



Deloitte TaxMax – The 51st series

Building economic resilience through
strategic tax reform

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Corporate Tax

Current

Types of income received in Malaysia	Qualifying persons	Tax exemption period
Foreign-sourced dividend income	- A resident company; - A resident limited liability partnership (“LLP”); or - A resident individual in relation to a partnership business in Malaysia	1 January 2022 to 31 December 2026
Gains arising from disposal of foreign capital assets	- A resident company; - A resident LLP; - A resident trust body; or - A resident co-operative society	1 January 2024 to 31 December 2026
All foreign-sourced income	A resident unit trust managed by a management company	1 January 2024 to 31 December 2026

Proposed

Types of income received in Malaysia	Qualifying persons	Tax exemption period
Foreign-sourced dividend income	Expanded to include the following: A resident co-operative society; and A resident trust body	1 January 2027 to 31 December 2030
Gains arising from disposal of foreign capital assets	No changes	
All foreign-sourced income	No changes	

Corporate Tax

Accelerated Capital Allowance (“ACA”) on capital expenditure for plant, machinery and information and communication technology (“ICT”) equipment

Current

Asset category	IA (%)	AA (%)
Motor vehicle, heavy machinery	20	20
Plant and general machinery	20	14
Other assets	20	10
ICT equipment and computer software system	40	20
Consultation, licensing and incidental fees related to customised computer software development	40	20

Proposed

Qualifying capital expenditure (“QCE”)	IA (%)	AA (%)
Procurement of heavy machinery from local manufacturers		
Procurement of plant and general machinery acquired from local manufacturers		
Purchase of ICT equipment and computer software	20	40
Consultation, licensing and incidental fees related to customised computer software development		
ACA shall be given to companies for the above QCE, which can be fully claimed within 2 years.		



Effective: For QCE incurred from 11 October 2025 to 31 December 2026

Current

Purchase of SLD is eligible for capital allowance claim, classified under the “Other Assets” category:

- Initial Allowance: 20%;
- Annual Allowance: 10%.



Proposed

ACA shall be given on expenditure incurred for purchasing of SLD, up to **RM4,000 per unit** and **fully claimable within one year**, consisting of:

- Initial Allowance: **20%**;
- Annual Allowance: **80%**.

Conditions:

- SLD retrofit installation must be certified by a **Verification Body** recognised by **Road Transport Department**.
- The installation of SLD applies to heavy vehicles manufactured **prior to 1 January 2015** that are not equipped with such devices and is limited to the following categories:
 - goods vehicles with a Gross Vehicle Weight (“GVW”) > 3,500 kg; and
 - passenger vehicles with GVW > 5,000 kg and designed to carry more than 8 passengers.
- ACA is not claimable for SLD replacement.**



Effective: SLD installations from 1 January 2026 to 31 December 2026



Expenses incurred for converting and renovating commercial buildings into residential premises be given a **special tax deduction of 10% of the qualifying expenditure, capped at RM10 million**



Effective: To be announced

Corporate Tax

Further tax deduction for expenses incurred on artificial intelligence (“AI”) and cybersecurity training

Current

- Tax deduction is available for expenses incurred in employee training that is directly related to the company’s business.
- Further tax deduction is available for expenses incurred in approved training programmes, in both manufacturing and non-manufacturing activities, including hotel and tourism industries.
- Companies contributing to Human Resources Development Fund (“HRDF”) are not eligible for the further tax deduction.

Proposed

- **50% further tax deduction on AI training costs** incurred by micro, small and medium enterprises (“MSMEs”) (including those contributing to HRDF) shall be given **once in 2 years**.
- AI training shall be recognised by **MyMahir National AI Council for Industry** (“NAICI”).



Effective: Applications received by TalentCorp from 1 January 2026 to 31 December 2027

Current

Tax deduction of up to RM1.5 million is given for expenses incurred in relation to listing on Bursa Malaysia's Main Market, Access, Certainty, Efficiency ("ACE") Market, and Leading Entrepreneur Accelerator Platform ("LEAP") Market by technology-based companies as follows:

- fees to Bursa Malaysia and Securities Commission Malaysia ("SC");
- professional fees; and
- underwriting, placement and brokerage fees.

Effective: Year of assessment ("YA") 2023 to YA 2025

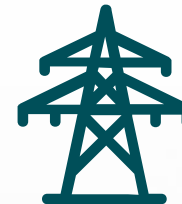
Proposed

- Tax deduction for technology-based companies will be extended **for another 5 years.**

- Tax deduction will be given to MSMEs in **energy and utilities sectors for 5 years.**



Effective: YA 2026 to YA 2030





Eligible persons

Public universities that establishes an endowment fund and the eligible public universities are as follows:

- Public universities established under the Universities and University Colleges Act 1971; and
- Universiti Teknologi MARA established under the Universiti Tecknologi MARA Act 1976.

- Expanded to public university teaching hospitals to establish endowment funds.



Tax treatment

- Donors are eligible for tax deduction equivalent to the amount of contribution (limited to a maximum of 10% of aggregate income) in pursuant to Section 44(11D); and
- Contributions received including the income generated from the endowment fund are tax-exempt.

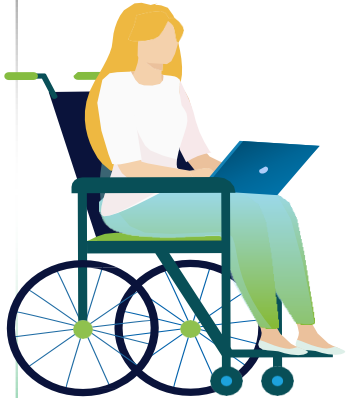


Effective: YA 2026

	Current	Proposed
Scope	SRI Sukuk and Bond Grant Scheme covers issuance of the following financial instruments approved by SC: i. SRI Sukuk; ii. SRI-Linked Sukuk; iii. Bonds that confirm to the ASEAN. Green, Social and Sustainability Bond Standards; and iv. Bonds that conform to the ASEAN Sustainability-Linked Bond Standards.	Expanded to include sukuk and bonds that conform to the ASEAN Taxonomy for Sustainable Finance.
Expenditure limit	Up to 90% of the external review expenditure incurred in issuing the sukuk, subject to a maximum grant amount of RM300,000.	Threshold limit for the external review expenditures increased to 100%, limited to a maximum grant amount of RM300,000.
Exemption period	Grants received from the SC by Green SRI Sukuk issuers from 1 January 2018 to 31 December 2025.	Extended for another 3 years.

 **Effective: Applications received by SC from 1 January 2026 to 31 December 2028**

Current



Double tax deduction is available on expenses incurred by companies to sponsor training for persons with disabilities (“OKU”) who are registered with the Ministry of Women, Family and Community Development (“KPWKM”), and are not employees of the company.

Proposed

- Shall be expanded to include sponsorship of care workers to undergo **training programmes in institutions recognised by KPWKM**.
- Sponsored care workers should not be employees of the company.



Effective: YA 2026 and YA 2027



Current

- Further tax deduction is given to employers hiring ex-convicts, ex-drug dependents, parolees and supervised persons.
- Tax deduction was further enhanced in Budget 2023 to cover employment costs to current and former residents of -
 - i. Henry Gurney Schools under the Malaysian Prison Department; and
 - ii. cure and care rehabilitation centres as well as non-governmental care centres registered under the Department of Social Welfare.
- Tax deduction given until YA 2025.



Proposed

- Extended to include **Prisoners Released on Licence** under Prisons Act 1995 as well as **drug / substance dependants and misusers undergoing treatment and rehabilitation** provided under the Drug and Substance Dependents and Misusers (Treatment and Rehabilitation) Act 1983.
- Tax deduction be extended for another **5 years**.



Effective: YA 2026 to YA 2030

Current

- **Further tax deduction was** given to employers hiring senior citizens aged **60 years and above**, subject to the following conditions:
 - i. employee is hired on a full-time basis;
 - ii. monthly remuneration does not exceed RM4,000;
 - iii. employer and employee are not the same individual; and
 - iv. employee has no familial relationship with the employer.
- Effective until YA 2025

Proposed

Tax deduction be extended for another **5 years**.



Effective: YA 2026 to YA 2030



Current

- Double tax deduction be given to companies providing scholarships to students pursuing technical and vocational skills training, higher education at the Diploma, Bachelors, Masters and Doctorate levels, subject to meeting the student's criteria as follows:
 - i. Malaysian citizen and resident in Malaysia;
 - ii. pursuing full-time studies;
 - iii. no source of income; and
 - iv. monthly income of parents / guardians does not exceed RM10,000.
- The double tax deduction is given to companies which have executed scholarship agreement with a student on or after 1 January 2022 but not later than 31 December 2025.

Proposed

- Expanded to include **qualified professional certification courses**.
- Increase the household monthly income requirement to a maximum amount of **RM15,000** per month.
- Incentive to be extended for **5 years**.



Effective: YA 2026 to YA 2030

- Sponsorship at the Masters and Doctorate level **are to be discontinued for scholarship agreement executed after 31 December 2025**.



Current

Electronic filing of any prescribed form by tax agents and employees must be authorised in writing via Form CP55.



Proposed

Electronic filing of any prescribed form by tax agents and employees shall be authorised **electronically**.



Effective: 1 January 2027

- Companies, LLPs, trust bodies, and co-operative societies are required to submit Estimated Tax Payable (Form CP204) annually and pay the estimated tax for a YA in equal monthly instalments, calculated based on the number of months in the basis period.
- Instalment payment due date: 15th day of calendar month [Section 107C(12)].

Current

- 1st instalment payment shall be made in the 2nd month of the taxpayer's basis period for a YA.
- Final instalment payment shall end in the 1st month of the basis period for the following YA.

Proposed

- To amend the 1st instalment payment to the 1st month of the taxpayer's basis period for a YA.
- Final instalment payment will end in the same YA.

Transitional period applicable for YA 2027:

1st instalment payments shall commence in the 2nd month and be completed within the number of months in the basis period for YA 2027, less one month.



Effective: YA 2028

Corporate Tax

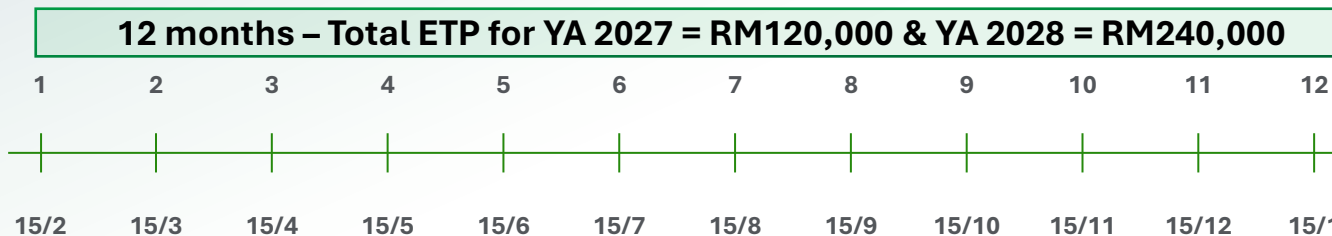
Restructuring of instalment payments – Illustrative example for a company with the basis period from 1 January to 31 December for both YAs 2027 and 2028

Current

YA 2027 & YA 2028

Monthly instalment (CP204)

Due date for instalment payment



- For YA 2027 - RM10,000 / month
- For YA 2028 - RM20,000 / month

Proposed

YA 2027 – Transitional period

Monthly instalment (CP204)

Due date for instalment payment



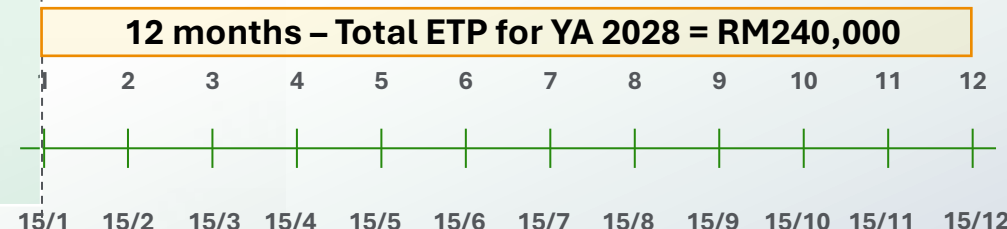
For YA 2027 - RM10,909 / month
(i.e. RM120,000 / 11 months)
Last instalment due – RM10,910

For YA 2028 – RM20,000 / month
(i.e. RM240,000 / 12 months)

YA 2028 & subsequent YAs – Amendment

Monthly instalment (CP204)

Due date for instalment payment



Current

- Excess tax payments will be refunded or transferred to offset the taxpayer's other outstanding liabilities
- Transfer (utilisation) of excess tax payments only involves Income Tax Act 1967 ("ITA 1967"), Petroleum (Income Tax) Act 1967 ("PITA 1967") and Real Property Gains Tax Act 1976 ("RPGTA 1976"), as provided under respective provisions of the legislation:
 - i. Section 111(4A) of the ITA 1967;
 - ii. Section 50(4) of the PITA 1967;
 - iii. Section 24(7A) of the RPGTA 1976.

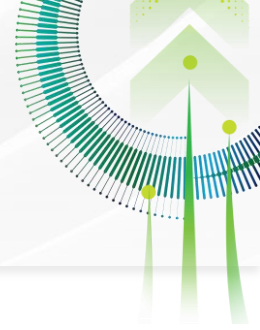


Proposed

Extending the existing provision to Stamp Act 1949 and Labuan Business Activity Tax Act 1990 ("LBATA 1990").



Effective: 1 January 2026



Proposed

- Institutions, organisations, or funds that do not operate solely for profit may apply for approval from DGIR under Section 44(6) of ITA, 1967.
- Organisations approved by the DGIR may utilise part of the income received to carry out sports activities.



Effective: To be announced

Capital Gains Tax

Capital Gains Tax

Clarification on the definition of “disposal”

Current

Definition of “disposal”

- Sell
- Convey
- Transfer
- Assign
- Settle
- Alienate
- Reduction of share capital
- Purchase by a company of its own shares

Proposed

“Disposal” includes:

- **redemption**
- **conversion**
- **winding up**
- **dissolution**
- other circumstances resulting in the **cessation of share ownership**



Effective: 1 January 2026

Capital Gains Tax

Determination of date of shares disposal in a case where there is no written agreement

Current

Date of disposal (in a case where there is no written agreement for the disposal)

The date of completion means –

- date on which ownership of the capital asset disposed of is transferred by the disposer; or
- date on which the whole of the amount or value of consideration (in money or money's worth) for the transfer has been received by the disposer,

whichever is **earlier**.

Proposed

- The date on which **share ownership ends**, or date the **consideration is received**, whichever is earlier, in respect of:
 - i. **capital reduction**
 - ii. **share conversion**
 - iii. **share redemption**
 - iv. **other similar transactions**
- The date on which the shareholder's (disposer's) rights are extinguished, or the date the consideration is received, whichever is earlier, upon winding up and dissolution of a company.



Effective: 1 January 2026



Capital Gains Tax

Determination of date of shares disposal in a case where there is no written agreement

Potential issues post amendments

- How would the new definition affect the transactions took place prior to 1 January 2026? For example, the taxpayer has filed the CGT return and paid the CGT payable.
- If a company submitted the strike-off application in 2025 but it is only fully struck off in 2026, is CGT still applicable?
- In the case of liquidation, what if there are multiple distributions? How should the acquisition costs be apportioned?

Capital Gains Tax

Clarification on tax treatment on disposal of capital assets by nominee

Chargeable person (disposer)

Company, LLP, trust body or co-operative society including a Labuan entity taxed under the ITA 1967

- Beneficial owner appoints a nominee to hold and/or dispose of the capital asset in trust on its behalf – for administrative, confidentiality or regulatory reasons.
- Nominee is registered as the legal owner of the capital asset.

Proposed

- To clarify that CGT shall be imposed on the beneficial owner and not nominee, for disposal of a capital asset made by a nominee.



Effective: 1 January 2026

Tax Incentive

Tax Incentive

Tax Incentive for Food Security Projects

Current

Qualifying Company	Tax Incentive	Qualifying Company	Tax Incentive
Investor companies	Tax deduction equivalent to the amount of investment	Companies undertaking new projects	i. 100% of income tax exemption on SI for 10 YAs ii. Applicable to income from sales in domestic market
Companies undertaking food production projects	i. New project – 100% exemption on statutory income (SI) for 10 YAs ii. Expansion project – 100% exemption on SI for 5 YAs	Companies undertaking expansion projects	i. 100% of income tax exemption on SI for 5 YAs ii. Applicable to income from sales in domestic market



Effective: For applications received by Ministry of Agriculture and Food Security (KPKM) from 1 January 2026 to 31 December 2030

**Current**Tax incentive for chicken rearing in closed-house system

- 100% ACA on QCE;
- 100% income tax exemption on QCE; and
- Applications received by KPKM from 1 January 2023 to 31 December 2025.

Tax incentive for automation in agriculture sector

- 100% ACA on the first RM10 million of the QCE;
- 100% income tax exemption on QCE;
- Eligible activities: planting, livestock farming, apiculture, aquaculture and capture fisheries activities; and
- Applications received by KPKM from 1 January 2023 to 31 December 2027.

ProposedTax incentive for automation in agriculture sector

- To include rearing chicken in closed-house system
- Effective: Applications received by KPKM from 1 January 2026 to 31 December 2027.

Tour Operators

100% tax exemption on incremental income from inbound tourism packages effective from YA 2026 to YA 2027:

- $\geq 1,000$ foreign tourists annually; and
- The incremental income is the increase in qualifying income from operating inbound tourism packages during the basis period compared to the income from the preceding basis period.

Tourism Project Operators

- Tax deduction up to RM500,000 on qualifying expenditure incurred from 11 October 2025 to 31 December 2027 for undertaking renovation and refurbishment works of business premises for business purposes; and
- Registered with the Ministry of Tourism, Arts and Culture (MOTAC).

Company, association or organisation that promotes and organises conferences

- 100% income tax exemption on SI for organiser verified by MOTAC effective from YA 2026 to YA 2027

Entity whose primary activity is other than promoting and organising conferences

- Condition for participation of foreign participant per year:
 - Incentive trips $\geq 1,500$ participants;
 - Conferences $\geq 2,000$ participants; or
 - Trade exhibitions $\geq 3,000$ participants.

Current

Qualifying Activities	Tax Incentive
Arts and cultural activities approved by MOTAC and held at Istana Budaya, National Visual Arts Gallery or Petronas Philharmonic Hall	50% income tax exemption on SI - Effective: YA 2020 to YA 2025
International sports and recreational competitions approved by Ministry of Youth and Sports (KBS)	

Proposed

Qualifying Activities	Tax Incentive
Arts and cultural activities approved by MOTAC	- Expanded to ➤ Tourism activities (excluding concerts); and ➤ Any location approved by MOTAC
International sports and recreational competitions approved by KBS	



Effective: YA 2026 & YA 2027

Venture Capital Company (VCC)**Current**

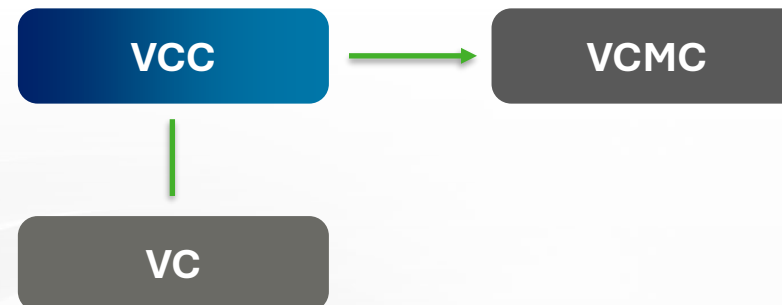
- Tax exemption on SI derived from all sources of income (**except** interest income from savings or fixed deposits and profits from Syariah-based deposits) up to a period of 5 YAs

Note

- ✓ VCC registered with SC latest by 31 December 2023
- ✓ First certification by SC latest by 31 December 2026
- ✓ At least 50% of its invested funds in the form of seed capital, start-up and early-stage financing in venture company (VC)

Proposed

- 5% corporate tax imposed on all income **except** interest / profit income from savings, fixed deposits and deposits
- Minimum of 20% investment funds in local VC
- First certification by SC on or before 31 December 2035
- Tax incentive: 10 years / for the remaining life of the fund starting from the year the VCC obtains its first certification from SC
- Expanded to entities incorporated under the Limited Liability Partnerships Act 2012 and the Labuan Limited Partnerships and Limited Liability Partnerships Act 2010 which elect to be taxed under the ITA 1967



Venture Capital Management Company (VCMC)

Current

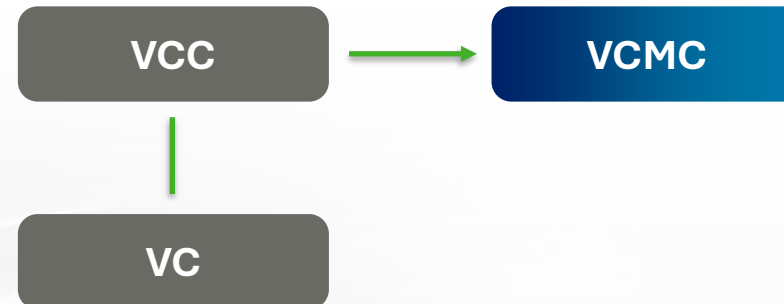
- Tax exemption on share of profits, management fee and performance fee from VCC
- Until YA 2026

Proposed

- A tax rate of 10% imposed on income derived from share of profits, management fees and performance fees



Effective: YA 2025 to YA 2035



Tax Incentive

Extension of Tax Incentive for Commercialisation of Research & Development (R&D) Findings

Current

Tax deduction for company that invests in a subsidiary company which commercialises non-resourced based R&D findings by public research institutions, public or private higher education institutions.

Proposed

Extended for 5 years.



Effective: Applications received by Malaysian Investment Development Authority (MIDA) from 1 January 2026 to 31 December 2030

Green Investment Tax Allowance (GITA)

Proposed

100% of GITA granted to companies that use locally manufactured MyHIAU Mark-certified green technology products for own use.

Stamp Duty

Stamp Duty

Review of stamp duty on property ownership by non-citizens

Current

Instruments for sale of any property (except stock, shares, marketable securities and accounts receivable or book debts) to a foreign company or a person who is not a citizen and not a permanent resident is subject to flat stamp duty rate of 4%.



Proposed

A flat stamp duty rate of 8% on the instruments of transfer of **residential homes** executed by non-citizen individuals (except Malaysian permanent residents) and foreign companies.



Effective: Instruments of transfer of residential homes executed from 1 January 2026

Stamp Duty

Review of wage threshold for stamp duty exemption on employment contract

Current

Employment contracts are subject to a nominal stamp duty of RM10. Nonetheless, employment contracts where the monthly wage does not exceed RM300 are exempt from stamp duty.



Proposed

Wage threshold for stamp duty exemption on employment contracts is to be increased from RM300 to RM3,000 per month.



Effective: Employment contracts executed from 1 January 2026

Stamp Duty

Extension of stamp duty exemption on insurance policies or takaful certificates with low annual premium / contribution



Instrument

Insurance policies or takaful certificates with annual premium or contribution not exceeding:

- Individuals: RM150
- MSMEs: RM250

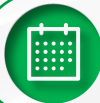
Types of insurance policies or takaful certificates exempted from stamp duty include insurance or takaful for liability, fire, travel, engineering, personal accident and business interruption due to fire.

Current

100% exemption for insurance policies or takaful certificates issued from 1 January 2022 to 31 December 2025.

Proposed

100% stamp duty exemption be extended for **3 years**



Effective: Insurance policies or takaful certificates issued from 1 January 2026 to 31 December 2028

Stamp Duty

Extension of stamp duty exemption for Perlindungan Tenang products

Instrument

Insurance policies and takaful certificates for all **Perlindungan Tenang** products

Current

- **100% stamp duty exemption** on insurance policies and takaful certificates for Perlindungan Tenang products which cover family, life and general insurance / takaful with premiums or contributions not exceeding RM150.
- This applies to insurance policies and takaful certificates issued from 1 January 2019 to 31 December 2025.



Proposed

100% stamp duty exemption on insurance policies and takaful certificates for **all Perlindungan Tenang products** be extended for **3 years**.



Effective: Perlindungan Tenang insurance policies and takaful certificates issued from 1 January 2026 to 31 December 2028

Stamp Duty

Extension of stamp duty exemption for the purchase of first residential home



Instruments of transfer and loan agreements for the purchase of first residential home

Current

- **100% stamp duty exemption** on instrument of transfer and loan agreement for purchase of **first residential home priced up to RM500,000** by Malaysian citizens.
- This exemption applies to sale and purchase agreements executed from 1 January 2021 to 31 December 2025.



Proposed

100% stamp duty exemption be extended for **2 years**.



Effective: Sale and purchase agreements executed from 1 January 2026 to 31 December 2027

Stamp Duty

Exemption of stamp duty on contract notes for buy-side transaction of structured warrants

Instrument

Contract notes for sale and purchase transactions of structured warrants.

Current

- Stamp duty rate of 0.1%.
- Maximum stamp duty of RM200 imposed on each contract note.

Proposed

100% stamp duty exemption on contract notes for **buy-side structured warrant** transaction be given for **3 years**.



Effective: Buy-side structured warrant transactions executed from 1 January 2026 to 31 December 2028

Stamp Duty

Extension of stamp duty exemption on contract notes for exchange traded funds (“ETFs”) listed on Bursa Malaysia



Current

- Stamp duty exemption on contract notes for ETFs.
- For transactions executed from 1 January 2021 to 31 December 2025.



Proposed

 Stamp duty exemption on contract notes for ETFs transactions be extended for **3 years**.



Effective: Transactions from 1 January 2026 to 31 December 2028

Current

Duty payable by any parties involved in exchange of real properties, where such duty is borne by the parties equally.

Proposed

Duty shall be payable by each transferee in accordance with value of real property acquired.



Effective: 1 January 2026

Stamp Duty

Remission of penalty for incorrect returns under Stamp Duty Self-Assessment System (“SDSAS”)

Penalty for incorrect returns under Section 72D of the Stamp Act 1949

A person commits an offence if he –

- a) makes an incorrect return by omitting or understating any duty of which he is required to make; or
- b) gives any incorrect information in relation to any matter affecting his own chargeability to duty,

unless he satisfies the court that the incorrect return or incorrect information was made or given in good faith.

Current

- Upon conviction: Fine between RM1,000 to RM10,000 and special penalty equal to deficient duty.
- If no prosecution: Penalty equal to deficient duty (may be reduced based on the Collector’s discretion).

Proposed

Remission of penalties for offences relating to submission of incorrect returns or incomplete information under Section 72D.



Effective: 1 January 2026 to 31 December 2026

Stamp Duty

Penalty for late stamping under SDSAS

Timing for stamping (Section 47)

- Instruments executed **in Malaysia**: stamped within 30 days from date of execution.
- Instruments executed **outside Malaysia**: stamped within 30 days after they have first been received in Malaysia.

Current

Penalty for late stamping under Section 47A

Period	Penalty rate
Brought for stamping within 3 months of due date of stamping	RM50 or 10% of deficient duty, whichever is higher
Brought for stamping after 3 months from due date of stamping	RM100 or 20% of deficient duty, whichever is higher

Proposed

Late submission of return and instrument to the Collector under SDSAS will be subject to imposition of penalty.



Effective: 1 January 2026

Stamp Duty

Review of other penalties and fines under SDSAS

No.	Offence	Current	Proposed
1	Registration of instruments of transfer of debentures or shares (executed abroad) is not duly stamped	Fine not exceeding RM250	Fine not less than RM1,000 and not exceeding RM10,000
2	Failure to pay or remit the compound duty to the Collector within the fixed period on or before 14th day of the next month	Penalty of RM200 or 10% of amount payable, whichever is higher	Penalty of RM500 or 20% of amount payable, whichever is higher
3	Offences of failing to disclose all facts and circumstances in an instrument duly executed with the intention of evading payment of duty	Fine not exceeding RM2,500	Fine not less than RM2,500 and not exceeding RM50,000
4	Offences of executing and signing documents that have not been duly stamped	Fine not exceeding RM1,500	Fine not less than RM1,000 and not exceeding RM10,000
5	Offences for failing to execute and transmit of a contract note	Fine not exceeding RM1,500	Fine not less than RM1,000 and not exceeding RM10,000
6	Offences relating to stamp certificates, e.g. selling or falsifying stamp certificates, and others	Fine not exceeding RM5,000	Fine not less than RM2,500 and not exceeding RM50,000



Effective: 1 January 2026

Stamp Duty

Review of assessment, payment and refund under SDSAS

Current

Final assessment

No clear provision providing that an assessment raised under SDSAS becomes final and conclusive.

Duty payment

Payment of duty on the day the assessment is deemed.

Refund

No provision which includes refund for relief of error and mistake declared in the return form by duty payer.

Proposed

To amend legislation to provide that assessments raised under SDSAS are treated as final and conclusive.

Duty payer who submits the return and instruments within or exceeds the prescribed period shall be required to pay the duty within 30 days from date the assessment is deemed.

To amend legislation to allow refund for over-payment of duty due to the error or mistake in the return form by the duty payer.



Effective: 1 January 2026

Real Property Gains Tax

Real Property Gains Tax

Proposal

- Mandatory submission of an amended return by way of electronic medium or electronic transmission.
- Application for relief to Special Commissioners of Income Tax (SCIT) shall be submitted using a prescribed form.
- Balance of tax payable may be paid by instalments with the approval of the DGIR.
- The DGIR has the authority to revoke any appointment as agent under Section 51 of the RPGTA 1976.
- Failure to furnish return, document, or information from the date the notice is served shall be guilty of an offence and subject to:
 - ☐ Penalty ≤ RM2,000; or
 - ☐ Imprisonment ≤ 1 year; or
 - ☐ Both.



Effective: 1 January 2026

Real Property Gains Tax

Treatment of Unabsorbed Losses on Disposal of Assets

Current

Losses from disposal:

- Allowed to be set-off against gains from subsequent disposal of other assets within the same YA where the disposal occurs.

Unabsorbed losses from disposal:

- Allowed to be set-off against gains from disposal of other assets in subsequent YAs until fully absorbed.



Proposed

Unabsorbed losses can only be carried forward for 10 consecutive YAs.



Effective: YA 2026

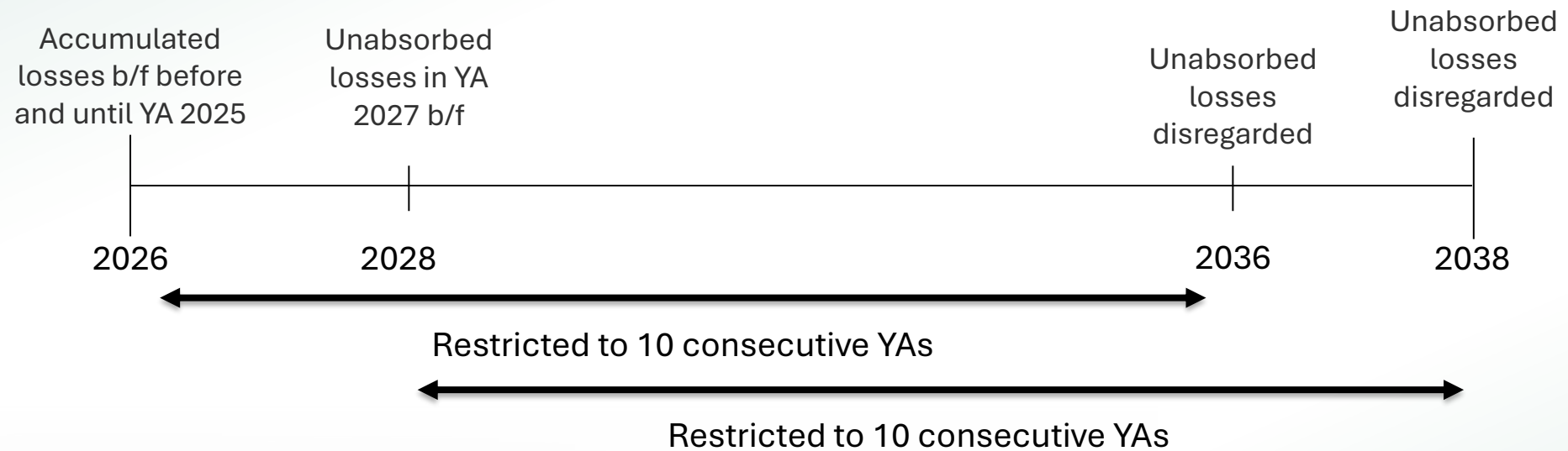


Real Property Gains Tax

Treatment of Unabsorbed Losses on Disposal of Assets



Example



Current

2 options on the amount to be retained and remitted to DGIR by the acquirer:

- Whole amount of consideration; or
- 3% / 5% / 7% of total value of the consideration;

whichever is less.



Proposed

3 options on the amount to be retained and remitted to DGIR by the acquirer:

- Whole amount of consideration;
- 3% / 5% / 7% of total value of the consideration; or
- **Amount of tax deemed assessed;**

whichever is less.



Effective: 1 January 2026



Example

On 1 January 2022, X Sdn Bhd purchased a house at a cost of RM1,800,000. X Sdn Bhd has decided to sell the house at a consideration of RM2,000,000 on 3 March 2028 to Y Sdn Bhd. The RGPT payable on the asset disposed off is as follows:



Disposal price	2,000,000
Less: Acquisition price	(1,800,000)
Chargeable income	200,000
Tax payable @ 10%	20,000

Amount to be retained and remitted to DGIR by Y Sdn Bhd:-

The lower of:

- Whole amount of consideration – RM2,000,000
- 3% of total value of the consideration – RM60,000
- **Amount of tax deemed assessed – RM20,000**

Real Property Gains Tax

Authorisation for filing of form electronically



Current

Authorisation by the taxpayer to allow nominee, tax agent or lawyer to furnish the return on behalf by way of writing.



Proposed

Authorisation of nominee, tax agent and lawyer to furnish the prescribed form **electronically**.



Effective: 1 January 2027

Others

Proposed



- Private hospitals registered as companies limited by guarantee (CLBG) that establish hospital welfare funds shall be eligible for tax exemption and contributions to these funds will be tax deductible to the donors.
- This scope of approval is proposed to be expanded to include private hospitals registered as **Company Limited by Shares (CLBS)**.
- **Conditions:**
 - i. Holds an operating license under Private Healthcare Facilities and Services Act 1998.
 - ii. Private hospital establishes CLBG specifically to manage welfare fund
 - iii. Accumulated funds in CLBG is limited to amount which will be ascertained.
 - iv. Exemption applicable only to income received by welfare fund.
 - v. Comply with conditions in the existing guidelines under Section 44(6).
 - vi. Application for approval of the welfare fund must be submitted to the Director General of Inland Revenue (“DGIR”).



Effective: To be announced



Donation to approved anti-corruption education programmes organised by Civil Society Organisations (CSO)

To be included as part of the project of national interest for Section 44(11C) of the ITA 1967.

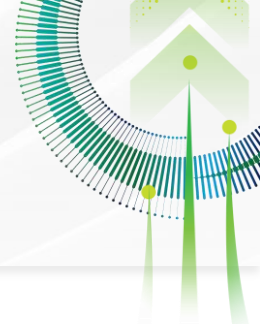
Conditions:

- recognised by Malaysian Anti-Corruption Commission;
- benefits the rakyat and does not involve sensitive issues such as politics, race and religion;
- not profit-driven and does not collect participation fees; and
- implemented between 1 January 2026 and 31 December 2028.

Tax deduction is limited to 10% of aggregate income.



Applications received by Ministry of Finance (MOF) from 1 January 2026 to 31 December 2028



Cash Contribution to Trust Account of the Department of Museums Malaysia

Cash contribution by company and individual will be eligible for tax deduction equivalent to the amount of contribution made.

Contribution to Kampung Angkat and Sekolah Angkat MADANI programmes and Sejahtera MADANI

Contribution by company and individual with business income will be eligible for tax deduction.

 **Current**

- Income tax exemption for 3 consecutive YAs;
- Accredited by the Ministry of Entrepreneur and Cooperatives Development (KUSKOP);
- Applications received by MOF from 1 January 2022 to 31 December 2025.

 **Proposed**

- Extended for 3 years; and
- Applications received by MOF from 1 January 2026 to 31 December 2028.

LBATA 1990



Standardisation of the imposition of penalty in the case where no prosecution is instituted

Current

Prosecution

- Fine not exceeding RM1,000,000 or imprisonment for a term not exceeding 2 years or both.



Proposed

- Imposition of civil penalty under the Rules issued through the power of the Minister in the case where no prosecution is instituted.
- A minimum fine of RM20,000 is imposed for criminal offence where prosecution is instituted.



Effective: 1 January 2026

**Current**

- ☐ Authorisation to file any prescribed form electronically by tax agent is given in writing.
- ☐ No definition of tax agent.

**Proposed**

- ☐ Authorisation to file any prescribed form by tax agents and employees is given by way of **electronic medium**.
- ☐ Tax agent is defined as “Approved Tax Agent under Section 153 of the ITA 1967.

**Effective: 1 January 2026**



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