LAI & TAN TAXATION SERVICES SDN BHD

MALAYSIA BUDGET 2027

TAX MEASURES

Client Reference Booklet

Summary of the 36 appendices

Current position | Proposed changes | Effective dates

Complete original appendices included

Prepared for client information and reference

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Summary of Malaysia 2027 Tax Measures

A. Individual Income Tax Measures

Appendix & Subject	Quick Summary	Current Position	Proposal	Effective Date
Appendix 1. Resident Individual Income Tax Rates	**Lower taxes for middle-income earners, but the 30% tax rate starts at a lower income level.**	Progressive rates of 0%–30%. RM70,001–100,000: 19%; RM100,001–400,000: 25%; RM400,001–600,000: 26%; RM600,001–2 million: 28%; above RM2 million: 30%.	Reduce RM70,001–100,000 to 18%; introduce RM100,001–150,000 at 24%; retain RM150,001–400,000 at 25%; retain RM600,001–1 million at 28%; apply 30% to income exceeding RM1 million. Other rates unchanged.	YA 2027
Appendix 2. Individual and Dependent Relatives Relief	**Personal tax relief increases by RM3,000.**	Individual and dependent relatives relief of RM9,000.	Increase relief to RM12,000.	YA 2027
Appendix 3. Parents and Grandparents Expenses	**More elderly care expenses qualify for tax relief, with simpler documentation requirements.**	Relief up to RM8,000 for medical treatment, care services, dental treatment and specified examinations/vaccinations. Medical practitioner verification required for qualifying care services.	Expand care expenses to include non-medical care at home, day care and residential care centres. Remove medical practitioner verification for qualifying carer expenses; require carer declaration/work permit and receipts. RM8,000 limit retained.	YA 2027
Appendix 4. Medical Treatment Relief	**Confinement care and breastfeeding equipment included under a combined RM10,000 health relief.**	Medical treatment relief up to RM10,000 for specified illnesses, fertility treatments, vaccinations, dental treatment, health examinations and learning-disability interventions. Separate breastfeeding equipment relief up to RM1,000.	Reclassify as Health and Well-being Relief, retaining RM10,000 overall limit. Include postnatal care services up to RM3,000 and breastfeeding equipment up to RM1,000 within the combined relief.	YA 2027
Appendix 5. Education Fees and Lifestyle Relief	**Education relief expanded to cover more courses, including children's STEM, arts and language classes.**	Education fees relief up to RM7,000 for specified recognised qualifications and courses; upskilling/self-enhancement courses subject to RM2,000 sub-limit. Certain courses also qualify under lifestyle relief.	Consolidate as Education and Skills Training Fees Relief, retaining RM7,000 overall limit. Expand recognised fields and qualifications; TVET courses for self/spouse up to RM3,000; non-employment courses for self/spouse and specified children's STEM, arts, language and religion classes up to RM2,000.	YA 2027

Appendix & Subject	Quick Summary	Current Position	Proposal	Effective Date
Appendix 6. Lifestyle Relief	**AI subscriptions and certain pet care expenses become eligible for tax relief.**	RM2,500 relief for books, newspapers, personal computers, smartphones, tablets and internet subscriptions.	Include AI software subscriptions for self, spouse or child; pet adoption from registered shelters; registered veterinary vaccination and spaying/neutering services. RM2,500 limit unchanged.	YA 2027
Appendix 7. Sports-Related Lifestyle Relief	**Sports shoes qualify for tax relief, up to RM300.**	RM1,000 relief for qualifying sports equipment, facilities, competitions, gym memberships and sports training.	Include sports shoes up to RM300 within the existing RM1,000 overall limit.	YA 2027
Appendix 8. Tourism Expenses Relief	**RM1,000 domestic tourism relief extended for another year.**	RM1,000 relief for qualifying tourist attraction and cultural/arts programme entrance fees for YA 2026.	Extend existing relief for one year.	YA 2027
Appendix 9. SOCSO Contributions Relief	**Additional RM150 tax relief introduced for specified voluntary SOCSO contributions.**	RM350 relief for qualifying SOCSO and Employment Insurance System contributions.	Extend RM350 relief to mandatory LINDUNG KENDIRI contributions for passenger transport, goods/food transport and hawkers. Introduce additional RM150 relief for specified voluntary LINDUNG 24 and LINDUNG KENDIRI contributions.	YA 2027

B. Corporate Income Tax and Business Measures

Appendix & Subject	Quick Summary	Current Position	Proposal	Effective Date
Appendix 10. School Public Contribution Fund (TSUWAS)	**Approved school donation funds can be used for more operating and maintenance expenses.**	Approved cash donations deductible up to 10% of aggregate income. Fund usage excludes administrative, operating, repair and maintenance expenses. In-kind donations not deductible.	Expand permitted expenditure to administration, operations, repairs, maintenance, equipment and school programmes. Applications submitted to LHDN with Ministry of Education endorsement; revised joint administration and monitoring arrangements.	YA 2027
Appendix 11. MSME Corporate Income Tax Rates	**Eligible SMEs enjoy a 1-percentage-point tax reduction on the first RM600,000 of chargeable income.**	Eligible companies/LLPs with capital not exceeding RM2.5 million and annual sales not exceeding RM50 million: first RM150,000 at 15%; RM150,001–600,000 at 17%; above RM600,000 at 24%.	Reduce first RM150,000 rate to 14% and RM150,001–600,000 to 16%. Rate above RM600,000 remains 24%.	YA 2027
Appendix 12. Small Value Assets Capital Allowance	**Businesses can claim full capital allowance on small assets costing up to RM3,000 each.**	Maximum RM2,000 per asset. Overall annual limit RM20,000 for non-MSMEs; no overall annual limit for MSMEs.	Increase per-asset limit to RM3,000 and annual limit for non-MSMEs to RM30,000.	YA 2027
Appendix 13. Shariah-Compliant Fund Management	**Tax exemption reduced from 60% to 40%, but extended for three years.**	Approved resident Shariah-compliant fund management companies enjoy 60% statutory income exemption until YA 2027.	Reduce exemption to 40% of qualifying statutory income and extend for three years.	YA 2028–2030
Appendix 14. Salary Payments Through Financial Institutions	**Non-MSME employers must pay salaries through banks or cashless instruments to claim tax deductions.**	Qualifying salary expenses deductible under Section 33, Income Tax Act 1967, regardless of whether paid in cash or non-cash.	Salary deductions allowed only for payments through financial institutions or prescribed cashless payment instruments, except salary transactions by MSMEs. Other expenses remain deductible regardless of payment method.	YA 2028
Appendix 15. Sukuk Prisma Issuance Costs	**Tax deduction introduced for the issuance costs of Sukuk Prisma.**	SRI Sukuk issuance costs deductible until YA 2027.	Allow deduction for issuance costs of Sukuk Prisma approved, authorised by or lodged with Securities Commission Malaysia. Existing SRI Sukuk deduction remains until YA 2027.	YA 2027–2030

C. Stamp Duty Measures

Appendix & Subject	Quick Summary	Current Position	Proposal	Effective Date
Appendix 16. First Residential Home	**First-home stamp duty relief expanded to properties costing up to RM750,000.**	Malaysian citizens purchasing their first residential home priced up to RM500,000 enjoy 100% stamp duty exemption on loan agreements and instruments of transfer. Existing qualifying SPA period: 1 January 2021–31 December 2027.	Retain 100% exemption for homes up to RM500,000. For homes priced above RM500,000 but not exceeding RM750,000, grant 100% exemption on the first RM500,000 and 50% exemption on the remaining amount.	SPAs executed 1 Jan 2027 – 31 Dec 2030
Appendix 17. Revival of Abandoned Housing Projects	**Full stamp duty exemption reintroduced for approved abandoned housing revival projects.**	100% exemption on specified financing and transfer instruments executed by rescue developers and original buyers. Previous exemption period ended 31 December 2025.	Reintroduce 100% exemption for qualifying financing and transfers involving abandoned housing projects certified by the Ministry of Housing and Local Government.	Instruments executed 1 Jan 2027 – 31 Dec 2030
Appendix 18. Opening Savings and Current Accounts	**RM10 stamp duty removed for qualifying new bank accounts.**	RM10 stamp duty imposed on account-opening instruments containing undertakings that create specified legal obligations, indemnities, guarantees or liabilities.	Grant 100% stamp duty exemption on qualifying savings and current account-opening instruments executed by individuals or businesses.	1 Jan 2027
Appendix 19. Foreign Currency Loan Agreements	**Stamp duty capped at RM2,000 or RM5,000 for qualifying foreign currency financing.**	Foreign currency loan or financing agreements subject to ad valorem stamp duty at 0.5%.	For foreign currency loans or financing from banks in Malaysia, cap stamp duty at RM2,000 for financing up to RM100 million and RM5,000 for financing exceeding RM100 million.	Agreements executed from 1 Jan 2027
Appendix 20. CAKNA Financing Scheme	**Reduced stamp duty extended or reintroduced for qualifying government contract financing.**	Stamp duty exceeding RM10 remitted on principal financing agreements. CAKNA I applies until 31 December 2028; CAKNA II applied until 31 December 2025.	Extend CAKNA I remission for two years and reintroduce CAKNA II remission. Stamp duty exceeding RM10 continues to be remitted on qualifying principal financing agreements.	CAKNA I: 1 Jan 2029–31 Dec 2030; CAKNA II: 1 Jan 2027– 31 Dec 2030
Appendix 21. P2P Financing Platforms	**P2P financing stamp duty changes from full exemption to RM10 payable.**	100% stamp duty exemption for qualifying P2P financing agreements between MSMEs and investors through recognised platforms until 31 December 2026.	Replace full exemption with remission of stamp duty exceeding RM10 on qualifying P2P financing agreements.	Agreements executed 1 Jan 2027– 31 Dec 2030

Appendix & Subject	Quick Summary	Current Position	Proposal	Effective Date
Appendix 22. Mid-Tier Companies Financing	**Stamp duty reduced to RM10 for qualifying second-tier supplier financing agreements.**	Loan agreements generally subject to 0.5% stamp duty. Both tiers of MTC reverse-factoring financing arrangements are subject to ad valorem stamp duty.	Remit duty exceeding RM10 on qualifying second-tier agreements supporting MSME suppliers that have fulfilled supply contracts and are unrelated to the MTC. First-tier agreements remain subject to 0.5%.	Second-tier agreements executed 1 Jan 2027 – 31 Dec 2030

D. Investment and Industry Tax Incentives

Appendix & Subject	Quick Summary	Current Position	Proposal	Effective Date
Appendix 23. Global Services Hub (GSH)	**Revised 5% corporate tax incentive structure, with additional benefits for treasury activities.**	GSH companies eligible for corporate tax rates of 5% or 10%, subject to conditions. A 15% individual tax rate is available for three qualifying non-citizen key personnel for three consecutive YAs. Current application period ends 31 December 2027.	New companies: 5% on qualifying GSH income. Existing companies: 15% on income up to base income and 5% above base income. Base income is the preceding three-year average. Incentive blocks of five years, up to 30 years subject to performance. Additional withholding tax and stamp duty exemptions for qualifying treasury fund management activities.	Applications received by MIDA from 1 Jan 2027
Appendix 24. Malaysian Shipping Companies	**Full income tax exemption extended for 10 years, subject to stricter operating requirements.**	70% exemption under Section 54A, with conditional full exemption until YA 2026. Existing conditions include annual Malaysian operating expenditure of at least RM250,000 and four specified Malaysian onshore employees. Certain Labuan instruments are fully exempt from stamp duty.	Grant full income tax exemption subject to Malaysian strategic management and effective control, annual operating expenditure of at least RM250,000 per ship, and at least four Malaysian employees with an average monthly salary of RM15,000 per ship. Cap qualifying ship financing stamp duty at RM2,000/RM5,000. Retain specified Labuan exemption.	Income tax: YA 2027–2036; stamp duty: agreements executed from 1 Jan 2027
Appendix 25. Green Technology Tax Incentive	**Green investment incentives revised and extended until 2030, with changes to eligible technologies and allowance rates.**	GITA Project generally provides 100% allowance with varying statutory income set-off limits. GITA Assets provides 100% or 60% allowance. GITE Solar Leasing provides 70% statutory income exemption. Existing qualifying application/purchase periods generally end 2026.	Revise qualifying GITA Project activities: Tier 1 includes green hydrogen and ocean thermal energy conversion at 100% GITA, with 100% or 70% set-off; Tier 2 covers specified EV charging and renewable energy activities at 60% GITA, with 70% set-off. Revise GITA Assets categories with 100% or 60% allowances and 70% set-off. Applications for GITA Assets must be submitted to MGTC within 24 months of purchase.	GITA Project applications: 1 Jan 2027–31 Dec 2030; GITA Assets purchases verified by MGTC: same period
Appendix 26. Equity Crowdfunding (ECF)	**Individual investor tax incentive extended for another four years.**	Income tax exemption equivalent to 50% of qualifying investment, limited to RM50,000 per YA and 10% of aggregate income, subject to qualifying conditions. Includes investments through LLP nominees. Existing investment period ends 2026.	Extend the existing ECF tax incentive for four years, subject to the qualifying conditions.	Investments made 1 Jan 2027 – 31 Dec 2030

Appendix & Subject	Quick Summary	Current Position	Proposal	Effective Date
Appendix 27. Angel Investors	**Angel investors continue enjoying tax exemptions for qualifying technology start-up investments until 2030.**	Qualifying angel investors investing in ordinary shares of technology start-ups at pre-seed and seed stages enjoy income tax exemption equivalent to the qualifying investment amount. Existing period ends 2026.	Extend the existing incentive for four years.	Investments made 1 Jan 2027–31 Dec 2030
Appendix 28. Accelerated Capital Allowance (ACA)	**Businesses can continue claiming accelerated capital allowances on qualifying machinery, ICT and software until 2030.**	Qualifying expenditure on locally manufactured heavy machinery, plant and machinery, ICT equipment, software packages and customised software development costs is eligible for 20% initial allowance and 40% annual allowance, allowing full claim over two years. Existing expenditure period ends 2026.	Extend the existing ACA incentive for four years.	Qualifying expenditure incurred 1 Jan 2027–31 Dec 2030
Appendix 29. International Incentive Trips, Conferences and Trade Exhibitions	**Tax exemption for qualifying international business event organisers extended for three years.**	100% statutory income exemption for qualifying organisers meeting annual minimum foreign participant thresholds: incentive trips 1,500, conferences 2,000 and trade exhibitions 3,000. Existing incentive applies for YA 2026–2027.	Extend the existing tax incentive for three years.	YA 2028–2030
Appendix 30. Employer Repayment of PTPTN Loans	**Employers can claim tax deductions for repaying employees' PTPTN education loans.**	Employers previously eligible for income tax deduction on PTPTN loan repayments made on behalf of employees from 1 January 2019 to 31 December 2021.	Reintroduce deduction for qualifying employer repayments. Employee must be full-time, must not own the business or have family ties with the employer, and employer must not charge the employee consideration for the repayment.	Repayments made 1 Jan 2027 – 31 Dec 2028

E. Customs Duty, Sales Tax, Service Tax and Entertainment Duty

Appendix & Subject	Quick Summary	Current Position	Proposal	Effective Date
Appendix 31. Langkawi Origin Goods	**More Langkawi-made products qualify for import duty exemption.**	Import duty exemption available for specified Langkawi-origin goods brought directly into the Principal Customs Area, including selected agricultural products, seafood products, handicrafts, minerals and construction materials.	Revise and expand the eligible goods list to cover additional agricultural and food products, fisheries products, handicrafts, consumer goods and construction materials, including locally produced chocolates, soaps and other specified products.	1 Jan 2027
Appendix 32. Goods Transported Out of Duty-Free Islands	**Duty-free allowance increased to RM10,000 for qualifying goods brought from Langkawi and Labuan.**	Import duty and sales tax exemptions subject to product-specific quantity/value limits, generally RM150 or RM1,000, and minimum visit periods of 24 or 48 hours depending on the island.	Increase qualifying new goods value limit to RM10,000 for Langkawi and Labuan, subject to a minimum 48-hour visit and exclusions for alcohol, tobacco, vapes, tyres and specified related products. Treatment for Tioman, Pangkor and Pulau 1, Forest City unchanged.	1 Jan 2027
Appendix 33. Sales Tax Refund for Traders	**Local traders can recover sales tax paid on qualifying goods supplied to manufacturers.**	Manufacturers enjoy sales tax exemptions for qualifying machinery, spare parts, equipment and specified manufacturing inputs imported directly or purchased from registered manufacturers. No equivalent exemption for purchases from local traders/distributors.	Introduce a sales tax refund facility for local traders/distributors that paid sales tax on qualifying machinery, equipment, spare parts and specified manufacturing inputs subsequently supplied to manufacturers.	1 Jan 2027
Appendix 34. Elderly Care Services	**Service tax reduced from 8% to 6%, with exemption for qualifying elderly care services costing up to RM96,000 annually.**	Elderly care services classified under Wellness Centres and subject to 8% service tax, with RM500,000 registration threshold.	Reclassify elderly care services under Group I and reduce tax rate to 6%. Qualifying registered care centre services with annual charges up to RM96,000 per person exempt; services with annual charges exceeding RM96,000 subject to 6%. Registration threshold remains RM500,000.	1 Jan 2027

Appendix & Subject	Quick Summary	Current Position	Proposal	Effective Date
Appendix 35. Entertainment Duty in Federal Territories	**Entertainment duty relief extended until 2030, with full exemption for local films and theatre performances.**	General entertainment duty rate of 25%. Selected entertainment categories enjoy reduced effective rates of 0%, 5% or 10% under exemptions available until 31 December 2028.	Extend existing selected entertainment exemptions until 31 December 2030. Introduce 100% exemption on tickets for local film screenings and local theatre performances in Federal Territories for four years.	Selected entertainment: applications until 31 Dec 2030; local film/theatre: applications 1 Jan 2027 – 31 Dec 2030
Appendix 36. Selected Entertainment Facilities	**Stadium Merdeka and Stadium Negara added to entertainment duty-exempt venues.**	Entertainment duty exemptions available for qualifying events at selected venues, including Bukit Jalil National Sports Complex facilities, Juara Stadium, Istana Budaya, National Art Gallery and Dewan Filharmonik PETRONAS.	Extend entertainment duty exemption to qualifying arts, cultural, entertainment and sports activities held at Stadium Merdeka and Stadium Negara.	1 Jan 2027

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Malaysia Budget 2027 – Tax Measures

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No content has been altered.

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APPENDIX 1

REVIEW OF INCOME TAX RATES FOR RESIDENT INDIVIDUAL

Current Position

The income tax rates for resident individuals is progressive, ranging from 0% to 30%, as follows:

Chargeable Income Band (RM)	Tax Rate (%)
0 – 5,000	0
5,001 – 20,000	1
20,001 – 35,000	3
35,001 – 50,000	6
50,001 – 70,000	11
70,001 – 100,000	19
100,001 – 400,000	25
400,001 – 600,000	26
600,001 – 2,000,000	28
Exceeding 2,000,000	30

Proposal

To ease economic pressures on the middle-income group, it is proposed that the taxable income bands be restructured to make the tax system more progressive, involving the following changes in tax rates:

i. Reduction of 1 percentage point for chargeable income band of RM70,001 to RM100,000 from 19% to 18%;

ii. Creation of new chargeable income band of RM100,001 to RM150,000 with a reduction of 1 percentage point from 25% to 24%. Chargeable income band of RM150,001 to RM400,000 remains at 25%;

iii. Revision of the chargeable income band of RM600,001 to RM2,000,000 into RM600,001 to RM1,000,000 with the tax rate remains at 28%; and

iv. Revision of the chargeable income band exceeding RM2,000,000 to exceeding RM1,000,000 with the tax rate of 30%.

The new structure of chargeable income bands and income tax rates for resident individuals are as follows:

Chargeable Income Band (RM)	**Tax Rate (%)**
0 – 5,000	0
5,001 – 20,000	1
20,001 – 35,000	3
35,001 – 50,000	6
50,001 – 70,000	11
70,001 – 100,000	**18**
100,001 – 150,000	**24**
150,001 – 400,000	25
400,001 – 600,000	26
600,001 – 1,000,000	28
Exceeding 1,000,000	**30**

Effective Date

From the year of assessment 2027.

APPENDIX 2

REVIEW OF INDIVIDUAL INCOME TAX RELIEF FOR INDIVIDUAL AND DEPENDENT RELATIVES

Current Position

From the year of assessment 2010, the individual income tax relief for individual and dependent relatives has increased from RM8,000 to RM9,000.

Proposal

To increase disposable income of *rakyat* in addressing the rising cost of living, it is proposed that the individual income tax relief for individual and dependent relatives be increased from RM9,000 to RM12,000.

Effective Date

From the year of assessment 2027.

APPENDIX 3

REVIEW OF INDIVIDUAL INCOME TAX RELIEF FOR EXPENSES FOR PARENTS AND GRANDPARENTS

Current Position

From the year of assessment 2025, individual income tax relief limited to RM8,000 is given on expenses for parents and grandparents as follows:

i. Medical treatment at clinics and hospitals;

ii. Treatment and care at home, day care centres and residential care centres;

iii. Dental treatment excluding cosmetic dental treatment; and

iv. Full medical examination and vaccinations limited to RM1,000.

The tax relief claim must be supported by a medical practitioner registered with the Malaysian Medical Council verifying the health condition of the parents or grandparents in need of medical care services. For carers (excluding self, spouse or children), a written declaration by the carer or a copy of the carer's work permit is required and supported by receipts.

Proposal

To provide comprehensive support for elderly care, it is proposed that the expenses for the care of parents and grandparents at home, day care centres and residential care centres be revised to cover all types of care expenses and not limited to medical care.

The tax relief claim must be supported with a written declaration from the carer (excluding self, spouse or children) or a copy of the carer’s work permit together with receipts without requiring any verification from a registered medical practitioner.

Effective Date

From the year of assessment 2027.

APPENDIX 4

REVIEW OF INDIVIDUAL INCOME TAX RELIEF FOR MEDICAL TREATMENT

Current Position

Individual income tax relief for medical treatment expenses

Individual income tax relief is given on medical treatment expenses limited to RM10,000 as follows:

i. Serious illness for self, spouse or child;

ii. Fertility treatment for self or spouse;

iii. Vaccinations for self, spouse or child limited to RM1,000;

iv. Dental examination and treatment limited to RM1,000;

v. Full medical examination, mental health examination or consultation, disease diagnostic test and purchase of self-health monitoring equipment for self, spouse or child limited to RM1,000; and

vi. Assessment for diagnosis, early intervention programmes or rehabilitation treatment for children with learning disabilities aged 18 years and below.

Individual income tax relief for the purchase of breastfeeding equipment

Individual income tax relief is given on the purchase of breastfeeding equipment for personal use for children aged 2 years and below, limited to RM1,000.

Proposal

To further support the national health aspiration towards family well-being, particularly for mothers, it is proposed that the individual income tax relief for medical treatment be reclassified as Health and Well-being, with the relief limit maintained at RM10,000. The scope of relief is expanded to include the following expenses:

i. Postnatal care service expenses provided by a confinement centre or qualified individual limited to RM3,000; and

ii. Breastfeeding equipment for children aged 2 years and below paid by self or spouse limited to RM1,000.

The individual income tax relief for the purchase of breastfeeding equipment be merged into the individual income tax relief for Health and Well-being expenses.

Effective Date

From the year of assessment 2027.

APPENDIX 5

REVIEW OF INDIVIDUAL INCOME TAX RELIEF FOR EDUCATION FEES AND LIFESTYLE

Current Position

Individual income tax relief for education fees

Individual income tax relief limited to RM7,000 is claimable on fees paid for undertaking the following courses or fields of study:

i. Other than Masters or Doctor of Philosophy

   Educational courses up to tertiary level to acquire skills or qualifications in the fields of law, accounting, Islamic finance approved by Bank Negara Malaysia or Securities Commission, technical, vocational, industrial, scientific or technology at any local institution or professional body in Malaysia recognised by the Government of Malaysia or approved by the Minister of Finance;

ii. Masters or Doctor of Philosophy

   Educational courses undertaken to acquire skills or qualifications at any local institution or professional body in Malaysia recognised by the Government of Malaysia or approved by the Minister of Finance; or

iii. Upskilling or self-enhancement courses

   Upskilling or self-enhancement course recognised by the Director General of Skills Development under the National Skills Development Act 2006 [Act 652] limited to RM2,000. The relief is effective until the year of assessment 2026.

Individual income tax relief for lifestyle

Individual income tax relief for lifestyle is claimable on fees paid for any upskilling or self-enhancement courses limited to RM2,500. Eligible courses include courses that encourage individuals to acquire skills unrelated to employment such as courses related to hobbies, languages and religion.

Proposal

To further encourage the *rakyat* to attain better education levels and upskill, it is proposed that individual income tax relief for education fees and skills courses under lifestyle relief be reclassified as Education and Skills Training Fees with the relief limit remains at RM7,000. The scope of relief be revised as follows:

i. Fees incurred for self to undertake courses or studies recognised by any regulatory agency at the Certificate, Diploma, Bachelors, Masters or Doctor of Philosophy level in any field at any local institution or professional body in Malaysia recognised by the Government of Malaysia or approved by the Minister of Finance;

ii. Fees incurred for self or spouse limited to RM3,000 to undertake upskilling or self-enhancement courses or studies in the field of Technical and Vocational Education and Training (TVET) recognised by the Director General of Skills Development under Act 652; and

iii. Fees incurred limited to RM2,000 for undertaking:

    a. Courses, training and skills and self-enhancement classes unrelated to employment for self or spouse; or

    b. Courses, training, classes or tuition in the field of Science, Technology, Engineering and Mathematics (STEM), arts, languages and religion for children.

The individual income tax relief on fees for upskilling or self-enhancement courses under lifestyle be merged into the individual income tax relief for Education and Skills Training Fees.

Effective Date

From the year of assessment 2027.

APPENDIX 6

REVIEW OF INDIVIDUAL INCOME TAX RELIEF FOR LIFESTYLE

Current Position

From the year of assessment 2024, individual income tax relief for lifestyle limited to RM2,500 is given on the purchase of reading materials including e-books, printed/electronic daily newspapers, purchase of personal computers, smartphones or tablets and internet subscriptions.

Proposal

To foster digital literacy and adoption of Artificial Intelligence (AI) technology to boost productivity as well as drive innovation, it is proposed that the scope of the individual income tax relief for lifestyle be expanded to cover subscription expenditures for AI software and applications for personal use, spouse or child.

In promoting compassion and empathy towards animals requiring care, it is proposed that the scope of the lifestyle tax relief also be expanded to include pet care expenditures as follows:

i. Cost of pet adoption from registered animal shelters; and

ii. Registered veterinary services for vaccination and spaying or neutering procedures.

The limit for the individual lifestyle tax relief remains at RM2,500 including the proposed expanded scope.

Effective Date

From the year of assessment 2027.

APPENDIX 7

REVIEW OF INDIVIDUAL INCOME TAX RELIEF FOR SPORTS-RELATED LIFESTYLE

Current Position

From the year of assessment 2024, individual income tax relief for sports-related lifestyle is given on expenditures incurred limited to RM1,000 for self, spouse, child or parents as follows:

i. Purchase of sports equipment for sports activities listed under the Sports Development Act 1997 [Act 576] (excluding motorised two-wheel bicycles);

ii. Payment of rental or entrance fees to any sports facility;

iii. Payment of registration fees for participation in any sports competition held by any organiser approved and licensed by the Commissioner of Sports under Act 576; or

iv. Payment of gymnasium membership fees or sports training fees charged by sports club or societies registered with the Commissioner of Sports or company incorporated under the Companies Act 2016 to carry out sports activities listed under Act 576.

Proposal

To further promote a healthy lifestyle among the *rakyat*, it is proposed that the scope of individual income tax relief for sports-related lifestyle be expanded to include the purchase of sports shoes limited to RM300. The limit for the individual income tax relief for sports-related lifestyle remains at RM1,000.

Effective Date

From the year of assessment 2027.

APPENDIX 8

EXTENSION OF INDIVIDUAL INCOME TAX RELIEF FOR TOURISM EXPENSES

Current Position

To promote domestic tourism, individual income tax relief of up to RM1,000 is given for year of assessment 2026 on the following entrance fees:

i. Tourist attractions such as museums, zoo, theme parks, national parks, marine parks and geoparks; and

ii. Cultural and arts programmes.

Proposal

To further encourage domestic tourism activities in conjunction with Visit Malaysia Year 2026 which extended to 2027, it is proposed that individual income tax relief for tourism expenses be extended for one year.

Effective Date

For the year of assessment 2027.

APPENDIX 9

REVIEW OF INDIVIDUAL INCOME TAX RELIEF FOR SOCSO CONTRIBUTIONS

Current Position

From the year of assessment 2022, individual income tax relief limited to RM350 is given to private sector employees that contribute to social security protection schemes regulated by the Social Security Organisation (SOCSO) under the Employees' Social Security Act 1969 and the Employment Insurance System under the Employment Insurance System Act 2017 for income protection due to loss of employment.

Proposal

To support the mandatory and voluntary SOCSO contribution policies for private sector employees particularly to protect gig workers and hawkers, it is proposed that individual income tax relief be revised as follows:

i. The scope of tax relief be expanded to cover mandatory employee contributions to the Self-Employment Social Security Scheme (LINDUNG KENDIRI) for 3 mandatory sectors namely passenger transport, goods or food transport and hawkers as listed under the Self-Employment Social Security Act 2017 [Act 789] with the existing tax relief remains at RM350; and

ii. An additional income tax relief limited to RM150 be given on voluntary employee contributions to the Non-Employment Injury Scheme (LINDUNG 24) and 17 non-mandatory sectors under LINDUNG KENDIRI as listed under Act 789.

Effective Date

From the year of assessment 2027.

APPENDIX 10

TAX TREATMENT FOR SCHOOL PUBLIC CONTRIBUTION FUND

Current Position

The School Public Contribution Fund (*Tabung Sumbangan Wang Awam Sekolah* – TSUWAS) is a fund approved under subsection 44(6) of the Income Tax Act 1967 to finance the implementation of projects or programmes for student development and welfare, subject to approval by the Ministry of Education Malaysia (MOE). TSUWAS fund excludes administrative and operating or repair and maintenance expenses.

The categories of schools eligible to establish TSUWAS are Government-Aided Schools, Non-Government-Owned Schools (vernacular schools or National-Type Schools without Government intervention), Government-Aided Religious Schools and Non-Government-Owned Religious Schools.

Schools are required to open a dedicated account to receive contributions to TSUWAS. The fund needs to be jointly administered by the TSUWAS Committee Members comprising representatives from the school and external parties, including representatives from the Parent-Teacher Association (PTA).

Individual donors or companies making contributions in cash to TSUWAS are eligible for a tax deduction limited to 10% of aggregate income. In-kind contributions are not eligible for a tax deduction.

Proposal

To enhance operational efficiency and ensure the comfortable school infrastructures, it is proposed that the scope of TSUWAS be enhanced to cover administrative and operating expenses, repairs and maintenance, the procurement of equipment, as well as the implementation of school programmes for students.

Applications for the establishment of TSUWAS must be submitted to the Inland Revenue Board of Malaysia with endorsement from MOE. The management of TSUWAS shall be jointly administered by the school, PTA or Alumni Association with monitoring by MOE based on guidelines to be determined.

Effective Date

From the year of assessment 2027.

APPENDIX 11

REVIEW OF INCOME TAX RATES FOR MICRO, SMALL AND MEDIUM ENTERPRISES

Current Position

Companies with paid-up capital of ordinary shares of RM2.5 million and below or Limited Liability Partnership (LLP) with partnership capital contributions of RM2.5 million and below, with annual sales not exceeding RM50 million are categorised as Micro, Small, and Medium Enterprises (MSMEs) and subject to income tax as follows:

Chargeable Income Band	Tax Rate (%)
First RM150,000	15
RM150,001 to RM600,000	17
Exceeding RM600,000	24

Proposal

To continuously enhance the competitiveness of MSMEs in driving the country's economic growth, it is proposed that the MSMEs income tax rates be revised as follows:

i. A reduction of 1 percentage point for the first chargeable income band of RM150,000 from 15% to 14%; and

ii. A reduction of 1 percentage point for the chargeable income band of RM150,001 to RM600,000 from 17% to 16%.

The new income tax rate structure for MSMEs is as follows:

Chargeable Income Band	Tax Rate (%)
First RM150,000	**14**
RM150,001 to RM600,000	**16**
Exceeding RM600,000	24

Effective Date

From the year of assessment 2027.

APPENDIX 12

REVIEW OF CAPITAL ALLOWANCE FOR SMALL VALUE ASSETS

Current Position

Capital allowance for small value assets not exceeding RM2,000 per asset is fully claimable and limited to RM20,000 for each year of assessment. Micro, Small and Medium Enterprises (MSMEs) are eligible to fully claim capital allowance on small value assets without any limit on overall annual claim.

Proposal

To assist companies in reducing the cost of doing business, taking into account current prices of equipment and fittings, it is proposed that the capital allowance treatment for small value assets be enhanced as follows:

i. The value of each small value assets for claiming capital allowance be increased from RM2,000 to RM3,000; and

ii. The overall capital allowance limit for small value assets claimable by companies other than MSMEs be increased from RM20,000 to RM30,000 for each year of assessment.

Effective Date

From the year of assessment 2027.

APPENDIX 13

REVIEW OF INCOME TAX EXEMPTION FOR SHARIAH-COMPLIANT FUND MANAGEMENT SERVICES PROVIDER COMPANIES

Current Position

A resident company providing Shariah-compliant fund management services approved by the Securities Commission Malaysia is given an income tax exemption of 60% on statutory income derived from management of Shariah-compliant funds as follows:

Investors Category	Tax Exemption Period (Year of Assessment)
Foreign Investors in Malaysia	2007 until 2027
Local Investors	2008 until 2027
Business Trust Investors and Real Estate Investment Trusts (REITs) Investors in Malaysia	2014 until 2027

Proposal

To further support the development of Shariah-compliant fund management services, it is proposed that the income tax exemption for resident Shariah-compliant fund management service providers be reviewed as follows:

i. The income tax exemption rate be fixed at 40% on statutory income derived from management of Shariah-compliant funds; and

ii. The income tax exemption be extended for 3 years.

Effective Date

From the years of assessment 2028 until 2030.

APPENDIX 14

INCOME TAX DEDUCTION FOR SALARY PAYMENTS THROUGH FINANCIAL INSTITUTIONS AND CASHLESS PAYMENT INSTRUMENTS

Current Position

Expenses incurred wholly and exclusively in the production of gross income, including salary payments to employees, are allowable as tax deduction under Section 33, Income Tax Act 1967. Eligibility to claim tax deduction is regardless of whether the expenses are paid in cash, non-cash or through any other method of payment.

Proposal

To enhance the transparency of financial transactions by employers and support compliance towards cashless salary payments through financial institutions and cashless payment instruments as prescribed under the Employment Act 1955, it is proposed that tax deduction on salary expenses be allowed only for payments made through financial institutions or cashless payment instruments, except for salary payment transactions by Micro, Small and Medium Enterprises.

Tax deduction on expenses other than salary payments remains allowable, regardless of the method of payment.

Effective Date

From the year of assessment 2028.

APPENDIX 15

INCOME TAX DEDUCTION ON THE ISSUANCE COSTS OF SUKUK PRISMA

Current Position

The Securities Commission Malaysia (SC) introduced the Sustainable and Responsible Investment (SRI) Sukuk framework, which enables companies to raise funds to enhance sustainability practices and support the transition towards low-carbon activities. Income tax deduction is given on Sukuk SRI issuance costs from years of assessment 2016 until 2027.

From 2027, SC will introduce Sukuk Prisma, which aims to expand the use of the capital market to attract sustainability-focused investments. SC targets investments of up to RM100 billion over 5 years to finance sustainable projects that benefit the *rakyat* among others in the following areas:

i. Climate change adaptation;
ii. Water and food security;
iii. Biodiversity resilience; and
iv. Blue economy.

Proposal

To further strengthen Malaysia's position as a global sukuk investment hub through the provision of innovative Shariah-compliant financing facilities with a sustainability focus, it is proposed that an income tax deduction be given on the issuance cost of Sukuk Prisma approved or authorised by SC or lodged with SC.

The income tax deduction granted on the issuance cost of SRI Sukuk remains effective until the year of assessment 2027.

Effective Date

From the years of assessment 2027 until 2030.

REVIEW OF STAMP DUTY EXEMPTION FOR THE PURCHASE OF FIRST RESIDENTIAL HOME

Current Position

Stamp duty exemption of 100% is given on loan agreements and instruments of transfer for the purchase of first residential home priced up to RM500,000 by Malaysian citizens.

The exemption is effective on loan agreements and instruments of transfer involving sale and purchase agreements executed from 1 January 2021 until 31 December 2027.

Proposal

To further support first residential home ownership among Malaysian citizens, it is proposed that the stamp duty exemption for the purchase of first residential home be revised as follows:

i. Homes priced up to RM500,000

   Stamp duty exemption of 100% be given on loan agreements and instruments of transfer.

ii. Homes priced up to RM750,000

   Stamp duty exemption be given on loan agreements and instruments of transfer as follows:

   a. 100% exemption on the first RM500,000 of the home price; and

   b. 50% exemption on the remaining home price exceeding RM500,000 up to RM750,000.

Effective Date

For loan agreements and instruments of transfer involving sale and purchase agreements executed from 1 January 2027 until 31 December 2030.

APPENDIX 17

STAMP DUTY EXEMPTION FOR REVIVAL OF ABANDONED HOUSING PROJECTS

Current Position

Stamp duty exemption of 100% is given on loan agreements and instruments of transfer relating to the revival of abandoned housing projects as follows:

i. Rescue contractor or developer

   a. Loan agreements for financing purposes; and

   b. Instruments of transfer for the transfer of land or abandoned housing projects.

ii. Original buyer of the abandoned house

   a. Loan agreements for additional financing purposes; and

   b. Instruments of transfer for residential homes.

The exemption is effective on loan agreements and instruments of transfer executed from 1 January 2013 until 31 December 2025.

Proposal

To support the MADANI Housing Reform programme in achieving the target of zero abandoned housing projects by 2030, it is proposed that stamp duty exemption of 100% be reintroduced on loan agreements and instruments of transfer executed by rescue contractors or developers and original buyers in relation to the revival of abandoned housing projects certified by the Ministry of Housing and Local Government.

Effective Date

For loan agreements and instruments of transfer executed from 1 January 2027 until 31 December 2030.

APPENDIX 18

STAMP DUTY EXEMPTION FOR OPENING SAVINGS AND CURRENT ACCOUNTS

Current Position

Stamp duty at the rate of RM10 is imposed on instruments for the opening of savings and current accounts that contain an undertaking which creates a specific legal obligation, indemnity, guarantee or liability.

Proposal

To broaden the access to financial services for individuals and businesses, particularly Micro, Small and Medium Enterprises, it is proposed that stamp duty exemption of 100% be given on instruments executed by individuals or businesses for the opening of savings and current accounts that contain an undertaking which creates a specific legal obligation, indemnity, guarantee or liability.

Effective Date

From 1 January 2027.

APPENDIX 19

REVIEW OF STAMP DUTY TREATMENT ON FOREIGN CURRENCY LOAN OR FINANCING AGREEMENTS

Current Position

Foreign currency loan or financing agreements are subject to *ad valorem* stamp duty at a rate of 0.5%.

Proposal

To enhance access to domestic financing, it is proposed that the maximum limit of stamp duty imposed on loan or financing agreements in foreign currency from banks in Malaysia be determined as follows:

i. RM2,000 for loan or financing up to RM100 million; and

ii. RM5,000 for loan or financing exceeding RM100 million.

Effective Date

For loan or financing agreements executed from 1 January 2027.

APPENDIX 20

REVIEW OF STAMP DUTY TREATMENT FOR LOAN OR FINANCING UNDER THE CAKNA SCHEME

Current Position

CAKNA is a scheme that provides financing facilities to Micro, Small and Medium Enterprises (MSMEs) and small contractors that have secured Government contracts.

CAKNA I : Assists MSMEs to obtain early payment for completed Government contracts through the sale of approved invoices to banking institutions.

CAKNA II : Assists small contractors in financing the timely implementation and completion of Government contracts valued up to RM1.5 million.

Remission is given on stamp duty exceeding RM10 for the principal loan or financing agreements as follows:

CAKNA I : Agreements executed from 1 March 2021 until 31 December 2028.

CAKNA II : Agreements executed from 1 January 2024 until 31 December 2025.

Proposal

To continue assisting MSMEs and small contractors in obtaining financing for the implementation of Government contracts, it is proposed that the stamp duty remission on principal loan or financing agreements under the CAKNA Scheme executed by MSMEs and small contractors be reviewed as follows:

i. The remission on stamp duty exceeding RM10 for agreements under the CAKNA I Scheme executed from 1 January 2029 be extended for 2 years; and

ii. The remission on stamp duty exceeding RM10 for agreements under the CAKNA II Scheme executed from 1 January 2027 be reintroduced.

Effective Date

CAKNA I : For loan or financing agreements executed from 1 January 2029 until 31 December 2030.

CAKNA II : For loan or financing agreements from 1 January 2027 until 31 December 2030.

APPENDIX 21

REMISSION OF STAMP DUTY ON LOAN OR FINANCING AGREEMENTS THROUGH PEER-TO-PEER PLATFORMS

Current Position

Financing through Peer-to-Peer (P2P) platforms is an innovative alternative financing mechanism that enables entrepreneurs or Micro, Small and Medium Enterprises (MSMEs) to raise business capital through loan from investors on P2P platforms. Stamp duty exemption of 100% is given on loan or financing agreements made through P2P platforms registered with and recognised by the Securities Commission Malaysia.

The exemption is effective for P2P loan or financing agreements between MSMEs and investors executed from 1 January 2022 until 31 December 2026.

Proposal

To encourage MSMEs to obtain alternative financing through P2P platforms, it is proposed that remission of stamp duty exceeding RM10 be given on P2P loan or financing agreements executed between MSMEs and investors.

Effective Date

For loan or financing agreements executed from 1 January 2027 until 31 December 2030.

APPENDIX 22

REMISSION OF STAMP DUTY ON LOAN AGREEMENTS BY MID-TIER COMPANIES

Current Position

Loan or financing agreements are subject to *ad valorem* stamp duty at a rate of 0.5%.

Stamp duty exemption is given on principal factoring or invoice financing agreements executed between Micro, Small and Medium Enterprises (MSMEs) with factoring companies registered with the Ministry of Finance and members of the Malaysian Factors Association. The exemption is effective for principal factoring or invoice financing agreements executed from 1 January 2022 until 31 December 2025.

The Supplier Financing Programme by Mid-Tier Companies (MTCs) adopts the reverse factoring concept. This concept involves two instruments, namely a credit facility agreement (first tier) and an agreement for the utilisation of the excess credit facility (second tier). Both agreements must be executed between the MTC and a financial institution that are subject to *ad valorem* stamp duty at a rate of 0.5%.

Proposal

To increase MSMEs cash flow by obtaining early payments from the MTC's excess credit facility, it is proposed that stamp duty in excess of RM10 be remitted on second tier agreements between MTCs and financial institutions for excess credit facility given to MSMEs, subject to the following conditions:

i. MSME suppliers have fulfilled contracts for the supply of goods or services to MTCs; and

ii. MSME suppliers are not parent company, subsidiary or related to the MTCs.

Stamp duty on first tier agreements remains at the *ad valorem* rate of 0.5%.

Effective Date

For second tier agreements executed between MTCs and financial institutions from 1 January 2027 until 31 December 2030.

APPENDIX 23

REVIEW OF TAX INCENTIVE FOR GLOBAL SERVICES HUB

Current Position

The Global Services Hub (GSH) tax incentive is provided to companies that establish Malaysia as a hub for high-value services such as managing, controlling and supporting key business functions. The tax incentives provided are as follows:

i. Corporate income tax rate of 5% or 10% determined through an outcome-based approach, subject to conditions such as minimum annual operating expenditure and high-value employment; and

ii. Individual income tax at the rate of 15% for 3 consecutive years of assessment for 3 non-citizen individuals holding key posts or C-Suite.

The tax incentive is effective for applications received by the Malaysian Investment Development Authority (MIDA) from 14 October 2023 until 31 December 2027.

Proposal

To strengthen Malaysia's competitiveness as a destination for global services hubs and attract treasury management activities, it is proposed that the GSH tax incentive be reviewed as follows:

i. A new company is a company that has not carried out GSH or Principal Hub (PH) activities.

ii. An existing company is:

   a. A company that has been previously approved for the GSH or PH tax incentive; and

   b. A company that will undertake additional new services for an extension application.

iii. The base income for an existing company is the average income for the last 3 years.

Subject	New Company	Existing Company	
	GSH Income	≤ Base Income	> Base Income
Tax Rate	**5%**	**15%**	**5%**
Incentive Period	Every five (5) years up to a maximum of 30 years. (Subject to the company's performance/commitment during the preceding and subsequent incentive periods)		
Qualifying Services	a. Regional P&L/ Business Management Unit; b. Strategic business planning; and c. Corporate development.		
Additional Services	Must undertake a minimum of two (2) qualifying activities under the following service categories: a. Strategic services; or b. Business services (including Treasury Fund Management – TFM); or c. Shared services.		
Exempted Income	a. Service income; or b. Service and trading income; and c. TFM activity income as prescribed by the Minister of Finance.		
Treasury Fund Management	GSH company undertaking TFM activities specifically for cash pooling via onshore intermediaries be given the following additional incentives: a. Withholding tax exemption on interest paid to non-residents; and b. Stamp duty exemption of 100% on loan agreements between companies in foreign currencies. Additional incentives (a) and (b) is also expanded to Johor-Singapore Special Economic Zone (JS-SEZ) incentive package.		

Effective Date

For applications received by MIDA from 1 January 2027.

APPENDIX 24

REVIEW OF TAX INCENTIVE FOR SHIPPING COMPANIES

Current Position

From the year of assessment 2012, Malaysian shipping companies are given income tax exemption of 70% under Section 54A of the Income Tax Act 1967.

Full tax exemption is also given to Malaysian shipping companies until the year of assessment 2026 under Income Tax (Exemption for Malaysian Ships) Order 2024 [P.U.(A) 184/2024], subject to each ship complying with the following conditions:

i. Annual operating expenditure in Malaysia of at least RM250,000; and

ii. Employment of four (4) Malaysian onshore employees comprising a Chief Executive Officer, an administrative and finance officer, an operating officer and an officer responsible for health, protection, safety and environmental affairs.

Full stamp duty exemption is granted on instruments executed by a Labuan entity in relation with a Labuan business activity under the Stamp Duty (Exemption) (No. 3) Order 2012 [P.U.(A) 268/2012].

Proposal

To contribute to the growth of the Malaysian shipping fleet and reduce dependency on foreign vessels as well as enhance freight revenue inflows into Malaysia over the long term, it is proposed that the tax incentive for Malaysian shipping companies be reviewed as follows:

i. Full income tax exemption granted to Malaysian shipping companies subject to the following conditions:

    a. Strategic management and effective control implemented in Malaysia;

    b. Annual operating expenditure in Malaysia of at least RM250,000 for each Malaysian ship; and

    c. Employ at least four (4) Malaysian citizens with an average monthly salary of RM15,000 for each Malaysian ship.

ii. The maximum limit of stamp duty imposed on loan or financing agreement for the purchase or construction of Malaysian ships as follows:

    a. RM2,000 for loan or financing amounting up to RM100 million; and

    b. RM5,000 for loan or financing exceeding RM100 million.

iii. Full stamp duty exemption on instruments executed by a Labuan entity in connection with a Labuan business activity under the Stamp Duty (Exemption) (No. 3) Order 2012 [P.U.(A) 268/2012] is maintained.

Effective Date

i. Income tax exemption:

    From the years of assessment 2027 until 2036.

ii. Imposition of stamp duty at a maximum limit:

    For loan or financing agreements executed from 1 January 2027.

APPENDIX 25

REVIEW OF GREEN TECHNOLOGY TAX INCENTIVE

Current Position

Companies undertaking green activities are eligible for the Green Technology Tax Incentive as follows:

i. Green Investment Tax Allowance (GITA) Project (Business Purposes)

Qualifying Activity	GITA (%)	Statutory Income to be Set-off (%)	Incentive Period
Tier 1 Green Hydrogen	100	100 or 70	5 + 5 years
Tier 2 a. Integrated Waste Management b. Electric Vehicle Charging Station	100	100	5 years
Tier 3 a. Biomass b. Biogas c. Mini Hydro d. Geothermal e. Solar f. Wind energy	100	70	5 years

The tax incentive is effective for applications received by the Malaysian Investment Development Authority (MIDA) from 1 January 2024 until 31 December 2026.

ii. GITA Assets (Own Consumption)

Qualifying Activity	GITA (%)	Statutory Income to be Set-off (%)	Incentive Period
Tier 1 a. List of qualifying assets approved by Finance Minister b. Battery Energy Storage System (BESS) c. Green Building	100	70	For the purchase of qualifying GITA assets verified by the Malaysian Green Technology Change Corporation (MGTC) from 1 January 2024 until 31 December 2026.
Tier 2 a. List of qualifying assets approved by Finance Minister b. Renewable Energy System c. Energy efficiency	60	70	

iii. Green Income Tax Exemption (GITE) Solar System Leasing

Tier	Tax Exemption on Statutory Income (%)	Incentive Period
>3MW - ≤10MW	70	5 years
>10MW - ≤30MW		10 years

The tax incentive is effective for applications received by MIDA from 1 January 2024 until 31 December 2026.

Proposal

In line with the aspiration for sustainable national energy transition and net zero carbon emission by 2050, it is proposed that the Green Technology Tax Incentive be reviewed as follows:

i. GITA Project (Business Purposes)

Qualifying Activity	GITA (%)	Statutory Income to be Set-off (%)	Incentive Period
Tier 1 a. Green Hydrogen b. Ocean Thermal Energy Conversion	100	100 or 70	5 + 5 years
Tier 2 a. Electric Vehicle Charging Station b. Renewable Energy System (Biomass, Biogas, Mini Hydro, Geothermal, Wind energy)	60	70	5 years

ii. GITA Assets (Own Consumption)

Qualifying Activity	GITA (%)	Statutory Income to be Set-off (%)
Tier 1 a. List of qualifying assets approved by Finance Minister: (i) Bus, Van, Panel MPV, Movers, Terminal Tractor, Forklift, Lorry/Light Truck, Lorry and Heavy Vehicle (including prime mover) (ii) Electric vehicle infrastructure (locally produced) (iii) Waste composting and recycling system (locally produced) (iv) Wastewater recycling and rainwater harvesting system (locally produced) b. Renewable Energy Integrated System (Biomass, Biogas, Mini Hydro, Solar, Geothermal, Wind Energy) + Battery Energy Storage System (BESS)/Energy Storage System (ESS).	100	70
Tier 2 a. List of qualifying assets approved by Finance Minister: (i) Electric vehicle infrastructure (ii) Waste composting and recycling system (iii) Wastewater recycling and rainwater harvesting system b. Renewable Energy System (Biomass, Biogas, Mini Hydro, Geothermal, Wind Energy)	60	70

The company shall apply to MGTC within 24 months from the date of purchase of the qualifying GITA asset.

Effective Date

GITA Project : For applications received by MIDA from 1 January 2027 until 31 December 2030.

GITA Assets : For the purchase of qualifying green technology assets verified by MGTC from 1 January 2027 until 31 December 2030.

APPENDIX 26

EXTENSION OF TAX INCENTIVE FOR EQUITY CROWDFUNDING

Current Position

Equity Crowdfunding (ECF) investors are eligible for income tax exemption on individual aggregate income equivalent to 50% of the investment amount subject to the following conditions:

i. The amount eligible for tax exemption is limited to RM50,000 for each year of assessment;

ii. The deductible amount is limited to 10% of the aggregate income for each year of assessment. Any excess amount that cannot be deducted will be disregarded;

iii. The investors, investee companies and total investment amount must be verified by the Securities Commission Malaysia;

iv. The investors must not have family ties with the investee company;

v. The investments made must be through an ECF platform approved by the Securities Commission Malaysia; and

vi. The investments cannot be fully or partially disposed within 2 years from the date of investment.

The tax incentive is effective for investments made from 1 January 2021 until 31 December 2023.

This tax incentive is expanded to investment made by individual investor through a Limited Liability Partnership nominee and is extended for investment made from 1 January 2024 until 31 December 2026.

Proposal

To further support alternative financing and attract more individual investors in start-up companies and Micro, Small and Medium Enterprises through ECF platforms, it is proposed that the tax incentive be extended for 4 years.

Effective Date

For investment made from 1 January 2027 until 31 December 2030.

APPENDIX 27

EXTENSION OF TAX INCENTIVE FOR ANGEL INVESTORS

Current Position

Angel investors in technology start-up companies at the pre-seed and seed stage that invest in ordinary shares are eligible for tax exemption at the individual aggregate income equivalent to the amount of investment made in the technology start-up companies.

The tax incentive is effective for investments made from 1 January 2013 until 31 December 2026.

Proposal

To further attract more angel investors to provide capital funding to technology start-up companies at the pre-seed and seed stages, it is proposed that the tax incentive be extended for 4 years.

Effective Date

For investment made from 1 January 2027 until 31 December 2030.

APPENDIX 28

EXTENSION OF ACCELERATED CAPITAL ALLOWANCE ON CAPITAL EXPENDITURE FOR PLANT, MACHINERY AND ICT EQUIPMENT

Current Position

Accelerated Capital Allowance (ACA) is given on qualifying capital expenditure to be fully claimed by companies within 2 years as follows:

No.	Qualifying Capital Expenditure	Capital Allowance Rate
1.	Procurement of heavy machinery from local manufacturers	Initial Allowance: 20% Annual Allowance: 40%
2.	Procurement of plant and general machinery from local manufacturers	
3.	Purchase of ICT equipment and computer software package	
4.	Consultation, licensing and incidental fees related to the development of customised computer software	

The tax incentive is effective for qualifying capital expenditure incurred from 11 October 2025 until 31 December 2026.

Proposal

To boost domestic direct investment and accelerate the adoption of digital technology in businesses, it is proposed that the ACA incentive be extended for 4 years.

Effective Date

For qualifying capital expenditure incurred from 1 January 2027 until 31 December 2030.

APPENDIX 29

EXTENSION OF TAX INCENTIVES FOR ORGANIZING INTERNATIONAL INCENTIVE TRIPS, CONFERENCES AND TRADE EXHIBITIONS

Current Position

Companies, associations or organisations that organise international incentive trips, conferences or trade exhibitions and certified by the Ministry of Tourism, Arts and Culture are given income tax exemption of 100% on the statutory income subject to the following conditions:

i. Incentive groups comprising at least 1,500 foreign participants annually; or

ii. Conferences involving at least 2,000 foreign participants annually; or

iii. Trade exhibitions involving at least 3,000 foreign participants annually.

The tax incentive is effective for the years of assessment 2026 and 2027.

Proposal

To further encourage the organising of business events, it is proposed that tax incentives for international incentive trips, conferences and trade exhibitions in Malaysia be extended for 3 years.

Effective Date

From the years of assessment 2028 until 2030.

APPENDIX 30

TAX DEDUCTION FOR REPAYMENT OF NATIONAL HIGHER EDUCATION FUND CORPORATION LOAN BY EMPLOYERS ON BEHALF OF EMPLOYEES

Current Position

Employer making repayment of National Higher Education Fund Corporation (PTPTN) loan on behalf of employee from 1 January 2019 to 31 December 2021 is eligible for income tax deduction.

Proposal

To encourage more employers to make PTPTN loan repayment on behalf of employees, it is proposed that tax deduction be given on PTPTN loan repayment made by employer on behalf of employees for 2 years, subject to the following conditions:

i. The employer shall not impose any payment to the employee as a consideration for the PTPTN loan made by the employer;

ii. The employee must be a full-time employee; and

iii. The employee must not be the owner of the business or have family ties with the employer.

Effective Date

For PTPTN loan repayment made by employer from 1 January 2027 until 31 December 2028.

APPENDIX 31

RREVIEW OF IMPORT DUTY EXEMPTION FOR LANGKAWI ORIGIN GOODS

Current Position

Import duty exemption is given to importers that bring products originating from Langkawi directly into the Principal Customs Area (PCA), subject to the prescribed conditions under Item 76, Customs Duty (Exemption) Order 2017. The list of goods eligible for import duty exemption are as follows:

No.	Goods Category
1.	Sea cucumber extract
2.	Whetstones
3.	Fruits
4.	Anchovies
5.	Copra
6.	Wood charcoal
7.	Mangrove wood
8.	Sawn rubberwood
9.	Coconuts
10.	Handicraft
11.	Honey
12.	Marble

No.	Goods Category
13.	Sea cucumber herbal paste
14.	Sea cucumber herbal pills
15.	Anchovy based products
16.	Dried stingray products
17.	Vegetables
18.	Coffee powder
19.	Cement
20.	Sugar cane
21.	Eggs
22.	Bird's eggs
23.	Poultry

Proposal

To further support the development of local entrepreneurs in Langkawi, it is proposed that import duty exemption on goods originating from Langkawi brought into the PCA be revised and expanded as follows:

Goods Category	List of Goods	
Agriculture and Agro-food	1. Bird's eggs 2. Coconuts 3. Fruits 4. Sugarcanes	5. Vegetables 6. Poultry 7. Virgin coconut oil
Food and Beverage Products	1. Coffee products 2. Mineral water 3. Pineapple tarts 4. Coconut cookies 5. Chocolate made in Langkawi	6. Curry puff 7. Chips 8. Buffalo milk ice cream 9. Retort products
Fisheries and Marine Products	1. Anchovies 2. Anchovy based products	3. Dried stingray products 4. Downstream sea cucumber products

Goods Category	List of Goods
Minerals and Ornament	1. Handicraft products 2. Crystal products 3. Tiffin carrier
Consumer Goods and Home Appliances	1. Homemade soap 2. Virgin coconut oil soap 3. Whetstones
Forestry and Construction	1. Wood charcoal 2. Cement 3. Marble

Effective Date

From 1 January 2027.

APPENDIX 32

REVIEW OF IMPORT DUTY AND SALES TAX EXEMPTION TREATMENT FOR GOODS TRANSPORTED OUT OF DUTY-FREE ISLANDS

Current Position

Tourists or visitors bringing goods out of Duty-Free Islands into the Principal Customs Area are eligible for import duty and sales tax exemptions under the Customs Duties (Exemption) Order 2017 and the Sales Tax (Persons Exempted from Payment of Tax) Order 2018, subject to goods value/quantity limit and duration of visit to the Duty-Free Islands, as follows:

No.	Goods Category	Goods Value/ Quantity Limit	Duration of Visit
Langkawi, Tioman, Pangkor and Labuan			
1.	New apparels	3 pairs	48 hours (Langkawi and Tioman) 24 hours (Pangkor and Labuan)
2.	New footwear	1 pair	
3.	Food preparation items	RM150	
4.	New portable electrical or battery-operated appliances for personal care and hygiene	1 unit	
5.	All other goods, except alcoholic beverages, tyres and tubes, motor vehicles, and smoking products	RM1,000	
Pulau 1, Forest City			
1.	Chocolates, perfumes and cosmetics	RM1,000	48 hours

Proposal

To further boost the tourism sector in Duty-Free Islands, it is proposed that the value limit for goods eligible for import duty and sales tax exemption as well as the duration of visit be revised as follows:

Goods Category	Goods Value Limit	Duration of Visit
Langkawi and Labuan		
All goods (new), **except:** 1. Tyres and tubes 2. Alcoholic beverages 3. Cigarettes 4. Tobacco products 5. Smoking pipes 6. Electronic cigarettes and vapes, including liquids or gels	RM10,000	48 hours

Tax treatment on the duty-free islands of Tioman, Pangkor and Pulau 1, Forest City is maintained.

Effective Date

From 1 January 2027.

APPENDIX 33

SALES TAX REFUND FACILITY FOR TRADERS ON SUPPLIES TO MANUFACTURERS

Current Position

Manufacturers are eligible for sales tax exemption on machinery, spare parts and equipment under Item 55, Schedule A, Sales Tax (Persons Exempted from Payment of Tax) Order 2018.

Manufacturers of pharmaceutical products, animal feed, fertilisers and pesticides are granted sales tax exemption on approved inputs specified in Schedule B, Sales Tax (Persons Exempted from Payment of Tax) Order 2018.

Both exemptions above are subject to the following conditions:

i. Imported directly by the manufacturer from abroad; or

ii. Purchased directly from a local registered manufacturer.

No sales tax exemption is given to manufacturers for the procurement of machinery, spare parts, equipment and inputs from local traders or distributors.

Proposal

To reduce the cost of doing business and strengthen local supply chains, it is proposed that a sales tax refund facility be given to local traders or distributors that have paid sales tax on goods supplied to manufacturers as follows:

i. Machinery, spare parts and equipment under Item 55, Schedule A, Sales Tax (Persons Exempted from Payment of Tax) Order 2018; and

ii. Inputs for the manufacture of pharmaceutical products, animal feed, fertilisers and pesticides under Schedule B, Sales Tax (Persons Exempted from Payment of Tax) Order 2018.

Effective Date

From 1 January 2027.

APPENDIX 34

IMPROVEMENT ON SERVICE TAX TREATMENT FOR ELDERLY CARE SERVICES

Current Position

Elderly care services are subject to service tax under the Wellness Centres category in Group C, First Schedule, Service Tax Regulations 2018. The service tax rate is 8% with a registration threshold of RM500,000.

Proposal

To improve access to quality elderly care services, it is proposed as follows:

i. Elderly care services be removed from Group C and introduced as a new item under Group I, First Schedule, Service Tax Regulations 2018. The registration threshold for elderly care centres remains at RM500,000;

ii. The service tax rate for elderly care services be reduced from 8% to 6%; and

iii. The service tax treatment for elderly care services is as follows:

Annual Care Fee/ Charge	Service Tax Treatment
Up to RM96,000 per person	Service tax exemption for providers of elderly care centre services registered under: a. Care Centres Act 1993; or b. Private Aged Healthcare Facilities and Services Act 2018.
Exceeding RM96,000 per person	Providers of elderly care centre services are subject to service tax at 6%.

Effective Date

From 1 January 2027.

APPENDIX 35

REVIEW OF ENTERTAINMENT DUTY EXEMPTION IN THE FEDERAL TERRITORIES

Current Position

Entertainment duty is imposed at 25% on admission fees to entertainment venues and events. Under subsection 12(1)(b) of the Entertainment Duty Act 1953 [Act 103], the Minister of Finance may exempt any entertainment event held in the Federal Territories from entertainment duty. Subsection 12(2) of Act 103 enables State Authorities to exempt entertainment duty for any entertainment event held in the respective states.

In Budget 2024, entertainment duty exemption is given for selected categories of entertainment held in the Federal Territories, effective from 1 January 2024 until 31 December 2028 as follows:

No.	Categories of Entertainment	Entertainment Duty Rates After Exemption
1.	Stage performances by international artists/ Light Shows/Circuses	10%
2.	Film Screenings (Cinemas)/Theatres	
3.	Exhibitions/Zoos/Aquariums	
4.	Sports Events/e-Sports/Bowling/Snooker/Pool/ Billiards/Karaoke	
5.	Theme Parks/Family Recreation Centres/ Indoor Amusement Centres/Simulators	5%
6.	Stage performances by local artists	0%

Proposal

To further invigorate the local creative arts industry and promote family-oriented entertainment activities, it is proposed that:

i. Entertainment duty exemption on selected categories of entertainment, as provided under Budget 2024 be extended until 31 December 2030; and

ii. Entertainment duty exemption of 100% be given on tickets for local film screenings (cinemas) and local theatre performances held in the Federal Territories for 4 years.

Effective Date

i. Selected types of entertainment held in the Federal Territories:

For applications received by the Ministry of Finance until 31 December 2030.

ii. Local film screenings (cinemas) and local theatre performances held in the Federal Territories:

For applications received by the Ministry of Finance from 1 January 2027 until 31 December 2030.

APPENDIX 36

ENTERTAINMENT DUTY EXEMPTION FOR SELECTED FACILITIES IN FEDERAL TERRITORY

Current Position

Entertainment duty exemption is given on admission fees for activities and events held at selected facilities in the Federal Territory to encourage the organisation of arts and cultural events, entertainment and sports activities. List of approved facilities are as follows:

i. Bukit Jalil National Sports Complex

   a. TM National Stadium
   b. Unifi Arena
   c. National Hockey Stadium

ii. Juara Stadium (Bukit Kiara Sports Complex)

iii. Istana Budaya

iv. National Art Gallery

v. Dewan Filharmonik PETRONAS

Proposal

To optimise the use of conserved historical heritage sites, it is proposed that entertainment duty exemption be given on arts and cultural events, entertainment and sports activities held at Stadium Merdeka and Stadium Negara.

Effective Date

From 1 January 2027.

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