

Deloitte.



Deloitte TaxMax – The 50th Series
Fostering economic growth the MADANI way

Choy Mei Won and Thin Siew Chi | 21 November 2024





Choy Mei Won
Business Tax Executive Director,
Deloitte Malaysia



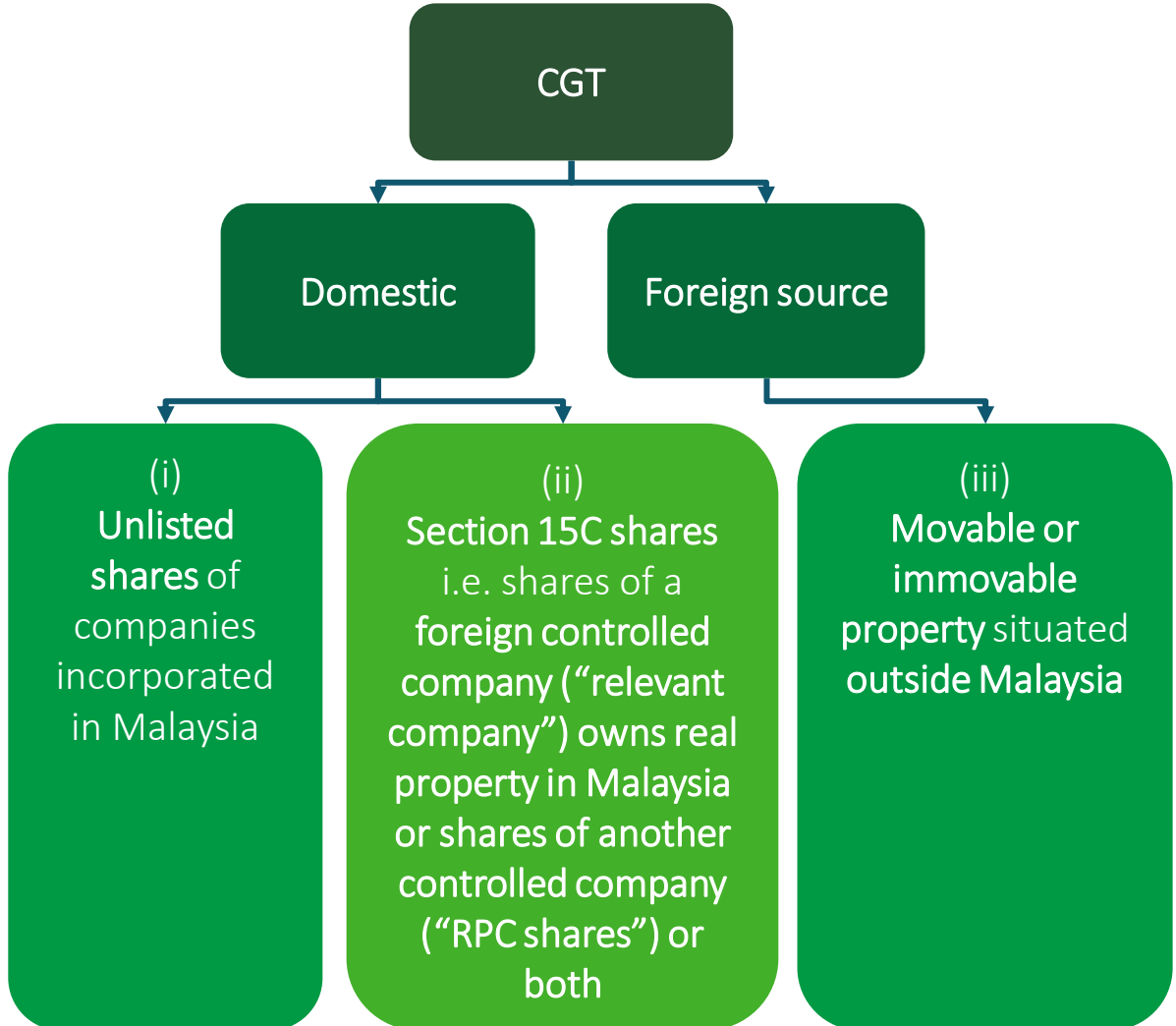
Thin Siew Chi
Business Tax Executive Director,
Deloitte Malaysia

Corporate Tax

Corporate Tax

Capital Gains Tax (“CGT”)

Overview



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



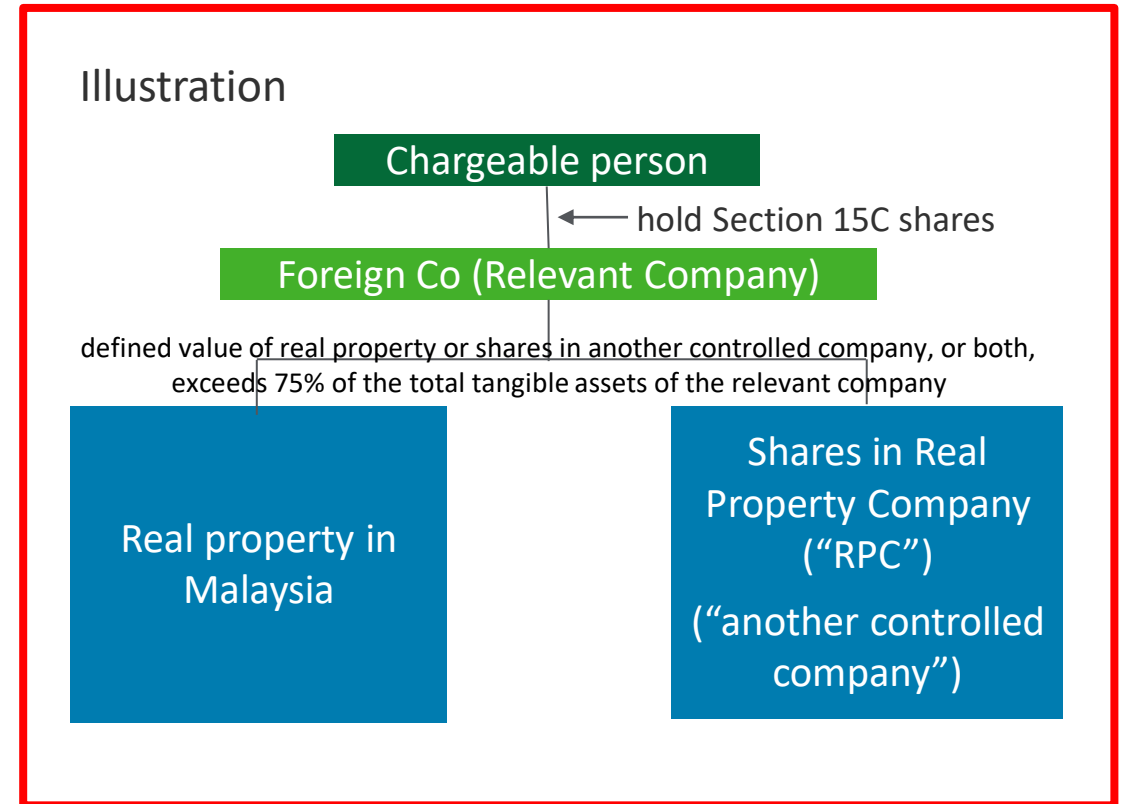
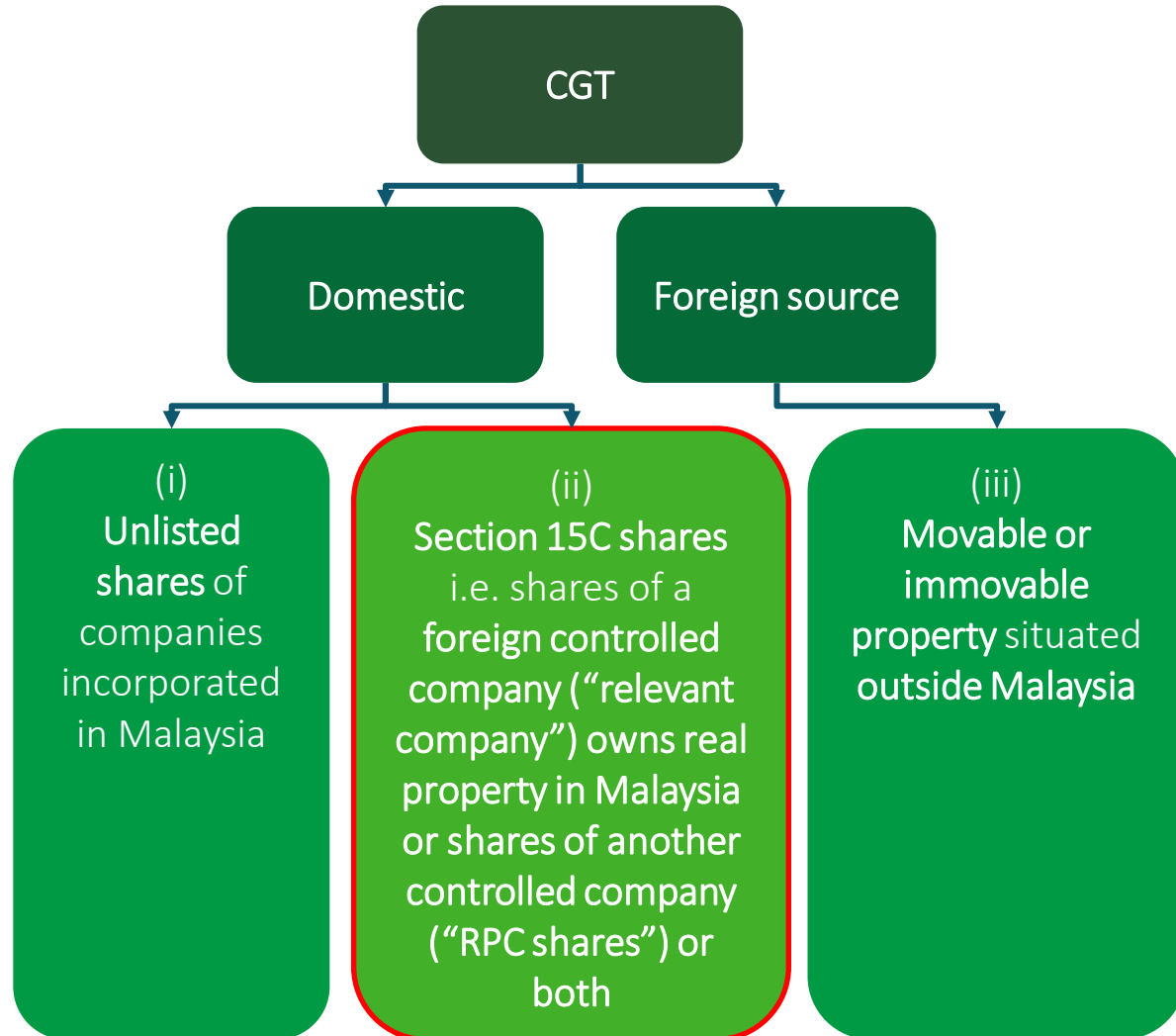
Applicable tax rate

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

Corporate Tax

Capital Gains Tax in Malaysia

Overview



Corporate Tax


Budget 2025 Proposals on Capital Gains Tax

CGT Update #1

Determination of date and acquisition price before 1 January 2024 to be aligned with the **date and acquisition price of real property company (RPC) shares** under the RPGT Act 1976.

CGT Update #2

Clarification on when a company shall become a **non-relevant company** for CGT purposes.


With effect
from
**1 January
2025**

CGT Update #3

Determination of acquisition date of the relevant company shares

CGT Update #5

New definition of “another controlled company”

CGT Update #4

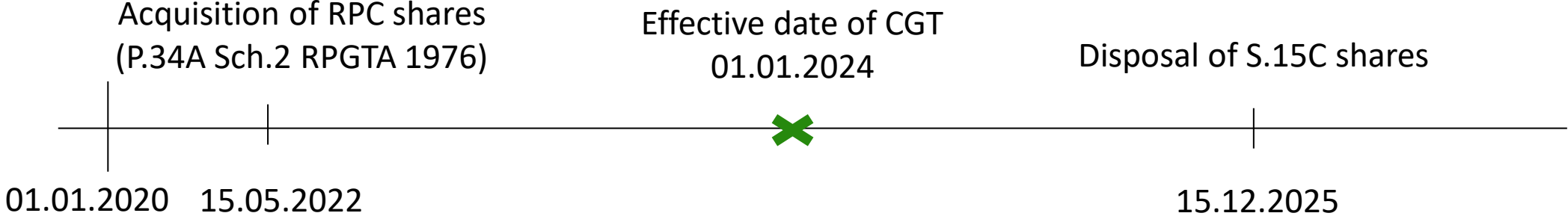
Determination of acquisition price of the relevant company shares

Corporate Tax

Capital Gains Tax

Section 15C(2A) and Section 15C(4A) : Clarification on the application of the date and acquisition price of shares under paragraph 34A, Schedule 2 of the RPGTA 1976 before January 1, 2024 under the Income Tax Act 1967 (the Act)

 **Effective:** 1 January 2025



← The acquisition date and price of shares under Section 15C are the same as the acquisition date and price of RPC shares on 15.05.2022 under Paragraph 34A, Sch. 2 of the RPGTA 1976 →

Corporate Tax

Capital Gains Tax – Section 15C(2)

Section 15C(2)
Determination
of Relevant
Company Status

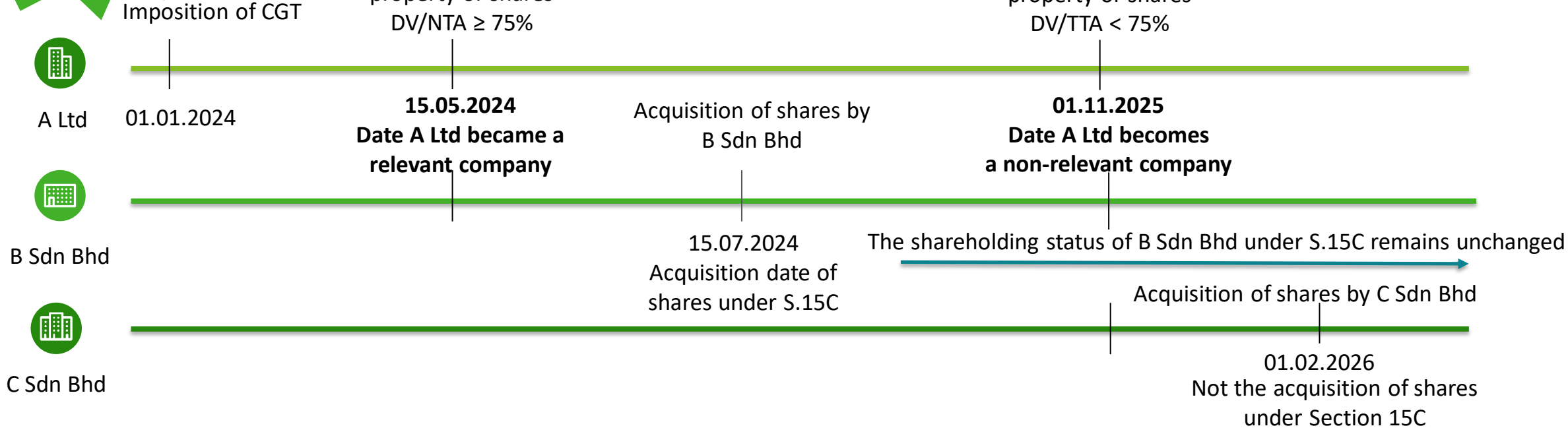
To clarify the status of non-relevant company when:

- Defined value (DV) is < 75% of total tangible assets (TTA) after the disposal of real property or shares in another controlled company or both by the relevant company; and
- The date the company becomes a non-relevant company is the date of the disposal

 **Effective:** 1 January 2025



Illustrative 2



Corporate Tax

Capital Gains Tax – Section 15C(3)

Determination of the Acquisition Date of the Relevant Company Shares

Current

Share is deemed as share of a relevant company when the defined value of real property or shares in another controlled company, or both, is $\geq 75\%$ of the total tangible assets of the relevant company as stipulated under Section 15C(2)

Proposed

Controlled company  Relevant Company

The defined value compared to the total tangible assets becomes $\geq 75\%$ when there is an acquisition (subsequent/additional) of real property or shares or both in another controlled company, by the controlled company

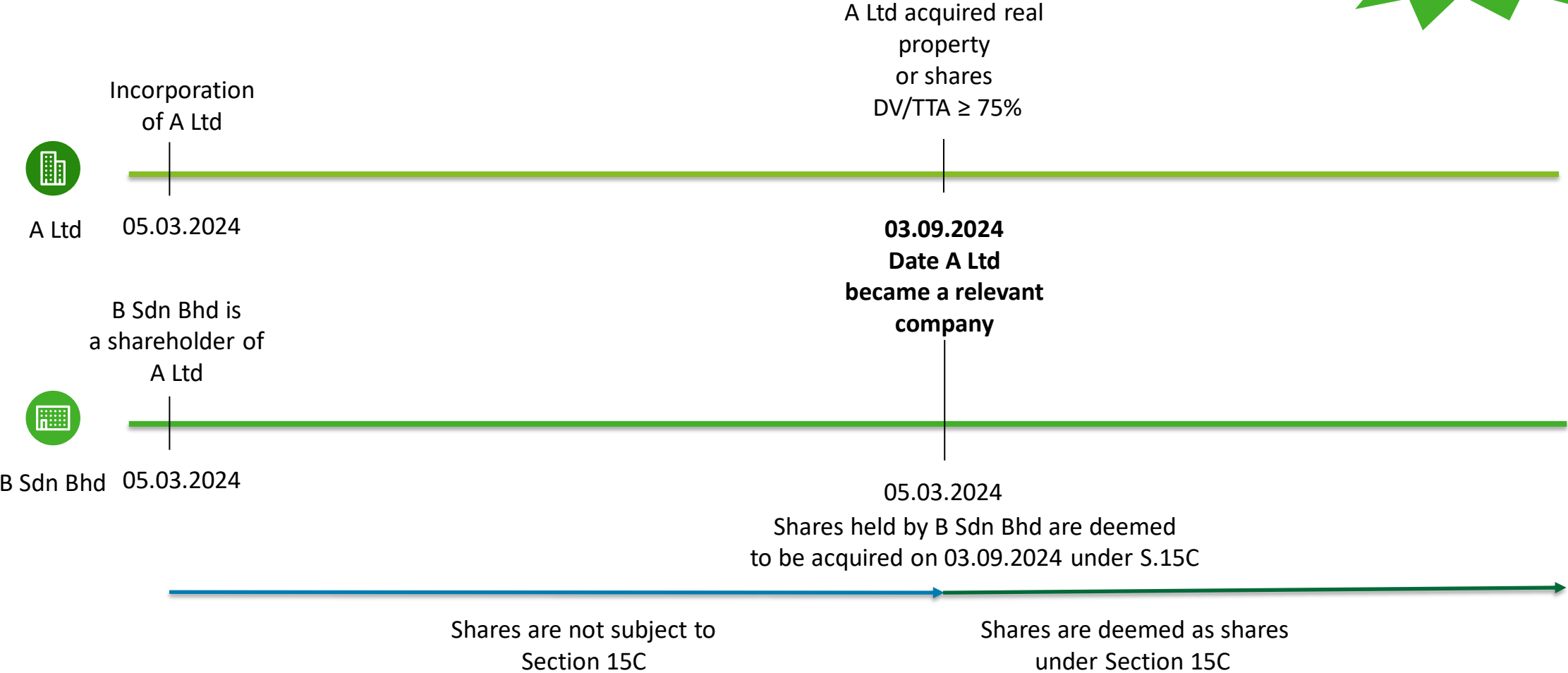
- The acquisition date of the shares is defined as the date the controlled company becomes a relevant company.
- Applicable to the existing shareholders of the controlled companies.



Effective: 1 January 2025

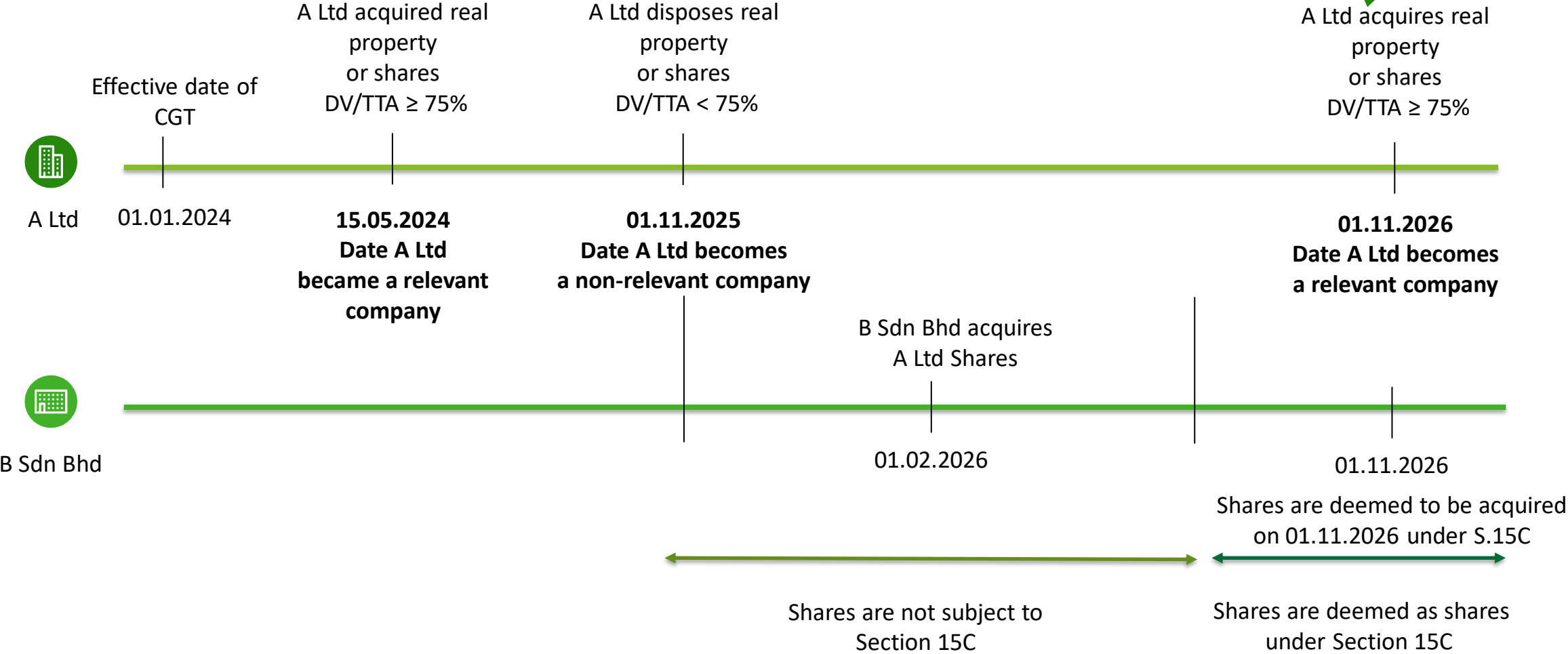
Corporate Tax

Capital Gains Tax – Determination of the Acquisition Date of the Relevant Company Shares under Section 15C(3)



Corporate Tax

Capital Gains Tax – Determination of the Acquisition Date of the Relevant Company Shares under Section 15C(3)



Corporate Tax

Capital Gains Tax (“CGT”) – Determination of the Acquisition Price of the Relevant Company Shares under Section 15C(4)

Current

Acquisition price is determined either:

- On the date when the defined value of the relevant company is $\geq 75\%$ of the total tangible assets; or
- On the acquisition date of shares of the relevant company.

Proposed

Existing shares in the controlled company is deemed to be shares of a relevant company based on the new amendment in Section 15C(3)

The acquisition price of the shares is determined based on the formula in Section 15C(4)(a) as below:

$A/B \times C$

Where A is the number of shares of the relevant company disposed by a company, limited liability partnership, trust body or co-operative society

B is the total number of issued shares in the relevant company at the subsequent acquisition date

C is the defined value of the real property or shares or both owned by the relevant company at the subsequent acquisition date




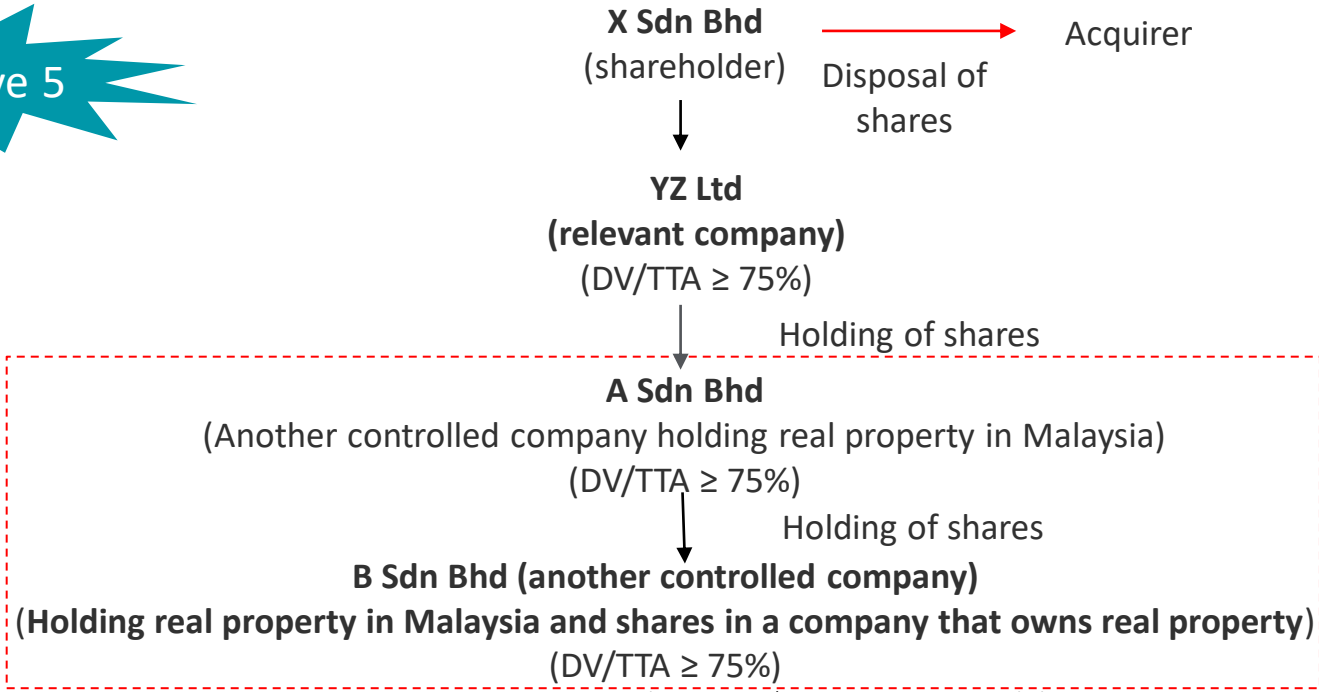
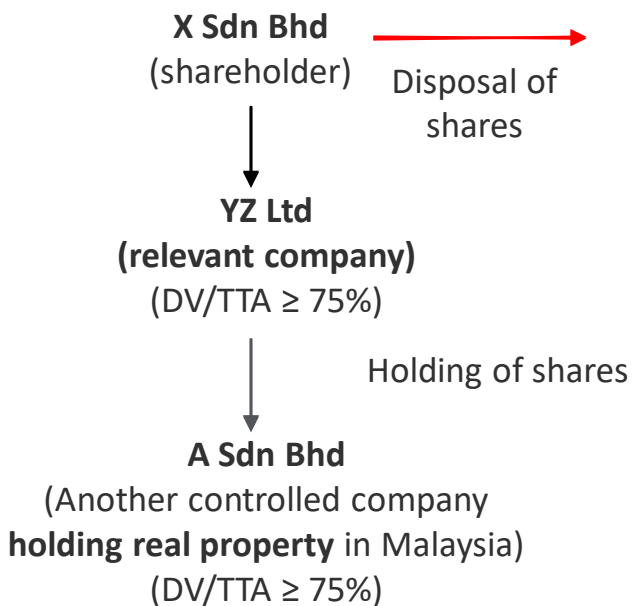
Effective

1 January 2025

Corporate Tax

Capital Gains Tax – New Definition of “Another Controlled Company” Under Section 15C(5)

Current	Proposed
Proviso under Section 15C(2)(b): The defined value of real property in Malaysia held by another controlled company is $\geq 75\%$ compared to the total tangible assets.	Definition of another controlled company is: “a controlled company that holds real property in Malaysia or shares in another controlled company, or both, where the defined value is $\geq 75\%$ compared to the total tangible assets” <div style="text-align: right;">  Effective: 1 January 2025 </div>



Corporate Tax

Extension of tax deduction for sponsorship of Smart Artificial Intelligence Driven Reverse Vending Machine (RVM)

Current

- Tax deduction on contributions for community projects, including sponsorship of Smart AI Driven RVM.
- This applies to applications received by MOF from 1 April 2023 till 31 December 2024.

Proposed

- Extended for a period of **2 years**.



Effective: 1 January 2025 till 31 December 2026

Corporate Tax

Further Deduction for Hiring Women Returning to Work

Current

- Women on a career break for at least 2 years and return to work are eligible for income tax exemption on remuneration received for a maximum period of 12 consecutive months. This incentive is provided for applications received by Talent Corporation Malaysia Berhad from 1 January 2018 to 31 December 2027.
- Employers are eligible for tax deductions on employee salary payments under Section 33 of the Act.

Proposed

- 50% further deduction be given to employers on employment expenses paid for a period of 12 months for hiring women returning to work.



Effective:

For applications received by the Talent Corporation Malaysia Berhad from 1 January 2025 until 31 December 2027

Corporate Tax

Further Deduction for Employers Implementing Flexible Work Arrangements (FWA)

Past

- Double tax deduction was given to employers who implemented or made improvements to the FWA, verified by Talent Corporation Malaysia Berhad from 1 January 2014 until 31 December 2016.
- Employers implementing FWA were given a double tax deduction on eligible expenses capped at RM500,000 for consultancy fees, capacity building for FWA, including employee training costs and the cost of acquiring virtual working environment software from 1 July 2020 until 31 December 2022.

Proposed

- Expenses for capacity building and software acquisition incurred by employers for implementing FWA be given a 50% further deduction.
- The expenses eligible for further deduction is capped at RM500,000, subject to a one-off claim and to be verified by Talent Corporation Malaysia Berhad.



For applications received by Talent Corporation Malaysia Berhad from 1 January 2025 to 31 December 2027

Corporate Tax

Further Deduction for Employers Providing Caregiving Leave Benefit

Current



Employers who provide paid leave benefit for employees are eligible for tax deductions under Section 33 of the Act. However, there are no tax incentives for employers who provide additional paid leave to employees caring for children or ill or disabled family members.

Proposed



50% further deduction to be given to employers who provide additional paid leave of up to 12 months for employees caring for children or ill or disabled family members.



Effective

For applications received by Talent Corporation Malaysia Berhad from 1 January 2025 to 31 December 2027

Corporate Tax

Further Deduction on Allowance for Care Benefit of Elderly Parents / Grandparents of Employees

Current

Employers are allowed the following additional deductions under Income Tax (Deduction for the Provision of Childcare Centres) Rules 2013 [P.U.(A) 15/2013]:

- ✓ Expenses for provision and maintenance of childcare centres; and
- ✓ Expenses related to childcare allowances for individuals employed by them in their business.

Proposed

Deductions extended to include allowances for **parent/grandparent care**



Effective: 1 January 2025

Corporate Tax

Tax Incentive for Implementation on E-Invoicing



Qualifying Expenditures include:

- Purchase of ICT equipment and computer software package (including the installation of the ICT equipment).
- Consultation, licensing and incidental fees related to customized computer software development.

	Previous	Current
ACA rate	<p>Initial Allowance – 20% Annual Allowance – 20%</p> <p><i>These rates are specified in PU(A) 156/2018 and PU(A) 274/2019 and have been effective since YA 2017 and YA 2018 respectively. With the gazette of PU(A) 327/2024 and PU(A) 328/2024 on 30 October 2024, both PU(A) 156/2018 and PU(A) 274/2019 are revoked.</i></p>	<p>Initial Allowance – 40% Annual Allowance – 20%</p> <p><i>These rates (proposed in Budget 2024) have been gazetted via PU(A) 327/2024 and PU(A) 328/2024 on 30 October 2024 and have effect from YA 2024. Both PU(A) 327/2024 and PU(A) 328/2024 apply to all resident persons in Malaysia, and not limited to companies only as proposed in Budget 2024.</i></p>
	Proposed*	<p>Initial Allowance – 20% Annual Allowance – 40%</p> <p>With the revised rate, the capital allowance claim period is reduced from 3 years to 2 years.</p>



Effective: YA 2024 until YA 2025

Corporate Tax

Tax Deduction on the Cost of Developing New Courses at Private Higher Education Institutions (PHEIs)

Current

Effective from the YA 2006, PHEIs are eligible for tax deduction on expenses incurred for:

- i. development of new courses; and
- ii. compliance with regulatory requirements for introducing new courses.

The tax deduction is allowed from the year of completion of development of new courses over a period of 3 years.

Proposed

- 1) Tax deduction on cost of developing new courses by PHEIs be allowed to be fully claimed within the same YA.
- 2) This incentive is also extended to include the development of Technical and Vocational Education and Training (TVET) courses by private skills training institutions.



Effective

From YA 2025 until 2030

Corporate Tax

Extension of Scope of Tax Deduction

Salary and wages for educators for projects under S44(6)

The salary or wage payments to educators by institutions and organizations with approved educational objectives under Section 44(6) of the Income Tax Act 1967 will be allowed as welfare expenditure.



Effective

1 January 2025

Machinery and Equipment

Tax deductions on new machinery and equipment donated to registered public skills training institutions, polytechnics, or vocational colleges.



Effective

YA 2025 to 2027

Corporate Tax

Extension of Scope of Tax Deduction

Expansion of scope of tax relief under S44(6)

It is proposed that the scope of relief under Section 44(6) of the Income Tax Act 1967 to be expanded to include contributions to affected non-citizens



Effective

YA 2025 to 2027

Structured Internship Program (MySIP) under Talent Corporation

Double tax deduction on expenses incurred by companies implementing the MySIP under Talent Corporation, which will also be extended to students undergoing structured training conducted by industry regulatory bodies, will be extended until YA 2030.

Corporate Tax

Dividend payment by a company to any of its individual shareholders

A new subsection to be added under Section 108 of the Income Tax Act 1967

Where a **dividend is paid, credited or distributed, whether in monetary form or otherwise, by a company** to any of its **shareholders which is an individual**, either through direct shareholding or a nominee, and the dividend is deemed by virtue of section 14 to be derived from Malaysia, the company shall, upon paying, crediting or distributing the dividend, **furnish the shareholders with a certificate setting forth in respect of the dividend—**

(a) the gross amount; and

(b) the amount paid or credited or where the dividend consists of property other than money, the amount of the market value of that property at the time of the distribution of the dividend.



From YA 2025 onwards

Corporate Tax

Global Minimum Tax

Proposed Changes to Global Minimum Tax

Treatment of Marketable Transferable Tax Credits

Revised / New definitions

- Acceptable Financial Accounting Standards
- Investment Entity
- Marketable Transferable Tax Credits

Financial Reporting Standard for Domestic Top-Up Tax



1 January 2025

Tax Incentives

Tax Incentives

New Investment Incentive Framework

Multinational Enterprises (MNEs)

Double tax deduction will be given for expenses incurred for supply chain resilience initiatives of up to RM2 million per year for a period of three consecutive years.

MNEs and Vendors to MNEs Jointly Invest in Local Vendors

- Tax deduction on the amount invested in the joint venture initiative.
- Local vendors participating in this initiative will be provided with an outcome-based tax incentive package.

21 Economic Sectors in States (e.g. Perlis, Kedah, Kelantan, Terengganu, Sabah and Sarawak)

- Income tax incentives at a special rate will be offered to the investments in 21 economic sectors in the relevant states.

Investment in Environmental, Sustainability, and Governance (ESG) standards

- Incentives such as investment tax allowances or income tax exemptions will be provided for carbon capture, utilisation, and storage (CCUS) activities.

Tax Incentives

Incentive for Smart Logistics Complex (SLC)

SLC is a modern warehouse that uses technologies such as the Internet of Things (IoT) and Artificial Intelligence (AI) that incorporate Fourth Industrial Revolution (IR4.0) elements in smart warehousing.

Current

For Integrated Logistics Services (ILS) such as delivery, transportation and warehousing, tax incentives are provided as follows:

- ✓ Pioneer Status with a tax exemption of 70% of statutory income for a period of 5 years
- ✓ Investment Tax Allowance (ITA) of 60% on qualifying capital expenditure incurred within 5 years. This allowance can be set-off against up to 70% of statutory income for each YA.
- ✓ Accelerated Capital Allowance and income tax exemptions equivalent to the ITA for the first RM10 million for machinery and automation equipment with IR4.0 elements



Tax Incentives

Incentive for Smart Logistics Complex (SLC)

Proposed

Income tax exemption equivalent to an ITA of 60% on qualifying capital expenditure incurred for a period of 5 years be provided to SLCs. This allowance can be set-off against up to 70% of statutory income for each YA



- a) Eligible SLC companies
 - i. SLC Investor and Operator that invest in the construction of smart warehouses and undertake eligible logistics services activities; or
 - ii. SLC Operator that leases a smart warehouse under a long-term lease of at least 10 years and undertakes eligible logistics services activities.
- b) Eligible logistics services
 - i. regional distribution centres;
 - ii. integrated logistics services;
 - iii. storage of hazardous goods; or
 - iv. cold chain logistics.
- c) Warehouse with a minimum build-up area of 30,000 square metres;
- d) Adaptation of at least three IR4.0 elements; and
- e) Other conditions as prescribed.



Effective

**For applications received by MIDA from
1 January 2025 until 31 December 2027**

Tax Incentives

Tax Incentive for Increased Exports

Current

Companies engaged in selected service activities and successfully increased exports are eligible to claim tax exemption up to 70% of the statutory income equivalent to 50% of the value of increased exports. The selected service activities are as follows:

- legal;
- accounting;
- architecture;
- marketing;
- business consultancy;
- office services;
- construction management;
- building management;
- plantation management;
- private education;
- publishing;
- printing;
- information technology and communication;
- engineering; and
- local franchise.

Proposed

The selected service activities are to be expanded to cover Integrated Circuit Design services.



Effective
YA 2025

Tax Incentives

Approval of Contribution under Sections 34(6)(h) and 34(6)(ha) of the Act

Current

Deductions for the following contributions:

1. Provision of services, public facilities and contributions to charitable and community projects [Section 34(6)(h)].
2. Provision of business-related infrastructure services for the public [Section 34(6)(ha)].

Projects and the amount of contributions must obtain the Minister's approval.

Proposed

The approval mechanism is revised as follows:

Contribution Amount	Project Approval	Contribution Approval
RM300,000 and below	Relevant Government Authority (RGA)	
Exceeding RM300,000	Ministry of Finance (MOF)	RGA



Effective: 1 April 2025

Tax Incentives

Expansion of Income Tax Exemption for Eligible Islamic Financial Activities under Labuan International Business and Financial Centre (IBFC)

Labuan Financial Services

Current

A **full income tax exemption** will be granted to Labuan entities that undertake Islamic financial activities, such as Islamic digital banking, Islamic digital bourses, ummah-related companies, and Islamic digital token issuers, for a period of 5 years from YA 2024 until YA 2028.

Proposed

The existing **full income tax exemption** granted to Labuan entities engaged in Islamic financial activities will be **expanded to include Labuan entities engaged in Labuan takaful business activities and Labuan takaful-related activities.**



Effective: YA 2025 until YA 2028

Tax Incentives

Expansion of Income Tax Exemption for Eligible Islamic Financial Activities under Labuan International Business and Financial Centre (IBFC)



No.	Eligible Labuan Trading Entity	Qualifying Activities
1.	<ul style="list-style-type: none"> • Labuan insurer; • Labuan reinsurer; • Labuan takaful operator; or • Labuan re-takaful operator 	Takaful and re-takaful businesses that comply with Shariah principles: <ol style="list-style-type: none"> • risk management; or • product development.
2.	<ul style="list-style-type: none"> • Labuan captive insurer; or • Labuan captive takaful 	Takaful and re-takaful businesses that comply with Shariah principles where takaful participants are related companies or associated companies or as approved by the Labuan Financial Services Authority: <ol style="list-style-type: none"> • risk management; or • product development.
3.	<ul style="list-style-type: none"> • Labuan underwriting manager; or • Labuan underwriting takaful manager 	Provides underwriting services including administration related to Labuan takaful business.
4.	<ul style="list-style-type: none"> • Labuan insurance manager; or • Labuan takaful manager 	Provides management or administrative services related to Labuan takaful business.
5.	<ul style="list-style-type: none"> • Labuan insurance broker; or • Labuan takaful broker 	Provides services such as: <ol style="list-style-type: none"> • arranging Labuan takaful and re-takaful business; or • conducting financial analysis.

Stamp Duty

Stamp Duty

Review of Stamp Duty Rate on Instrument of Assignment for Life Insurance Policy and Family Takaful Certificate

Instrument

Deed of assignment for life insurance policy and family takaful certificate

Ownership Transfer Value	Current Stamp Duty Rate	Proposed Stamp Duty Rate
First RM100,000	1%	RM10
Above the first RM100,000 to RM500,000	2%	RM100
Above RM500,000 to RM1,000,000	3%	RM500
More than RM1,000,000	4%	RM1,000



Effective: Instrument executed from 1 January 2025

Stamp Duty

Shariah - based Loan or Financing Agreement

	Instrument	
	Loan or financing agreements for the purchase of goods other than hire purchase based on Shariah principles such as Murabahah and Tawarruq.	Loan or financing agreements for the purchase of goods through hire purchase based on conventional methods or Shariah principles such as Al Ijarah Thumma Al Bait.
Current Stamp Duty	Ad-valorem stamp duty at 0.5%.	Subject to a nominal stamp duty of RM10.
Proposed Stamp Duty	Subject to a nominal stamp duty of RM10.	



Effective: For loan or financing agreements based on Shariah principles executed from 1 January 2025

Stamp Duty

Exemption of Stamp Duty on Loan or Financing Agreements through Initial Exchange Offering (IEO) Platform for Micro, Small and Medium Enterprises (MSMEs)

Current

Loan and financing agreements executed by MSMEs and investors through the IEO platforms are subject to **stamp duty at a rate between 0.05% and 0.5%**.



Proposed

100% stamp duty exemption on loan or financing agreements executed between MSMEs and investors through the IEO platform registered with the Securities Commission Malaysia.



Effective: For loan and financing agreements executed between 1 January 2025 until 31 December 2026

Stamp Duty

Review of Stamp Duty Exemption on Loan or Financing Agreements under the Skim Pembiayaan Mikro (SPM)



Stamp duty exemption on SPM loan or financing agreements approved by the National Small and Medium Enterprises Development Council, **for financing amount up to RM100,000** (increased from RM50,000).

Current

- **Stamp duty exemption** for SPM loan or financing agreements, for **financing amount up to RM50,000**.
- This exemption applies to agreements executed on or after 1 January 2012.

Proposed

- **Stamp duty exemption** for SPM loan or financing agreements, for **financing amount up to RM100,000**.



Effective: For SPM loan or financing agreements executed from 1 January 2025

Stamp Duty

Exchange of Real Property



Section 20A : Exchange of Real Property

	Current	Proposed
Ad-valorem duty	Imposed on principal instruments concerning payment for equality.	Imposed on instruments concerning transfer of property ownership, whether with or without consideration, treated as a sale transfer.
Fixed duty (RM 10)	Imposed on other instruments for completing property exchange.	Imposed on instruments concerning: a) Transfers involving Government / State Government. b) Subdivision of land or partitioning of land where grantor and recipient are original co-owners. c) Property transfers between family members, such as spouses, children, grandparents, grandchildren, and siblings.



Effective: 1 January 2025

Stamp Duty

New Minimum Duty

Proposed



Minimum duty of RM 10 imposed on instruments with duty less than RM 10 including instruments with remitted duty.

Minimum duty is **NOT** applicable to cheque and contract notes.



Effective: 1 January 2025

Stamp Duty

Lease or Agreement for Lease

Current				Proposed				
Item 49, Schedule 1 Sub-item (a) Average rent and other annual consideration	Duty Rates			Item 49, Schedule 1 Sub-item (a) Average rent and other annual consideration	Duty Rates			
	Less than 1 year	Exceeding 1 year but less than 3 years	Exceeding 3 years		Less than 1 year	Exceeding 1 year but less than 3 years	Exceeding 3 years but less than 5 years	Exceeding 5 years
Below RM2,400	Nil	Nil	Nil	For every RM 250 or part thereof	RM1.00	RM3.00	RM5.00	RM7.00
For every RM250 or part thereof exceeding RM2,400	RM1.00	RM2.00	RM4.00					



Effective: 1 January 2025

Stamp Duty

Power or Letter of Attorney

Instrument

Power or Letter of Authority (Item 59, Schedule 1)

Current Stamp Duty

Subject to a fixed duty of RM10

Proposed Stamp Duty

Ad-valorem stamp duty for instruments with conveyance features involving consideration.

Fixed stamp duty of RM 10 for instruments other than conveyance features involving consideration.



Effective: 1 January 2025

Stamp Duty

Instrument of Cheque

Instrument of Cheque (Item 29, Schedule 1)

Current

Stamp duty rate at **RM 0.15** per cheque.

Proposed

Stamp duty rate at **RM 1** per cheque.

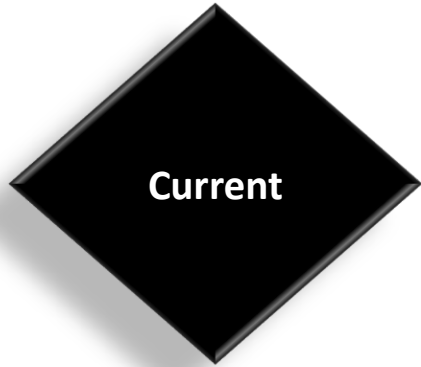
 **Effective: 1 January 2025**

Stamp Duty

Penalty for late stamping



Penalty for late stamping



Period for late stamping [Section 47A(1)]		
Not exceeding 3 months	Exceeding 3 months but not exceeding 6 months	Exceeding 6 months
RM 25 / 5% of insufficient duty*	RM 50 / 10% of insufficient duty*	RM 100 / 20% of insufficient duty*



Period for late stamping [Section 47A(1)]	
Not exceeding 3 months	Exceeding 3 months
RM 50 / 10% of insufficient duty*	RM 100 / 20% of insufficient duty*

**Whichever is greater*



Effective: 1 January 2025

Stamp Duty

Fine for Fraud in relation to Duty

Section 74: Fine for Fraud in relation to Duty

Current

- **Fine of RM5,000** for fraudulent actions intended to deceive Government in relation to any duty obligations.



Proposed

- Fine is amended to **not less than RM1,000 and not more than RM20,000.**



Effective: 1 January 2025

Stamp Duty

Implementation of Self-Assessment System for Stamp Duty



To ensure that the stamping and self payment system is more efficient and to further enhance compliance, it is proposed that the stamp duty **self-assessment** system (SDSAS) be implemented in phases based on the types of instruments or agreements.

Current

The **assessment of stamp duty remains the responsibility of the Collector of Stamp Duty**. The duty payers will make the stamp duty payments based on the assessment notice issued through the Stamp Assessment and Payment System (STAMPS).



Proposed

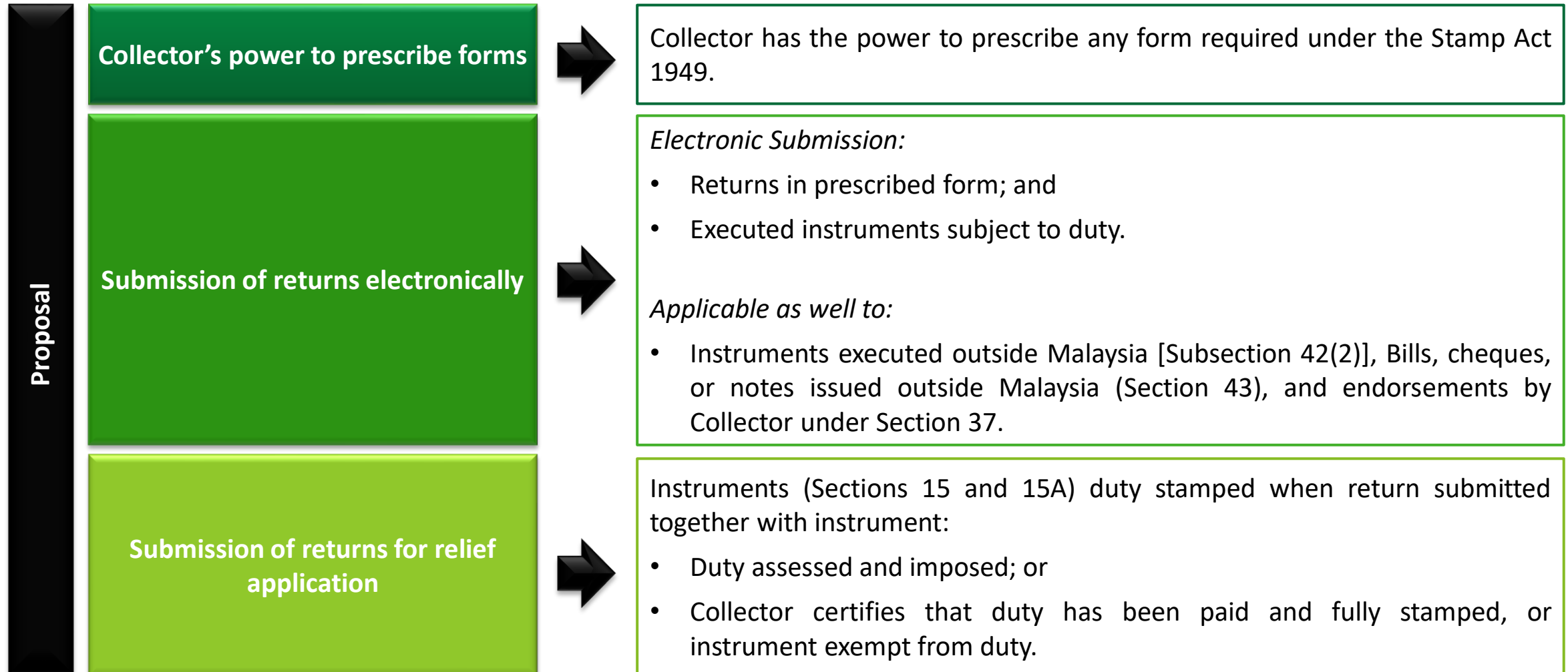
SDSAS requires duty payers or appointed agents to upload information in the STAMPS and **undertake self assessment of the value of stamp duties** for the instruments or agreements, and subsequently make payments within the specified timeframe.



Phase	Effective Dates	Types of Instruments
1	1 January 2026	Instruments or agreements related to rental or lease, general stamping and securities
2	1 January 2027	Instruments of transfer of property ownership
3	1 January 2028	Other than instruments or agreements stated in Phase 1 and Phase 2

Stamp Duty

Implementation of Self-Assessment System for Stamp Duty



Effective: 1 January 2026

Stamp Duty

Implementation of Self-Assessment System for Stamp Duty

Section 36: Deemed Assessment

Current

- Instrument submitted by duty payer to Collector will be assessed by the Collector to determine the amount of duty payable.
- In general, the payment for the duty shall be made within 30 days from the date of notice of assessment issued by the Collector.



Proposed


- Return and instrument submitted electronically by duty payer deemed to be assessed by Collector.
- Duty on instrument must be paid on date of deemed assessment.

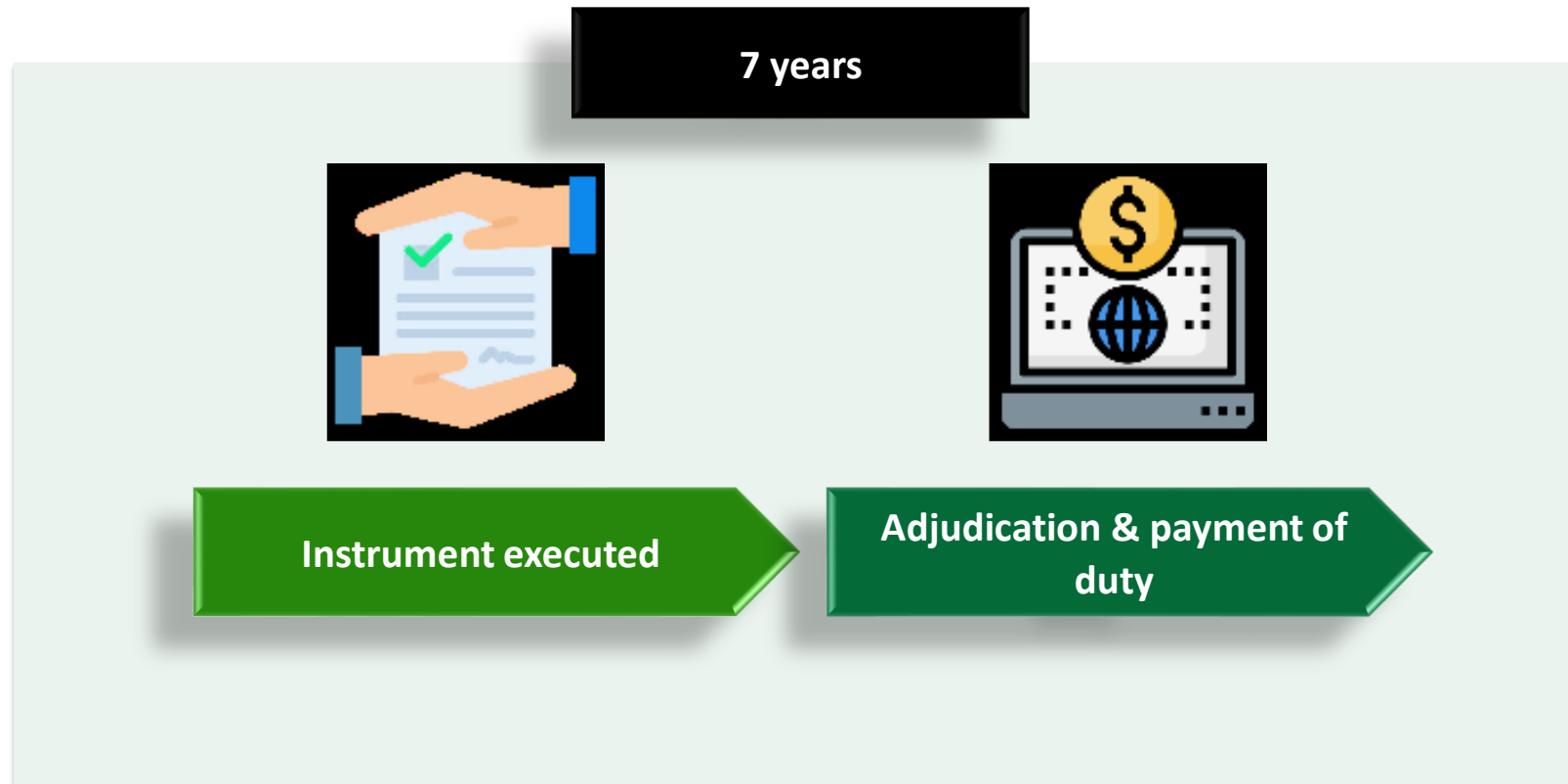


Effective: 1 January 2026

Stamp Duty

Implementation of Self-Assessment System for Stamp Duty

 The record-keeping duty is now set at **7 years**.



 **Effective: 1 January 2026**

Stamp Duty

Implementation of Self-Assessment System for Stamp Duty

Identification of Officer

- Deputy Collector to carry an authority card when performing audit & investigation functions.



Effective: 1 January 2025

Section 3A: Collector's Powers for Audit & Investigation Purposes

- Collector's power for conducting audit & investigation.
- Fine relating to offenses of obstructing Collector from performing duties increased to RM10,000.



Effective: 1 January 2026

Stamp Duty

Implementation of Self-Assessment System for Stamp Duty

Assessment or Additional Assessment

Proposed

Collector may raise an assessment or additional assessment on underpaid / insufficient duty **within 5 years**, except in cases of:

- i. Any form of fraud;
- ii. Willful default or
- iii. Negligence

related to duty on instruments.



Effective: 1 January 2026

Stamp Duty

Implementation of Self-Assessment System for Stamp Duty

Relief for Errors or Mistakes

Proposed

Duty payer **may claim any excess duty paid** due to an error or mistake **after a return is submitted.**

Relief application must be made within **24 months after submission of return and duty paid.**



Effective: 1 January 2026

Stamp Duty

Implementation of Self-Assessment System for Stamp Duty

Category	Penalty
<p>Failure to maintain records and other offences:</p> <ol style="list-style-type: none">1. Failure to maintain records as required under Section 9(7);2. Failure to retain instruments and all documents under Section 35B; or3. Failure to provide notice under Subsection 15(6A) and Subsection 15A(6).	<ul style="list-style-type: none">• Court: Fine not more than RM10,000.
<p>Failure to submit Return</p> <ol style="list-style-type: none">1. Duty payer required to submit return for instruments subject to duty.	<ul style="list-style-type: none">• Court: Fine not more than RM10,000.• Penalty: Not less than RM200 and not more than RM2,000.
<p>Submission of incorrect return</p> <ol style="list-style-type: none">1. Omitting or under-reporting duty; or2. Providing inaccurate information.	<ul style="list-style-type: none">• Court: A fine of not less than RM 1,000 and not more than RM10,000 plus a special penalty (the amount of underpaid duty) .• Without prosecution: A penalty equivalent to the amount of underpaid duty.



Effective: 1 January 2026

Real Property Gains Tax

Real Property Gains Tax

Tax Treatment on Gains or Losses from Disposal

Current

- Tax is determined based on the **total gains from all disposal**; and
- Current losses are allowed as deductions against the total gains, including gains from previous disposals within the same YA.

Proposed

- Each disposal shall be treated and taxed separately;
- Losses from disposals can only be claimed against subsequent disposals within the same YA.
- Unabsorbed losses can be carried forward to the following YA and offset subsequently.



Effective: 1 January 2025

Real Property Gains Tax

Implementation of the Self-Assessment System for Real Property Gains Tax

Submission of return electronically

Mandatory submission via Electronic Medium:

- CKHT forms by the disposer and acquirer.
- Notification for disposal not subject to tax or exempt from payment of tax (Form CKHT 3) .
- Election form for private residence exemption.

Certificate of non-chargeability

Certificate of non-chargeability will be deemed to have been issued by the DGIR to the disposer upon submission of returns electronically.

Payment period for deemed assessment

For deemed assessments, payment period is extended from 60 days to 90 days from the date of disposal.

A 10% penalty may be imposed for late payments beyond the specified period.



Effective: 1 January 2025

Real Property Gains Tax

Failure to Submit Returns and Other Offences

Failure to submit returns and other offences

Proposed

- Enable court to issue further orders directing taxpayers to submit returns after being convicted for failure to submit returns.

Other offences:

- Failure to file returns by a nominee.
- Failure to file returns in cases of asset transferred by the acquiring company to its stock in trade.
- Failure to comply with notice to produce information / documents required by the DG under Sections 27 / 28(3) of the Real Property Gains Tax Act 1976.



Effective: 1 January 2025

Tax Administration and Other Announcements

Tax Administration

	Current	Proposed
Access to Tax Identification Number (TIN)	<ul style="list-style-type: none"> TIN access is limited to the following registered taxpayers: <ul style="list-style-type: none"> ✓ A person assessable and chargeable to tax; ✓ A person who is required to furnish a return; or ✓ A person who is a citizen aged 18 years and above. 	<ul style="list-style-type: none"> Enabling access to TIN by parties other than the taxpayer. Prosecution for abuse of TIN information: <ul style="list-style-type: none"> ✓ A fine not exceeding RM4,000; or ✓ Imprisonment not exceeding 1 year; or ✓ Both. Effective: 1 January 2025
Amended Return (Section 77B of the Act)	<ul style="list-style-type: none"> The obligation to furnish the Amended Tax Return Form (BNT) electronically applies to taxpayers in the categories of Companies, Limited Liability Partnerships, Trust Bodies and Cooperative Societies. 	<ul style="list-style-type: none"> All taxpayers are obliged to furnish BNT in an electronic medium or by way of electronic transmission. Effective: YA 2025
Incorrect Returns, Information Returns or Reports (Section 113A of the Act)	<ul style="list-style-type: none"> A fine of not less than RM20,000 and not more than RM100,000 or to imprisonment for a term not exceeding six months or to both if prosecuted for these offences - <ul style="list-style-type: none"> ✓ Incorrect returns (FATCA), information returns (CRS), or reports (CbCR). ✓ Incorrect information on Automatic Exchange of Information (AEOI) or CbCR. 	<ul style="list-style-type: none"> If no prosecution, DGIR may impose penalty <ul style="list-style-type: none"> ✓ not less than RM20,000 and not exceeding RM100,000. Penalty recoverable as part of tax payable. Effective: 1 January 2025
Amendment of Tax Estimates	<ul style="list-style-type: none"> Taxpayers are allowed to amend tax estimate issued by DGIR before the 9th month. 	<ul style="list-style-type: none"> Allowing taxpayers to amend tax estimate issued by DGIR before the 11th month. Effective: YA 2025

Other Announcement

E-invoicing and Appeal

E-invoicing

Amendment of the Correction Period for Errors and Mistakes in Issued e-Invoice from Three (3) Days to 72 Hours.

- Section 82C(8) of the Income Tax Act 1967
- Section 34B(7) of the Petroleum (Income Tax) Act 1967
- Section 22DA(8) of the Labuan Business Tax Act 1990

Appeal

Amendments to the grounds of appeal in Form Q are only allowed within six (6) months from the date the Form Q is filed with the Special Commissioners of Income Tax (SCIT)

- Para. 12 of Sch. 5 of the Income Tax Act 1967
- Para. 10 of Sch. 3 of the Petroleum (Income Tax) Act 1967



Effective

1 January 2025

Labuan Tax Development

Labuan Business Tax Development

Labuan entity – Section 2B

Proposed

Proposed to insert wordings in **green** below:

(1) The Labuan entities—

(a)

(b) shall, for the purposes of the Labuan business activity—

(i) in relation to a Labuan trading activity—

(A) have an adequate number of full time employees in Labuan;

(B) have an adequate amount of annual operating expenditure in Labuan; **and**

(C) comply with any condition in relation to a fit and proper person for full time employees,

as prescribed by the Minister by regulations made under this Act

(ii) in relation to a Labuan non-trading activity—

(A) have an adequate number of full time employees in Labuan;

(B) have an adequate amount of annual operating expenditure in Labuan;

(C) comply with any condition in relation to control and management in Labuan; **and**

(D) comply with any condition in relation to a fit and proper person for full time employees,

as prescribed by the Minister by regulations made under this Act



Effective:

1 January 2025

Labuan Business Tax Development

Transition Year
2 Years of Assessment in 2025

YA2025 (preceding year basis) (PYB)
Basis period ending in the year 2024

YA2025 (current year basis) (CYB)
Basis period ending in the year 2025

E-filing for return of profits = notice of assessment

Due date for tax filing – last day of 7 months from FYE

Tax payable due on the due date for tax filing

10% tax increase imposed on failure to pay on due date

Tax instalment for YA2025CYB for Labuan entities paying 2 tax payment in 2025 -10% penalty for late payment

YA	Accounting Period	Filing Due Date	Payment Due Date
2025 PY	1.2.2023 – 31.1.2024	31.3.2025	31.3.2025
2025 CY	1.2.2024 – 31.1.2025	31.8.2025	31.8.2025
2026	1.2.2025 – 31.1.2026	31.8.2026	31.8.2026

✓ eligible for tax instalment

YA	Accounting Period	Submission Due Date	Payment Due Date
2025 PY	1.7.2023 – 30.6.2024	31.3.2025	31.3.2025
2025 CY	1.7.2024 – 30.6.2025	31.1.2026	31.1.2026
2026	1.7.2025 – 30.6.2026	31.1.2027	31.1.2027

x not eligible for tax instalment



Effective

Year of assessment 2025 in respect of the basis period ending in the year 2025 and subsequent years of assessment



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