

Malaysia update



Speakers

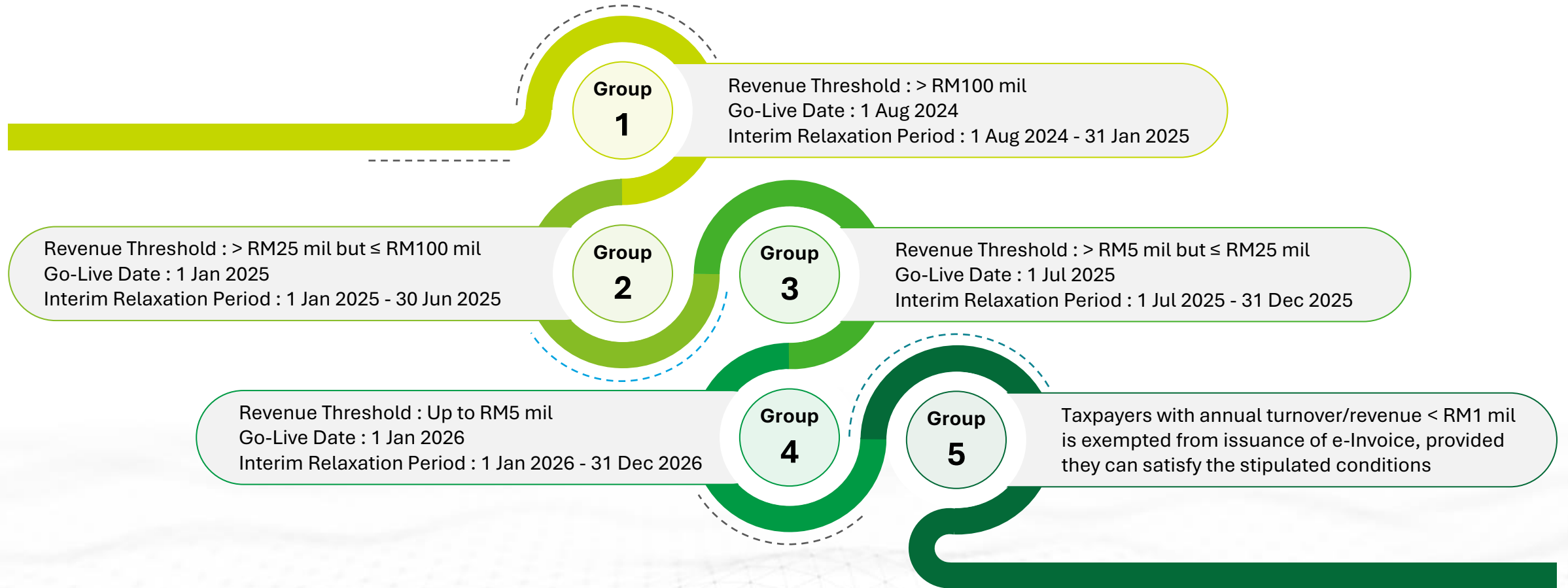


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Agenda

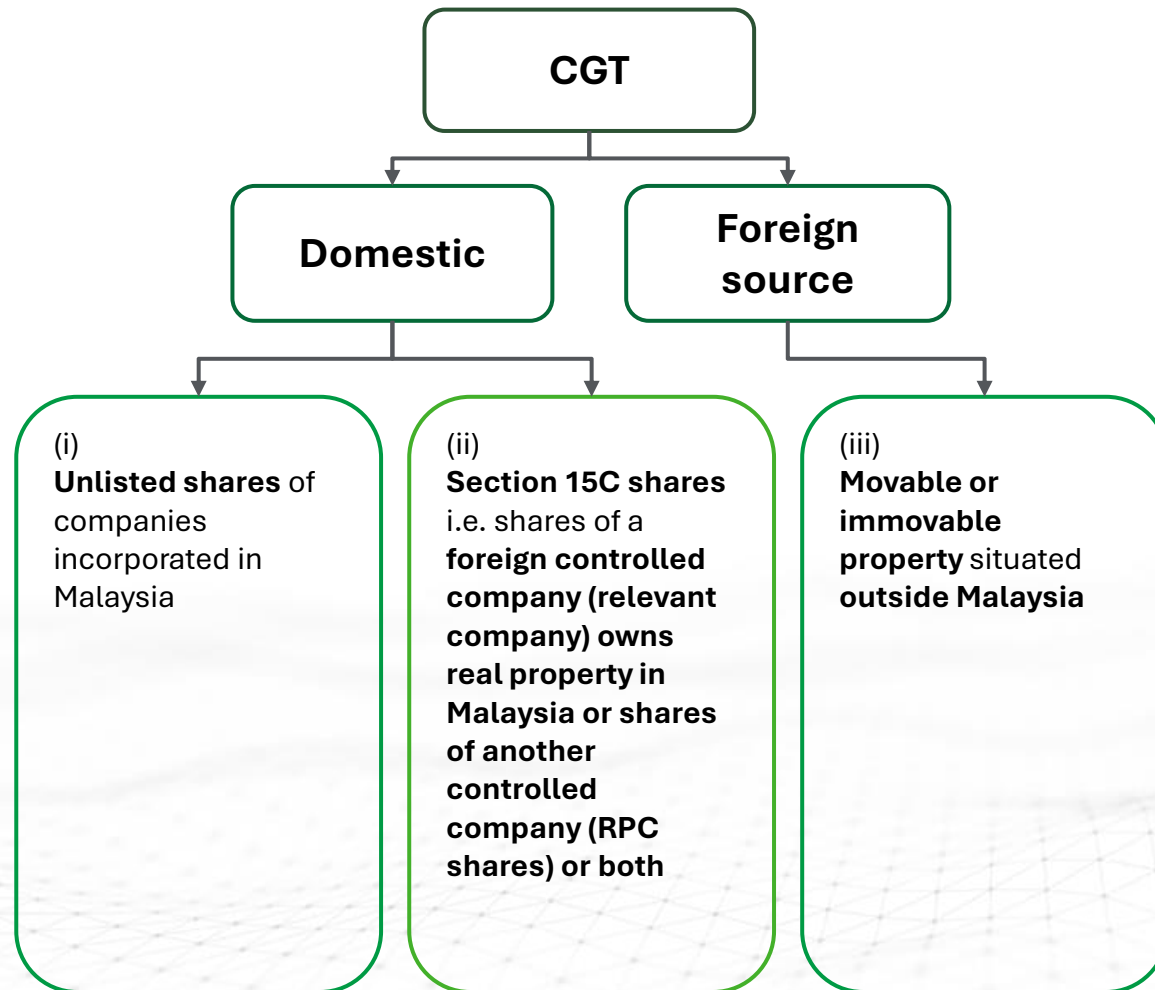
- 1** Implementation of e-Invoicing
- 2** Capital Gains Tax Overview, Exemptions and Updates
- 3** Review of Foreign Source Income Exemption
- 4** Expansion of Service Tax Scope
- 5** Implementation of Stamp Duty Self Assessment System

Full Implementation of e-Invoice



The [e-Invoice Compliance Review Framework](#) issued by the Inland Revenue Board of Malaysia (IRBM) on 15 Dec 2025 aims to ensure that e-Invoice compliance reviews are carried out fairly, transparently, and equitably. This framework outlines the rights and responsibilities of IRBM e-Invoice compliance officers, taxpayers, and tax agents.

Capital Gains Tax Overview



Chargeable persons

- Company
- Limited liability partnership (LLP)
- Trust body
- Co-operative society



Applicable tax rate

Disposal of capital asset	Tax rate applicable
Shares under categories (i) and (ii) acquired before 1 Jan 2024	10% on gain or 2% of gross disposal price
Shares under categories (i) and (ii) acquired on or after 1 Jan 2024	10% on net gain
Category (iii)	At prevailing tax rates (e.g., 24% for companies)

Capital Gains Tax

Available exemptions

NEW

Gains from **disposal of foreign capital asset** (excluding IP rights)

- Subject to **economic substance requirements**:
 - **Adequate number of employees** in Malaysia
 - **Adequate amount of operating expenditure** in Malaysia

Effective: 1 Jan 2024 to
31 Dec 2026

NEW

Gains from disposal of unlisted shares for an **initial public offering (IPO)**

- Disposal is in relation to **restructuring of any company for an IPO**
- **Application for IPO for listing** on the Main Market of Bursa Malaysia, ACE Market or LEAP Market **is required**

Effective: 1 Mar 2024 to
31 Dec 2028

NEW

Gains from disposal of unlisted shares in relation to **restructuring to increase efficiency in operation**

- Scheme for **restructuring of companies** in the same group to **increase operational efficiency**
- **At least 75%** of the consideration shall consist of **shares in the acquirer company** to the disposer

Effective: 1 Mar 2024 to
31 Dec 2028

Gains from disposal of shares by **unit trust**

- Applicable to **shares under categories (i) and (ii)**
- Excluding **REITs** and **listed Property Trust Funds**

Effective: 1 Jan 2024 to
31 Dec 2028

Capital Gains Tax Update

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

Effective 1 Jan 2026

“Disposal” includes:

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

Capital Gains Tax Update

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**.

Effective 1 Jan 2026

The date on which **share ownership ends**, or date the **consideration is received**, whichever is **earlier**, in respect of:

- **capital reduction**
- **share conversion**
- **share redemption**
- **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.

Foreign Source Income Review of Tax Exemptions



Current

Types of income received in Malaysia	Qualifying persons	Tax exemption period
Foreign-sourced dividend income	<ul style="list-style-type: none"> A resident company; A resident limited liability partnership(LLP); or A resident individual in relation to a partnership business in Malaysia 	1 Jan 2022 to 31 Dec 2026
Gains arising from disposal of foreign capital assets	<ul style="list-style-type: none"> A resident company; A resident LLP; A resident trust body; or A resident co-operative society 	1 Jan 2024 to 31 Dec 2026
All foreign-sourced income	A resident unit trust managed by a management company	1 Jan2024 to 31 Dec 2026



Updates

Types of income received in Malaysia	Qualifying persons	Tax exemption period
Foreign-sourced dividend income	Expanded to include the following: <ul style="list-style-type: none"> A resident co-operative society; and A resident trust body 	1 Jan2027 to 31 Dec 2030
Gains arising from disposal of foreign capital assets	No changes	
All foreign-sourced income	No changes	

Service Tax

Expansion of scope

Effective from 1 Jul 2025, the scope of prescribed taxable services is expanded to include the following:

New Taxable Service	Service Tax rate	Threshold
Commission or fee based financial services	8%	RM500,000
Private healthcare services	6%	RM1,500,000
Rental or leasing services	8%	RM500,000
Construction works	6%	RM1,500,000
Education services	6%	Nil
Wellness services	8%	RM500,000

Stamp Duty Implementation of Self-Assessment System

Phase 1: From 1 Jan 2026



Instruments or agreements related to:-

- Item 49: rental or lease
- Item 4: general agreement
- Item 22 and 27: securities

Phase 2: From 1 Jan 2027



Instrument of transfer of property ownership
(where no valuation by JPPH is applicable)

Phase 3: From 1 Jan 2028



Instruments or agreements other than
stated in Phase 1 and Phase 2

* Special Voluntary Disclosure Programme—Late stamping penalty will be automatically waived for instruments executed between 1 Jan 2023 and 31 Dec 2025, provided that the stamp duty payable is settled on or before 30 Jun 2026.



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