th> </tr> </thead> <tbody> <tr> <td>Medical treatment, dental treatment, complete medical examination (including vaccination), special needs or carer expenses for parents and grandparents</td> <td>a) The relief is extended to grandparents (i.e. the parents of an individual's parents).</td> </tr> <tr> <td>Disabled person</td> <td>a) Amount of relief increased from RM6,000 to RM7,000.</td> </tr> <tr> <td>Expenses for complete medical examination, mental health examination, disease detection examination and purchase of self-testing medical devices</td> <td>a) The "Covid-19 detection test" is replaced with "disease detection test". b) A clarification is provided regarding the purchase of self-testing medical devices.</td> </tr> <tr> <td>Treatment expenses on early intervention program or rehabilitation for children with learning disabilities</td> <td>a) Amount of relief increased from RM4,000 to RM6,000.</td> </tr> </tbody> </table>	Relief	Updates (With effect from YA 2025)	Medical treatment, dental treatment, complete medical examination (including vaccination), special needs or carer expenses for parents and grandparents	a) The relief is extended to grandparents (i.e. the parents of an individual's parents).	Disabled person	a) Amount of relief increased from RM6,000 to RM7,000.	Expenses for complete medical examination, mental health examination, disease detection examination and purchase of self-testing medical devices	a) The "Covid-19 detection test" is replaced with "disease detection test". b) A clarification is provided regarding the purchase of self-testing medical devices.	Treatment expenses on early intervention program or rehabilitation for children with learning disabilities	a) Amount of relief increased from RM4,000 to RM6,000.
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Part 2 : Public Ruling Updates

Public Ruling	Description
<u>No. 8/2025</u>	<p>Tax Treatment for Micro, Small and Medium Companies</p> <p>Date of Publication : 22 December 2025</p> <p>The Public Ruling (PR) clarifies the qualifying criteria and tax treatment for Micro, Small, and Medium Companies (MSMCs), including Limited Liability Partnerships (LLPs), under the Income Tax Act 1967 (ITA). The ruling provides guidance on the application of both general ITA provisions and industry-specific rules in sectors such as banking, insurance / takaful, development and construction.</p> <p>Definition of MSMCs for tax purposes</p> <ul style="list-style-type: none">a) MSMCs consists of companies, including LLPs that are resident and incorporated in Malaysia.b) Paid-up ordinary share capital/Capital contribution does not exceed RM2.5 million at the beginning of the basis period.c) 50% of the paid-up ordinary share capital/capital contribution or less is directly or indirectly owned by another company; ord) 50% of the paid-up ordinary share capital of the other company or less is directly or indirectly owned by the company; ore) 50% of the paid-up ordinary share capital of both companies or less is directly or indirectly owned by another company.f) Gross income from business sources does not exceed RM50 million in a Year of Assessment (YA).g) 20% paid-up ordinary share capital/capital contribution or less is directly or indirectly owned by 1 or more companies incorporated outside Malaysia or by non-Malaysian citizens at the beginning of the basis period for a YA. <p>Special tax rate for MSMCs</p> <p>With effect from YA 2023, MSMCs, excluding business trusts or special-purpose companies for Asset-Backed Securitisation (ABS), are eligible for the following preferential tax rates:</p> <ul style="list-style-type: none">a) First RM150,000 of taxable income – 15%b) Next RM450,000 of taxable income – 17%c) Taxable income exceeding RM600,000 – 24% <p>For companies or LLP not qualifying as MSMCs, income tax is charged at the prevailing flat rate of 24%.</p>

Part 2 : Public Ruling Updates

Public Ruling	Description
<u>No. 8/2025</u>	<p>Tax Treatment for Micro, Small and Medium Companies</p> <p>Special allowances and incentives</p> <p>With effect from YA 2020, companies and LLPs are entitled to claim a special allowance on each unit of small values asset costing not more than RM2,000 per unit, limit to RM20,000 for each YA.</p> <p>However, the RM20,000 restriction is not applicable to MSMCs, excluding LLP, business trusts or special-purpose ABS companies.</p> <p>In addition, this PR further sets out the qualifying conditions for allowance for increased export incentive as well as RM20,000 tax rebate.</p> <p>Exemption from submitting estimated tax payable (Form CP204)</p> <p>MSMCs with paid-up capital up to RM2.5 million can be exempted from submitting estimated tax, while LLPs, converted entities, business trusts, and special-purpose ABS companies are excluded.</p> <p>Tax treatment on Environmental Preservation, Social and Governance (ESG) related expenditure</p> <p>From YA 2024 until YA 2027, Malaysian-resident MSMCs are eligible to claim a tax deduction on qualifying ESG expenditure, subject to a maximum of RM50,000 per YA.</p>

Part 3 : Operational Guidelines Updates

Operational Guidelines	Description
<u>LHDN.BA.B.</u> <u>600-1/6/2</u>	<p>Application for Stamping via the Self-Assessment of Stamp Duty System (STSDS)</p> <p>Date of Publication : 26 December 2025</p> <p>Effective from 1 January 2026, STSDS is introduced to modernize and streamline the stamping process under the Stamp Act 1949 (Act 1949). Duty payers are required in stages, to self-access and compute stamp duties for instruments such as contracts, agreements, property transactions, leases, securities, loans and other documents listed in the First Schedule of the Act 1949, including electronic documents through e-Duti Setem under the <i>mytax</i> portal.</p> <p>Stamping must be completed within 30 days of execution, or, for instruments executed outside Malaysia, within 30 days of first receipt in Malaysia.</p> <p>Certain exemption and remissions may be granted, allowing documents to be legally valid without incurring stamp duty.</p> <p>Implementation phases</p> <p>Phase 1 (1 January 2026) : Lease / Tenancy, securities and general stamping Phase 2 (1 January 2027) : Transfer of property, excluding <i>Jabatan Penilaian dan Perkhidmatan Harta (JPPH)</i> valuations Phase 3 (1 January 2028) : Other than the instrument types listed above</p> <p>Penalty</p> <p>Generally, penalties will be imposed for late stamping based on the period of the delay. The maximum penalty chargeable is RM100 or 20% of the underpaid stamp duty, whichever is higher.</p>

Part 3 : Operational Guidelines Updates

Operational Guidelines	Description								
e-EOT	<p>Procedures for Application and Approval of Extension of Time for Submission of Tax Returns Online (e-Extension of Time)</p> <p>Date of Publication : 29 December 2025</p> <p>The guideline provides framework for taxpayers to apply for an Extension of Time (e-EOT) to submit tax returns electronically through MyTax from 1 November 2025, with approvals generally granted only on valid and reasonable grounds.</p> <p>Application for an e-EOT must be submitted to the Inland Revenue Board of Malaysia no earlier than 30 days and no later than 14 days prior to the due date for filing the relevant income tax returns. Any grace period granted is considered to form part of this prescribed period.</p> <p>Where an e-EOT application is rejected due to non-compliance with eligibility criteria, taxpayers may submit a new application upon completion of the following corrective measures:</p> <table border="1" data-bbox="311 1011 1310 1435"><thead><tr><th data-bbox="315 1017 668 1065">Issues</th><th data-bbox="668 1017 1306 1065">Measures</th></tr></thead><tbody><tr><td data-bbox="315 1065 668 1197">Change of Accounting Period</td><td data-bbox="668 1065 1306 1197">Submit or update the CP204B form via the official LHDN portal (https://www.hasil.gov.my) or through e-CP204B (https://mytax.hasil.gov.my).</td></tr><tr><td data-bbox="315 1197 668 1330">Outstanding Tax Liabilities</td><td data-bbox="668 1197 1306 1330">Settle any unpaid taxes or instalments and update the taxpayer ledger accordingly.</td></tr><tr><td data-bbox="315 1330 668 1429">Outstanding Estimated Tax Instalments (CP204 / CP250)</td><td data-bbox="668 1330 1306 1429">Clear all arrears and ensure the ledger is updated.</td></tr></tbody></table> <p>Re-application will only be considered once the above-mentioned measures have been taken and all other applicable conditions are satisfied.</p>	Issues	Measures	Change of Accounting Period	Submit or update the CP204B form via the official LHDN portal (https://www.hasil.gov.my) or through e-CP204B (https://mytax.hasil.gov.my).	Outstanding Tax Liabilities	Settle any unpaid taxes or instalments and update the taxpayer ledger accordingly.	Outstanding Estimated Tax Instalments (CP204 / CP250)	Clear all arrears and ensure the ledger is updated.
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Part 4 : Technical Guidelines Updates

Operational Guidelines	Description
<u>LHDN.AG.BCD.</u> <u>600-1/10/3</u>	<p>Imposition of Stamp Duty on Loan or Financing Agreements for the Purchase of Goods</p> <p>Date of Publication : 6 November 2025</p> <p>This guideline clarifies the imposition of stamp duty on loan or financing instruments for the purchase of goods listed in the First Schedule of the Hire-Purchase Act 1967 (HP Act). The First Schedule covers all consumer goods and motor vehicles, including cars, motorcycles and buses.</p> <p>Where the loan or financing is exclusively for the purchase of goods listed under the HP Act, a fixed stamp duty of RM10 applies only to the principal / main / sole loan instrument, whether structured as:</p> <ul style="list-style-type: none">a) Shariah-based financing, orb) Conventional hire-purchase loans. <p>Ancillary or collateral instruments (e.g. Letters of Guarantee) provided as security for the loan are chargeable at one-fifth (1/5) of the duty imposed on the principal instrument, subject to a maximum of RM10.</p> <p>Loans or financing for goods not listed under the HP Act are subject to AD valorem stamp duty at RM5 for every RM1,000 or part thereof of the loan amount payable.</p>
<u>LHDN.AG.BCD.</u> <u>600-1/10/3</u>	<p>Capital Gains Tax (CGT) Exemption for the Company Restructuring Scheme under P.U.(A) 289/2024</p> <p>Date of Publication : 19 December 2025</p> <p>The guideline outlines the CGT exemption under P.U.(A) 289/2024, with effect from 1 March 2024 to 31 December 2028. The Guidelines also set out the eligibility criteria and procedures that must be complied when applying for the CGT exemption.</p> <p>Any loss on disposal of shares referred under the P.U.(A) 289/2024 shall be disregarded.</p> <p>The Guidelines further specify the tax treatment applicable to the acquiring company where the disposer has obtained the CGT exemption under P.U.(A) 289/2024 and the shares are subsequently transferred to the acquiring company.</p>

Part 4 : Technical Guidelines Updates

Operational Guidelines	Description
<p><u>LHDN.AG.BCD.</u> <u>600-1/10/3</u></p>	<p>Imposition of Stamp Duty on Instruments of Sale and Purchase and Instruments of Transfer for Movable Property</p> <p>Date of Publication : 29 December 2025</p> <p>The guideline clarifies the application of stamp duty to instruments of sale and purchase and instruments of transfer involving movable property, ensuring that all taxpayers and their agents understand when such instruments are chargeable to ad valorem stamp duty under subsection 21(1) of the Stamp Act 1949 (Act 1949), thereby promoting compliance and uniformity in the administration of stamp duty on movable assets.</p> <p>Following the Federal Court decision in Havi Logistics (M) Sdn Bhd, the exemption for “goods, wares or merchandise” is restricted strictly to trading stock and no longer applies to movable assets held as business or personal assets.</p> <p>Consequently, sales or transfer of movable property such as machineries, vehicles, equipment and jewelry is chargeable to AD valorem stamp duty as a conveyance on sale, based on the higher of the consideration or market value.</p> <p>The classification of movable property as trading stock or an asset is determined solely from the transferor’s perspective, regardless of the transferee’s use or the party bearing the stamp duty. Where multiple instruments are involved, AD valorem stamp duty is imposed once, with subsequent transfer instruments subject to fixed duty of RM10.</p>
<p><u>LHDN.AG.</u> <u>600-1/5/97</u></p>	<p>Deduction of Expenses under Paragraphs 34(6)(m) and 34(6)(ma) of the Income Tax Act 1967 (ITA)</p> <p>Date of Publication : 30 December 2025</p> <p>The updates to the guideline are intended to modernize, strengthen and future-proof the tax incentive framework under Paragraphs 34(6)(m) and 34(6)(ma) of the ITA, while maintaining the original policy intent.</p> <p>Effective from Year 2026, list of recognized certification programs has been expanded to include the Anti-Bribery Management System (ABMS) under the Scheme for the Accreditation of Certification Bodies (ACB).</p> <p>This change allows companies incurring expenses to obtain ABMS certification to qualify for double tax deduction under Paragraph 34(6)(ma) of the ITA.</p>

Part 5 : Recent Gazette Orders

Gazette Order	Description
<p><u>P.U. (A) 453</u></p>	<p>Income Tax (Deduction for Investment in a Project of Commercialization of Research and Development Findings) (Amendment) Rules 2025</p> <p>Date of Publication : 19 December 2025</p> <p>The application period for approval of commercialization projects is extended. Effective 1 January 2026, applications for approval of commercialization projects must be submitted to the Malaysian Investment Development Authority on or after 1 January 2026 but not later than 31 December 2030.</p>
<p><u>P.U. (A) 476</u></p>	<p>Income Tax (Accelerated Capital Allowance)(Speed Limitation Device) Rules 2025</p> <p>Date of Publication : 31 December 2025</p> <p>A new Accelerated Capital Allowance is applicable for purchase and installation of new speed limitation device in a commercial vehicle manufactured before 1 January 2015. This provision applies to goods vehicles over 3,500 kg and public service vehicles over 5,000 kg carrying more than 8 passengers (excluding the driver).</p> <p>An initial allowance of one-fifth and an annual allowance of four-fifths of the qualifying capital expenditure are granted for each device, subject to a maximum expenditure of RM4,000 per device.</p> <p>In addition, devices acquired under hire purchase are treated as owned by the purchaser, with qualifying expenditure based on the capital portion of the instalments.</p> <p>Effective date : 1 January 2026 to 31 December 2026</p>
<p><u>P.U. (A) 450</u></p>	<p>Stamp duty (Contract Note for Sale and Purchase Transaction of Exchange-Trade Fund and Purchase Transaction of Structured Warrant) (Exemption) Order 2025</p> <p>Date of Publication : 19 December 2025</p> <p>Effective 1 January 2026, any contract note for the sale and purchase of exchange-traded funds or for the purchase of structured warrants approved by the Securities Commission Malaysia under the Capital Markets and Services Act 2007 (Act 671), will be exempted from stamp duty from 1 January 2026 until 31 December 2028.</p>

Part 5 : Recent Gazette Orders

Gazette Order	Description
<u>P.U. (A) 481</u>	<p>Sales Tax (Imposition of Sales Tax in respect of Designated Areas) (Amendment) Order 2025</p> <p>Date of Publication : 31 December 2025</p> <p>The latest updates, incorporating all Gazette Orders amendment to date, are as follows:</p> <p>Sales tax shall be charged and levied at the rate fixed under subsection 10(2) of the Sales Tax Act 2018 on the following:</p> <ul style="list-style-type: none">a) goods imported or transported into the designated area excluding Pulau 1 as follows:<ul style="list-style-type: none">(i) petroleum;(ii) cigarettes;(iii) tobacco products;(iv) smoking pipes (including pipe bowls);(v) electronic cigarettes and similar personal electric vaporizing devices;(vi) preparation of a kind used for smoking through electronic cigarette and electric vaporizing device, in forms of liquid or gel, whether or not containing nicotine;b) marble and anchovies imported or transported into Langkawi;c) motor vehicles imported or transported into Tioman and Pangkor;d) all taxable goods imported or transported into Pulau 1 excluding wine, spirits, beer or malt liquor, chocolate, cosmetic and perfume;e) completely built-up motor vehicles imported into Labuan or Langkawi with cost, insurance and freight value exceeding RM300,000; andf) motor vehicles manufactured in the principal customs area and transported into Labuan or Langkawi, with the sales price exceeding RM300,000, excluding excise duties, sales tax, motor vehicle licence fee and motor vehicle insurance.

Part 6 : Finance Act

Gazette Order	Description
<u>Finance Act 2025</u>	<p>Finance Act 2025</p> <p>Date of Publication : 31 December 2025</p> <p>The following summarizes key tax legislative amendments introduced under the Finance Act 2025, focusing on selected provisions with practical implications. For full details, kindly refer to the Finance Act 2025.</p> <p><u>Income Tax Act 1967 (ITA 1967)</u></p> <p>New-subsection 6(1)(s), 54C and Schedule 1</p> <p>With effect from Year of Assessment (YA) 2026, 2% income tax is chargeable on the profit distributions received by an individual partner of a Limited Liability Partnership.</p> <p>Profits derived from Malaysia exceeding RM100,000 in a YA are deemed statutory income, with any profits in kind valued at market value at the time of distribution.</p> <p>Amended Section 15c(4A)</p> <p>Effective 1 January 2026, where subsection (2A) applies, the acquisition price of the shares of the real property company shall be deemed to be the acquisition price of the shares of the relevant company.</p> <p>Amended Section 46(1)(ca)</p> <p>With effect from YA 2026, “complete medical examination” includes any vaccination of a vaccine registered with the National Pharmaceutical Regulatory Agency.</p> <p>Amended Section 46(1)(g)</p> <p>With effect from YA 2026, the vaccination which qualifies for deduction shall be vaccines registered with the National Pharmaceutical Regulatory Agency</p> <p>Amended Section 46(1)(ha)</p> <p>With effect from YA 2026, amount of relief for medical expense on serious diseases for child increased from RM6,000 to RM10,000.</p>

Part 6 : Finance Act

Gazette Order	Description
<u>Finance Act 2025</u>	<p>Amended Section 46(1)(r)</p> <p>With effect from YA 2026, amount of relief for childcare centre and kindergarten fees increased from RM2,000 to RM3,000.</p> <p>In addition, the scope is expanded to include fees paid to care centre registered under the Care Centres Act 1993 for a child (age of 12 and below).</p> <p>New-subsection 46(1)(sa)</p> <p>An individual may claim a deduction of up to RM1,000 in the YA 2026 for entrance fees to tourist attractions or cultural and arts programs.</p> <p>Amended Section 46(1)(v) and new-subsection 46(1)(A)</p> <p>The scope of expenses incurred on charging facilities for electric vehicle and domestic food waste composting machine is extended as follows:</p> <ul style="list-style-type: none">a) Food waste compost machine (applicable to YA 2025 to YA 2027);b) Food waste grinder machine (applicable to YA 2026 and YA 2027); andc) Closed-circuit television (applicable to YA 2026 and YA 2027). <p>The deduction of the above expenses b) and c) can only be claimed once.</p> <p>New-subsection 49(3A), (5) and (6)</p> <p>With effect from YA 2026, the deduction includes premiums paid for the life of the taxpayer's child. The definition of "child" under this section has been clarified.</p> <p>Amended Section 65C</p> <p>Effective 1 January 2026, the term "disposal" is defined as follows:</p> <ul style="list-style-type: none">a) Selling, conveying, transferring, assigning, settling or alienating an asset by agreement or under any law;b) Extinguishment of rights due to dissolution or winding up of a company; orc) Changes in shareholding or capital, including reduction, conversion, redemption or repurchase of shares or ownership of a capital asset ends.

Part 6 : Finance Act

Gazette Order	Description
<u>Finance Act 2025</u>	<p>Amended Section 65D</p> <p>The rules for computing chargeable income apply to disposal of capital assets situated in Malaysia or disposal of shares referred to in Section 15C on or after 1 January 2024.</p> <p>Amended Section 107c(5)</p> <p>Effective YA 2028, the first tax instalment is payable starting from the first month of the basis period for a YA.</p> <p>Amended Section 107c(5)</p> <p>Effective YA 2027, the first tax instalment is generally payable starting from the first month of the basis period for a YA. However, estimated tax instalments for YA 2027 start from the second month, with the total number of instalments reduced by 1.</p> <p>Amended Section 111</p> <p>With effect from 1 January 2026, the Inland Revenue Board of Malaysia (IRBM) may also utilize any excess fund to settle any duty payable under Stamp Act 1949 (SA 1949).</p> <p><u>Real Property Gains Tax Act 1976 (RPGT 1976)</u></p> <p>Amended Section 7</p> <p>Effective YA 2026, losses from disposal of real property can only be carried forward for 9 consecutive YA. Losses incurred prior to the YA 2026 can be carried forward until YA 2035.</p> <p>Any remaining utilized losses at the end of the applicable period shall be disregarded.</p> <p>Amended Section 21B</p> <p>With effect from 1 January 2026, acquirers of chargeable assets must retain and remit the lowest of the full payment, the tax on deemed assessed gains under Section 14(1) or the following percentage of the consideration:</p> <ul style="list-style-type: none">a) 3% for standard disposals;b) 5% for Part II Schedule 5 disposers within 3 years of acquisition, andc) 7% for Part III Schedule 5 disposers.

Part 6 : Finance Act

Gazette Order	Description
<u>Finance Act 2025</u>	<p>Amended Section 21B con't</p> <p>All retained amounts must be paid to the IRBM within 60 days of disposal. Extensions may be allowed under special circumstances.</p> <p><u>SA 1949</u></p> <p>Amended Section 2</p> <p>The term “residential property” is now defined as house, condominium, apartment, flat, service apartment or small office home office solely to be used as a dwelling house.</p> <p>Amended subsection 21(7)</p> <p>An application for a refund of ad valorem duty paid on any contract or agreement that is cancelled or voided must be submitted within 24 months.</p> <p>New subsection 80c</p> <p>Any excess stamp duty refundable to a person may be utilized by the Collector to offset other outstanding liabilities. This includes any stamp duty due and payable under the SA 1949, as well as any tax liabilities (including instalment payments) arising under the ITA 1967, Petroleum (Income Tax) Act 1967, RPGT 1976 or the Labuan Business Activity Tax Act 1990.</p> <p>Amended of first schedule (item 4)</p> <p>The stamp duty exemption for service or personal employment agreements is increased by raising the wage threshold from RM300 to RM3,000.</p> <p>Amended of first schedule (item 32)</p> <p>Effective 1 January 2026, residential property sales to foreign companies or non-citizens who are not permanent residents of Malaysia will be subject to 8% stamp duty on the higher of the purchase price or market value.</p> <p>Item 32(aa) of the First Schedule will no longer apply to such transactions, and a new item 32(ab) has been introduced to formalize this charge.</p> <p>Amended of third schedule (item 7)</p> <p>Under the amendment, stamp duty on property exchange instruments will be borne entirely by the grantee or transferee, instead of being shared equally between the parties.</p>

Part 7 : Malaysian Income Tax Reporting System (MITRS)

Gazette Order	Description
<u>FAQ</u>	<p data-bbox="311 364 1332 426">Updates on Frequently Asked Questions for the Submission of Documents Prescribed under Section 82B through MITRS</p> <p data-bbox="311 462 779 493">Date of Publication : 26 November 2025</p> <p data-bbox="311 528 1332 590">The FAQ for the submission of documents prescribed under Section 82B of the Income Tax Act 1967 (Act 1967) through MITRS has been updated as follows:</p> <ul data-bbox="311 625 1332 1440" style="list-style-type: none">a) The due date for submission of documents through MITRS shall follow any grace period granted by the Inland Revenue Board of Malaysia (IRBM) for the filing of income tax return.b) Any application for an extension of time will not be accepted by the IRBM.c) Number of documents that can be uploaded to the MITRS is limited to 1 document, with a total file size of not more than 20MB.d) Only Audited Financial Statements for the relevant year of assessment, including the Directors' Report and Detailed Income Statement, should be submitted.e) MITRS submissions apply to incentive claims under items D1 to D4 in Form C and Form PT. Where only item D1 (i.e. special deductions and related claims) is made and no detailed calculation is available, taxpayers may select 'Yes – document already exists', provided the expenditure is included in the income tax computation and the relevant documents are not required to be uploaded separately through MITRS.f) The Detailed Income Statement must be submitted with the Audited Financial Statements in MITRS, even if it is already included in the income tax computation.g) Amendments to income tax returns other than those filed under Sections 77 or 77A of the ITA 1967 do not require re-submission via MITRS, as Section 82B applies solely to returns originally submitted under these sections.

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