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2027 Budget

Tax Measures Highlights



Review of Income Tax Rates for Resident Individual



Current:

- Progressive rates from 0% to 30%.
- Existing bands go up to exceeding RM2,000,000.



Proposal:

- RM70,001–RM100,000: 19% → 18%.
- New band RM100,001–RM150,000: 24%.
- RM150,001–RM400,000 remains 25%.
- RM600,001–RM1,000,000: 28%.
- Exceeding RM1,000,000: 30%.



Effective Date: YA 2027

Review of Individual Income Tax Relief for Individual and Dependent Relatives

Current:

Relief of RM9,000 since YA 2010.

Proposal:

Increase relief from RM9,000 to RM12,000.

Effective Date: YA 2027



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Review of Individual Income Tax Relief for Expenses for Parents and Grandparents

Current:

- Relief up to RM8,000.
- Covers medical treatment, care, dental, full medical exam/vaccinations.
- Requires medical practitioner verification.

Proposal:

- Expand care expenses to all types of care, not only medical care.
- Remove requirement for registered medical practitioner verification.
- Support by carer declaration (exclude spouse or children) /work permit + receipts.

 **Effective Date:** YA 2027

Review of Individual Income Tax Relief for Medical Treatment

Current:

- Medical treatment relief up to RM10,000.
- Breastfeeding equipment relief up to RM1,000.

Proposal:

- Reclassify as **Health and Well-being**; limit maintained at RM10,000.
- Include postnatal care at confinement centre/qualified individual up to RM3,000.
- Breastfeeding equipment up to RM1,000 merged into this relief.

 **Effective Date:** YA 2027

Review of Individual Income Tax Relief for Education Fees and Lifestyle

Current:

- Education fees relief up to RM7,000.
- Lifestyle upskilling/self-enhancement up to RM2,500.

Proposal:

- Reclassify as **Education and Skills Training Fees**; limit remains RM7,000.
- Self: Certificate/Diploma/Bachelor/Master/PhD recognised courses.
- Self/spouse: TVET upskilling up to RM3,000.
- Up to RM2,000 for non-employment courses or classes/tuition/training for STEM/arts/languages/religion for children.
- Merge lifestyle upskilling relief.

Effective Date: YA 2027

Review of Individual Income Tax Relief for Lifestyle

Current:

- Relief up to RM2,500 for reading materials, computers/smartphones/tablets, internet subscriptions.

Proposal:

- Expand to AI software/app subscriptions.
- Include pet care: adoption from registered shelters; registered vet vaccination and spaying/neutering.
- Limit remains RM2,500.

Effective Date: YA 2027

Review of Individual Income Tax Relief for Sports-Related Lifestyle

Current:

- Relief up to RM1,000 for sports equipment, facility rental/entrance, competition registration, gym/sports training.

Proposal:

- Include sports shoes limited to RM300.
- Overall limit remains RM1,000.

 **Effective Date:** YA 2027



Extension of Individual Income Tax Relief for Tourism Expenses

Current:

Relief up to RM1,000 for YA 2026 on entrance fees to tourist attractions and cultural/arts programmes.

Proposal:

Extend relief for one year.

Effective Date: YA 2027



Review of Individual Income Tax Relief for SOCSO Contributions

Current:

- Relief up to RM350 for private sector employees contributing to SOCSO/EIS.

Proposal:

- Expand to mandatory LINDUNG KENDIRI for 3 sectors within existing RM350.
- Additional relief up to RM150 for voluntary LINDUNG 24 and 17 non-mandatory sectors under Act 789.

Effective Date: YA 2027

Tax Treatment for School Public Contribution Fund (TSUWAS)

🏠 Current:

- Approved fund under s44(6) ITA for student development/welfare.
- Excludes admin/operating/repair costs.
- Donors get deduction up to 10% of aggregate income.
- In-kind contributions not eligible.

+ Proposal:

- Enhance scope to cover admin/operating expenses, repairs/maintenance, equipment procurement, school programmes.
- Applications to IRB with MOE endorsement.
- Jointly managed by school, PTA/Alumni, monitored by MOE.

🕒 **Effective Date:** YA 2027

Review of Income Tax Rates for MSMEs

Current:

- First RM150,000: 15%.
- RM150,001–RM600,000: 17%.
- Exceeding RM600,000: 24%.

Proposal:

- First RM150,000: 15% → 14%.
- RM150,001–RM600,000: 17% → 16%.
- Exceeding RM600,000 remains 24%.

Effective Date: YA 2027



Review of Capital Allowance for Small Value Assets

Current:

- Assets $\leq$ RM2,000 fully claimable.
- Overall limit RM20,000/year.
- MSMEs no overall annual limit.

Proposal:

- Asset threshold: RM2,000 $\rightarrow$ RM3,000.
- Overall limit for non-MSMEs: RM20,000 $\rightarrow$ RM30,000/year.

Effective Date: YA 2027



Income Tax Deduction for Salary Payments Through Financial Institutions and Cashless Payment Instruments

\$ Current:

- Salary payments deductible under s33 regardless of payment method.

✓ Proposal:

- Deduction only if paid through financial institutions or cashless instruments.
- Exception for MSMEs.
- Other expenses remain deductible regardless of payment method.

Effective Date: YA 2028

Tax Deduction for Repayment of PTPTN Loan by Employers on Behalf of Employees

◆ Current:

- Employer PTPTN repayment eligible for deduction 1 Jan 2019–31 Dec 2021.

◆ Proposal:

- Deduction for repayments by employer for 2 years.
- Conditions: no payment imposed on employee; full-time employee; not owner/family-related.

🕒 **Effective Date:** 1 Jan 2027–31 Dec 2028

Tax Deduction for Relocation to Automotive Hi-Tech Valley, Tanjung Malim

Current:

- Not detailed in Tax Measures appendix.
- New deduction announced in Budget Speech.

Proposal:

Deduction capped at RM5 million for qualifying relocation expenditure by wholly Malaysian-owned automotive vendors.



Effective Date: 1 Jan 2027–31 Dec 2030

Review of Stamp Duty Exemption for Purchase of First Residential Home

Current:

- 100% exemption on loan agreements and transfer for first home up to RM500,000 by Malaysian citizens.
- SPA executed 1 Jan 2021–31 Dec 2027.

Proposal:

- Up to RM500,000: 100% exemption.
- Up to RM750,000: 100% on first RM500,000 + 50% on remaining RM500,001–RM750,000.

Effective Date: SPA executed 1 Jan 2027–31 Dec 2030



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Stamp Duty Exemption for Revival of Abandoned Housing Projects

🏠 Current:

- 100% exemption on loan agreements and transfer for rescue contractor/developer and original buyer.
- Executed 1 Jan 2013–31 Dec 2025.

🏠 Proposal:

- Reintroduce 100% exemption for rescue contractors/developers and original buyers for revival certified by Ministry of Housing and Local Government.

⌚ **Effective Date:** 1 Jan 2027–31 Dec 2030

Stamp Duty Exemption for Opening Savings and Current Accounts

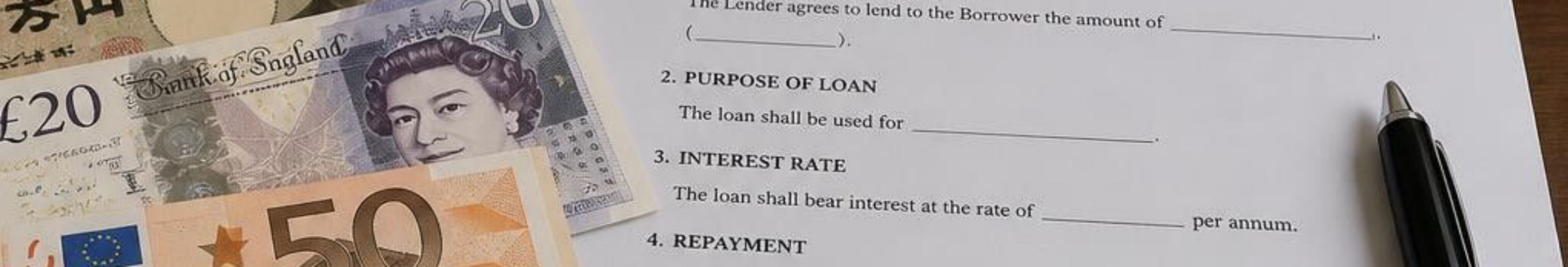
Current:

- RM10 stamp duty on instruments opening savings/current accounts containing undertaking, indemnity, guarantee or liability.

Proposal:

- 100% stamp duty exemption for individuals/businesses, especially MSMEs.

Effective Date: 1 Jan 2027



Review of Stamp Duty Treatment on Foreign Currency Loan or Financing Agreements

Current:

Foreign currency loan/financing agreements subject to ad valorem stamp duty at 0.5%.

Proposal:

- Cap stamp duty for foreign currency loans from banks in Malaysia:
- RM2,000 up to RM100 million.
- RM5,000 exceeding RM100 million.

Effective Date: Agreements executed from 1 Jan 2027

Review of Stamp Duty Treatment for Loan or Financing under CAKNA Scheme

Current:

- CAKNA I: early payment for MSMEs via invoice sale.
- CAKNA II: financing small contractors up to RM1.5m.
- Remission >RM10: CAKNA I 1 Mar 2021–31 Dec 2028; CAKNA II 1 Jan 2024–31 Dec 2025.

Proposal:

- Extend CAKNA I remission for 2 years.
- Reintroduce CAKNA II remission.

Effective Date:

CAKNA I : 1 Jan 2029 to 31 Dec 2030

CAKNA II : 1 Jan 2027 to 31 Dec 2030

Remission of Stamp Duty on Loan or Financing Agreements through Peer-to-Peer Platforms

§ Current:

- 100% stamp duty exemption on P2P loan/financing agreements between MSMEs and investors.
- Executed 1 Jan 2022–31 Dec 2026.

→ Proposal:

Remission of stamp duty exceeding RM10 on P2P loan/financing agreements between MSMEs and investors.

⌚ **Effective Date:** 1 Jan 2027–31 Dec 2030

Remission of Stamp Duty on Loan Agreements by Mid-Tier Companies

Current:

- Loan/financing agreements ad valorem 0.5%.
- Exemption for MSME factoring/invoice financing with registered factoring companies 1 Jan 2022–31 Dec 2025.
- MTC Supplier Financing Programme: first-tier and second-tier agreements both at 0.5%.

Proposal:

- Remit stamp duty exceeding RM10 on second-tier agreements between MTCs and financial institutions for excess credit facility to MSMEs, subject to conditions.
- First-tier remains 0.5%.

Effective Date: Second-tier agreements 1 Jan 2027–31 Dec 2030

Review of Tax Incentive for Global Services Hub

© Current:

- GSH incentive: corporate tax 5% or 10% outcome-based.
- Individual tax 15% for 3 consecutive YAs for 3 non-citizen key posts.
- Applications to MIDA 14 Oct 2023–31 Dec 2027.

▣ Proposal:

- New company: 5%.
- Existing company: base income at 15%, above base at 5%.
- Incentive period every 5 years up to max 30 years.
- Qualifying services: regional P&L/business management, strategic planning, corporate development.
- Additional services: minimum 2 qualifying activities.
- TFM: WHT exemption on interest to non-residents; 100% stamp duty exemption on foreign currency loans; expanded to JS-SEZ.

▣ **Effective Date:** Applications received by MIDA from 1 Jan 2027

Review of Tax Incentive for Shipping Companies

Current:

- 70% income tax exemption under s54A from YA 2012.
- Full tax exemption until YA 2026 under P.U.(A) 184/2024, subject to conditions.
- Full stamp duty exemption for Labuan entity.

Proposal:

- Full income tax exemption subject to:
- Strategic management/effective control in Malaysia.
- Annual operating expenditure $\geq$ RM250,000 per Malaysian ship.
- Employ $\geq$ 4 Malaysian citizens with average monthly salary RM15,000 per ship.
- Stamp duty cap on loan/financing for purchase/construction: RM2,000 up to RM100m; RM5,000 above RM100m.
- Maintain Labuan full stamp duty exemption.

Effective Date:

- Income tax: YA 2027–2036
- Stamp duty cap: agreements from 1 Jan 2027





Review of Green Technology Tax Incentive

Current:

- GITA Project, GITA Assets, GITE Solar leasing.
- Applications to MIDA/MGTC 1 Jan 2024–31 Dec 2026.

Proposal:

GITA Project:

- Tier 1 Green Hydrogen/Ocean Thermal Energy Conversion: 100% GITA, 100% or 70% set-off, 5+5 years.
- Tier 2 EV Charging/Renewable Energy: 60% GITA, 70% set-off, 5 years.

GITA Assets:

- Tier 1: 100% GITA, 70% set-off.
- Tier 2: 60% GITA, 70% set-off.
- Apply to MGTC within 24 months from purchase.

Effective Date:

- GITA Project: applications to MIDA 1 Jan 2027–31 Dec 2030
- GITA Assets: verified by MGTC 1 Jan 2027–31 Dec 2030



Extension of Tax Incentive for Equity Crowdfunding

Current:

- ECF investors: income tax exemption 50% of investment, max RM50,000/year, limited to 10% aggregate income.
- Effective 1 Jan 2021–31 Dec 2023; extended to 1 Jan 2024–31 Dec 2026.

Proposal:

Extend tax incentive for 4 years.

Effective Date: Investments 1 Jan 2027–31 Dec 2030

Extension of Accelerated Capital Allowance on Capital Expenditure for Plant, Machinery and ICT Equipment

Current:

- ACA fully claimed within 2 years: Initial Allowance 20%, Annual Allowance 40%.
- Covers heavy machinery, plant/general machinery (local manufacturers), ICT equipment/software, related consultation/licensing fees.
- Effective 11 Oct 2025–31 Dec 2026.

Proposal:

- Extend ACA incentive for 4 years.

 **Effective Date:** Qualifying expenditure 1 Jan 2027–31 Dec 2030

Extension of Tax Incentives for Organizing International Incentive Trips, Conferences and Trade Exhibitions

Current:

- 100% income tax exemption on statutory income for organisers certified by MOTAC.
- Minimum foreign participants: incentive groups 1,500; conferences 2,000; trade exhibitions 3,000.
- Effective YA 2026–2027.

Proposal:

- Extend for 3 years.

Effective Date: YA 2028–2030

Single Family Office / Multi-Family Office Tax Scheme, Forest City

Current:

- SFO Scheme allows one family to manage funds in Malaysia with zero tax on qualifying income for up to 20 years.

Proposal:

- Introduce MFO model, allowing licensed fund managers to provide services to several families, including approved SFO funds.

 **Effective Date:** Not specified



Review of Import Duty Exemption for Langkawi Origin Goods

Current:

- Import duty exemption for goods originating from Langkawi brought directly into PCA under Item 76, Customs Duty (Exemption) Order 2017.
- List includes sea cucumber extract, whetstones, fruits, anchovies, copra, wood charcoal, mangrove wood, etc.

Proposal:

- Revise and expand list covering:
 - Agriculture/agro-food
 - Food and beverage
 - Fisheries and marine
 - Handicraft/crystal
 - Homemade/virgin coconut oil soap
 - Wood charcoal, cement, marble, etc.

Effective Date: 1 Jan 2027



Duty Free Shop



Review of Import Duty and Sales Tax Exemption Treatment for Goods Transported Out of Duty-Free Islands

Current:

Tourists bringing goods out to PCA get exemptions subject to value/quantity and visit duration for Langkawi, Tioman, Pangkor, Labuan, and Pulau 1, Forest City.

Proposal:

- For **Langkawi and Labuan**:
 - All new goods except tyres/tubes, alcoholic beverages, cigarettes, tobacco, smoking pipes, e-cigarettes/vapes including liquids/gels.
 - Value limit: RM10,000.
 - Duration: 48 hours.
- Tioman, Pangkor, Pulau 1, Forest City maintained.

Effective Date: 1 Jan 2027

Sales Tax Refund Facility for Traders on Supplies to Manufacturers

Current:

- Manufacturers get sales tax exemption on machinery/spare parts/equipment and approved inputs only if imported directly or purchased directly from local registered manufacturer.
- No exemption from local traders/distributors.

Proposal:

- **Sales tax refund** facility for local traders/distributors that paid sales tax on goods supplied to manufacturers:
 - Machinery, spare parts, equipment under Item 55.
 - Inputs for pharmaceuticals, animal feed, fertilisers, pesticides under Schedule B.

Effective Date: 1 Jan 2027

Improvement on Service Tax Treatment for Elderly Care Services

Current:

- Elderly care under Wellness Centres, Group C, Service Tax Regulations 2018.
- Rate 8%; registration threshold RM500,000.

Proposal:

- Move to new item under Group I.
- Registration threshold remains RM500,000.
- Service tax rate reduced from 8% to 6%.
- Exemption for annual care fee up to RM96,000 per person for registered providers.
- Exceeding RM96,000 subject to 6%.

Effective Date: 1 Jan 2027



Review of Entertainment Duty Exemption in the Federal Territories

Current:

- Entertainment duty 25%.
- Budget 2024 exemption for selected categories in FT from 1 Jan 2024–31 Dec 2028: 10% for selected entertainment; 0% for local artists' stage performances.

Proposal:

- Extend selected categories to 31 Dec 2030.
- 100% exemption for local film screenings (cinemas) and local theatre performances in FT for 4 years.

Effective Date:

- Selected categories: applications to MOF until 31 Dec 2030
- Local film/theatre: applications 1 Jan 2027–31 Dec 2030

Entertainment Duty Exemption for Selected Facilities in Federal Territory

Current:

- Exemption on admission fees for arts/cultural, entertainment and sports activities at approved facilities:
 - Bukit Jalil National Sports Complex
 - Juara Stadium
 - Istana Budaya
 - National Art Gallery
 - Dewan Filharmonik PETRONAS

Proposal:

Add Stadium Merdeka and Stadium Negara for arts/cultural events, entertainment and sports activities.

Effective Date: 1 Jan 2027

Cost of Issuing New Shares

Current

Under the Employee Share Option Scheme (ESOS), the cost relating to shares expended by a company is allowed as a deduction if:

- **Treasury Shares (S.34D):** The rights and benefits of the treasury shares are transferred to the employee; or the holding company recharges the cost of treasury shares to its subsidiaries.
- **New Shares (PR 9/2013):** No deduction is allowed for the cost of newly issued shares for ESOS.

Proposal

Cost of issuing new shares is not deductible in respect of:

- Any amount incurred by a company in respect of its own shares to its employees; and
- Any amount in respect of any payment made by a company to a holding company or a subsidiary company in respect of new shares subject to any rules prescribed by the Minister.

Effective Date: YA 2027

e-Invoice : e-Commerce Platform

Current

Requires e-commerce platform providers to issue a self-billed e-invoice.

Proposal

Ensuring a uniform, fair and effective e-Invoicing treatment across all e-commerce platforms.

The table below summarises the mandatory requirements for self-billed e-invoices based on the location of the platform, seller and customer:

Platform	Seller	Customer	Self-Billed e-Invoice by Platform Provider
Malaysia	Malaysia	Malaysia	Compulsory
Malaysia	Malaysia	Outside Malaysia	Compulsory
Malaysia	Outside Malaysia	Malaysia	Compulsory
Malaysia	Outside Malaysia	Outside Malaysia	Compulsory
Outside Malaysia	Malaysia	Malaysia	Compulsory
Outside Malaysia	Malaysia	Outside Malaysia	Compulsory
Outside Malaysia	Outside Malaysia	Malaysia	Compulsory
Outside Malaysia	Outside Malaysia	Outside Malaysia	Not Compulsory

Effective Date: 1 January 2027

Thank you

We welcome your questions and look forward to discussing how these tax measures apply to your business.

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