



# 2026 Budget Snapshots

Fourth MADANI Budget:  
The People's Budget

October 2025

KPMG in Malaysia

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**KPMG. Make the Difference.**



# Overview and commentary



**Friday, 10 October 2025** marks the unveiling of Malaysia's 2026 Budget by our honorable Prime Minister and Finance Minister, YAB Dato' Seri Anwar bin Ibrahim.

The Budget allocation of RM470 billion includes RM338.2 billion earmarked for Operating Expenditure (2025: RM335 billion) and RM81 billion for Development Expenditure (2025: RM86 billion) while the remaining RM50.8 billion comprises of collective investments by Government-Linked Investment Companies, Federal Statutory Bodies and Minister of Finance Incorporated (MKD) companies and public-private investments.

While the Government expects a cautious 2026 GDP growth between 4% and 4.5%, it remains confident of staying on track to narrow the fiscal deficit to 3.5% (2025: 3.8%) supported by another record-breaking revenue collection target of RM343.1 billion (2025: RM340 billion).

Themed the "People's Budget", it showcases the Madani's Government committed focus on supporting the *Rakyat* while catalyzing change through a reformed blueprint for inclusive growth and resilience.

*Rakyat centric priorities* announced in the 2026 Budget such as targeted cash aid schemes, expanded PERKESO coverage to include gig workers, reforms on elderly care systems and local travel incentives demonstrate the Government's effort in improving the *rakyat's* quality of life.

Instead of introducing new taxes, the Government took the tougher road by focusing on improving governance and *broadening the tax base progressively*, ensuring that SMEs and the middle class are protected while ensuring high-income earners and foreign individuals or entities are taxed equitably.

Recognizing the importance of transforming Malaysia into a high-value economy, the Government's continued prioritization of high-growth strategic investments and *incentivizing strategic sectors* will ensure Malaysia's competitiveness amidst increasingly fierce global competition.

The Government's push for digitalization, particularly in artificial intelligence coupled with its commitment to the ESG agenda through *Green Finance Initiative* will help ensure that the nation moves forward responsibly.

Overall, 2026 Budget marks a decisive shift in Malaysia's fiscal philosophy. It moves beyond short-term stimulus to embrace long-term resilience, while aligning our tax framework with global best practices.

As Head of Tax at KPMG Malaysia, I see this as a budget that is built forward with compassion and competitiveness at its core. It is a budget that listens, empowers, and modernizes - raising the floor so that *no Malaysian is left behind*.

For salient details and a quick snapshot of the key tax changes announced in the 2026 Budget, please refer to page 3 onwards.

Should you have any queries relating to this snapshot or any other tax matters, please contact your KPMG consultants or send us an email at [info@kpmg.com.my](mailto:info@kpmg.com.my).

Happy reading!



**Soh Lian Seng**

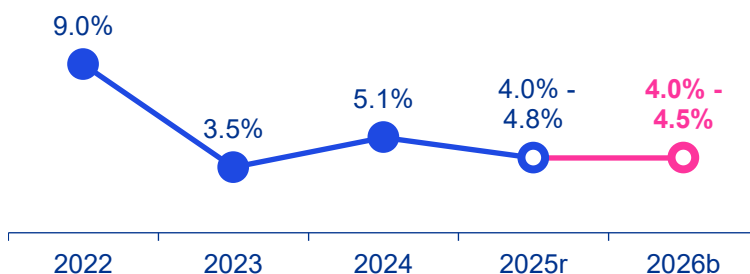
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# State of our economy

## GDP growth

- Malaysia's economy is projected to expand by 4.0% - 4.8% in 2025, driven by robust domestic demand, controlled inflation, a healthy labor market, and proactive government policies.
- The economy is set to stay strong in 2026, with 4.0% - 4.5% growth, supported by resilient domestic demand and a steady external sector.

Year-on-Year (YOY) GDP growth



Source: Ministry of Finance, Economic Outlook 2026

## GDP growth by sectors

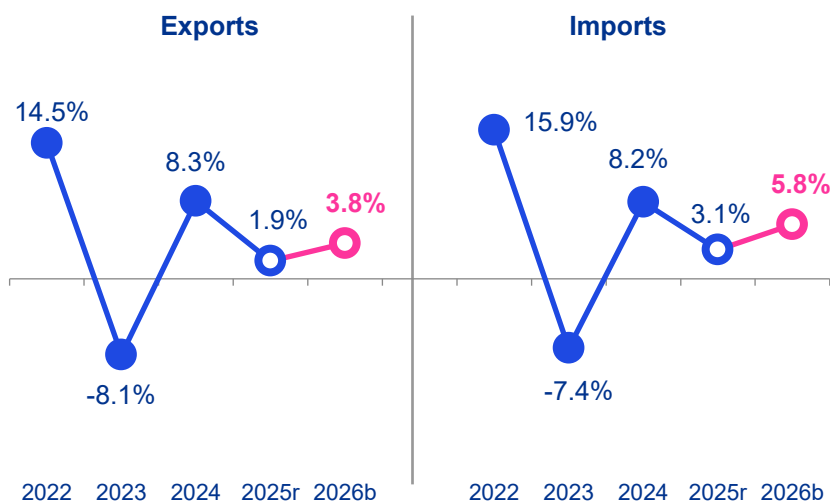
- Services sector** remains a key engine of economic growth, bolstered by strong household consumption and a surge in tourist arrivals and spending linked to Visit Malaysia 2026 campaign.
- Agriculture sector** is expected to grow, driven by higher crude palm oil output.
- Expansion remains favorable for the **manufacturing sector**, supported by both export and domestic-oriented industries with the E&E cluster to remain the key driver. Steady growth path for the **construction sector**.

Year-on-Year (YoY) GDP growth (%)	2022	2023	2024	2025r	2026b
Manufacturing	8.2	0.7	4.2	3.8	3.0
Agriculture	1.3	0.2	3.1	1.2	2.2
Services	11.3	5.1	5.3	5.1	5.2
Mining	3.5	0.5	0.9	1.1	-1.0
Construction	5.1	6.0	17.5	10.1	6.1

Source: Ministry of Finance, Economic Outlook 2026

## Trade

- Total trade is expected to grow steadily by 3.9% to RM2,991.5 billion in 2025 and by 3.3% to RM3,090.8 billion in 2026**, driven by steady global trade conditions and resiliency of exports amid trade and geostrategic vulnerabilities.
- In 2026, both exports and imports are projected to record 3.8% and 5.8% of growth, respectively.



Sources: Ministry of Finance, Economic Outlook 2026, 2025 and 2024

Note: r - Revised estimate      b - Budget estimate, excluding Budget 2026 measures

## Domestic demand

- Domestic demand is forecast to **remain firm and continues to anchor economic expansion**, expanding by 6.1% in 2025 and 5.4% in 2026. This will be steered by sustained private sector consumption and investment activities.
- The private sector, as the main driver of growth, contributes 4.5 percentage points to GDP. Meanwhile, the public sector expenditure is anticipated to improve by 4.4%, adding 0.8 percentage point to the growth.

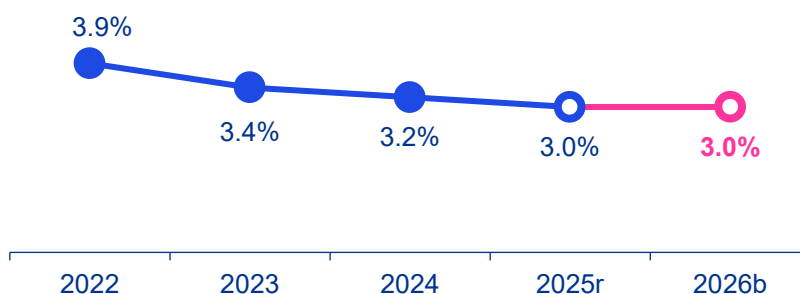
Year-on-year (YoY) change, in %	2022	2023	2024	2025r	2026b
Public consumption	4.5	3.3	4.7	4.0	3.2
Public investment	5.3	8.6	11.1	12.7	7.3
Private consumption	11.2	4.7	5.1	5.0	5.1
Private investment	7.2	4.6	12.3	10.0	7.8

Sources: Ministry of Finance, Economic Outlook 2026, 2025 and 2024

## Labor market

- The labor market remains strong in 2025** with steady economic performance, driven by robust domestic demand and sustained job opportunities. The services sector stays as the major source of employment.
- In 2026, the labor market is predicted to **maintain its resilience, driven by firm domestic demand and expansion across key sectors**. Total employment is forecast to expand by 2.3% to 17.2 million persons. The unemployment rate is estimated to remain stable at 3.0%.

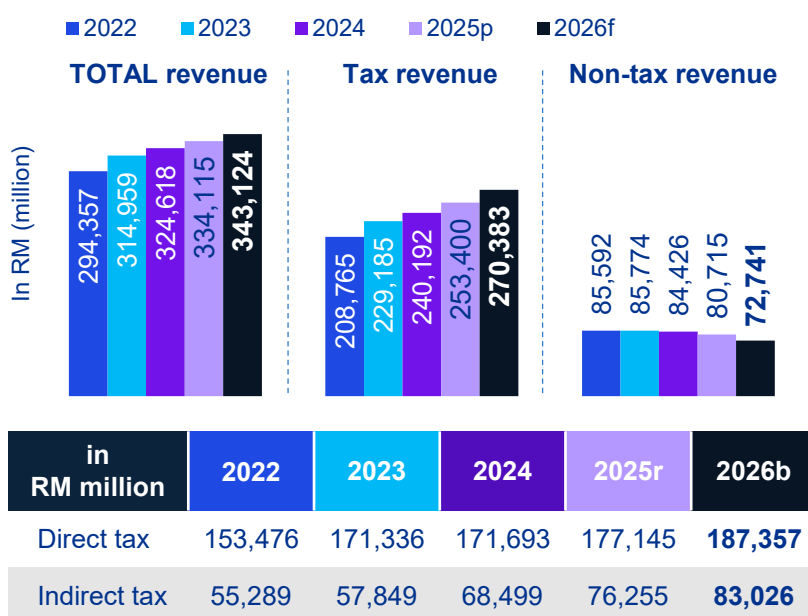
### Unemployment rate



Source: Ministry of Finance, Economic Outlook 2026

## Federal government revenue

- Revenue in 2025 is estimated to grow by 2.9% to RM334.1 billion**, mainly contributed by tax revenue. In 2026, the revenue is expected to **rise by 2.7% to RM343.1 billion**, reflecting the various revenue measures introduced since 2024.
- Tax revenue continues to be the major contributor (78.8% of total revenue, 12.7% of GDP), while non-tax revenue is projected at RM72.7 billion (represents 3.4% of GDP).
- Direct tax is anticipated to surge by 5.8% to RM187.4 billion**, supported by higher collections from companies' income tax (CITA) and individual income tax. **Indirect tax is forecast to expand by 8.9% to RM83 billion**, driven by increased SST collections.



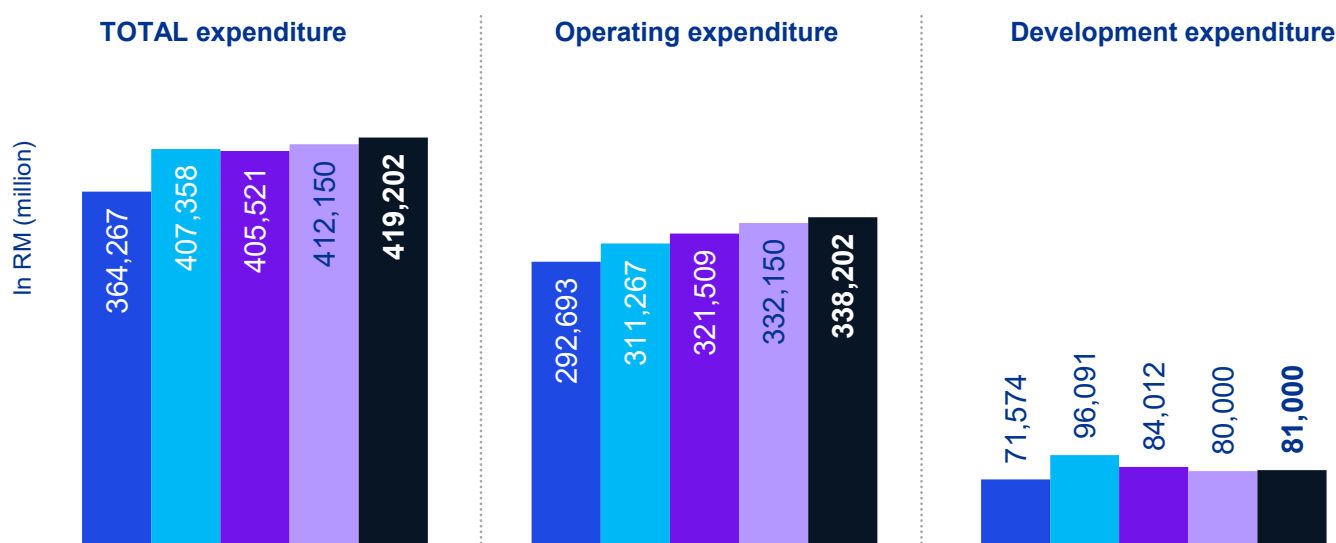
Source: Ministry of Finance, 2026 Fiscal Outlook and Federal Government Revenue Estimates

Note: r - Revised estimate b - Budget estimate, excluding Budget 2026 measures

## Federal government expenditure

- The **total expenditure for 2025 has been revised** from the initially approved RM421 billion to **RM412.1 billion**, with 80.6% is allocated to operating expenditure (OE) and 19.4% is earmarked for development expenditure (DE). The **social sector emerges as the largest beneficiary**, receiving RM148.9 billion (36.1% of total expenditure).
- OE** is projected to increase by 3.3% to RM332.1 billion, driven by allocation for emoluments, retirement charges, supplies and services as well as debt service charges. In contrast, **DE** is expected to decline by 4.8% to RM80 billion, primarily reflecting the reduced spending requirements to the economic sector.
- For 2026, RM419.2 billion has been allocated, representing 19.7% of GDP**. 80.7% is designated for OE while the remaining 19.3% is allocated to DE. The Ministry of Education (MOE), Ministry of Health (MOH) and Ministry of Defence are the top three recipients, collectively accounting for 32.1% of the total expenditure. **Supported by an additional RM50.8 billion from public-sector investments, the overall expenditure will rise to RM470 billion.**

■ 2022 ■ 2023 ■ 2024 ■ 2025p ■ 2026f



In RM million	2022	2023	2024	2025r	2026b
<b>Operating expenditure (OE)</b>					
Economic	21,647	21,651	22,097	22,004	22,078
Social	101,707	106,570	112,479	121,067	127,325
Security	26,325	27,424	27,641	30,307	32,724
General administration	12,444	13,655	15,524	17,256	16,813
Others	130,570	141,967	143,768	141,516	139,262
<b>Development expenditure (DE)</b>					
Economic	39,115	57,238	43,401	36,648	36,785
Social	21,132	24,247	25,602	27,784	28,592
Security	8,210	11,381	11,576	11,861	11,738
General administration	3,117	3,225	3,433	3,707	3,885

Source: Ministry of Finance, 2026 Fiscal Outlook and Federal Government Revenue Estimates

Note: r - Revised estimate b - Budget estimate, excluding Budget 2026 measures



# MADANI Economy: Key focus areas



## Raise the ceiling

Leading Asian economy

- **Strategic levers driving Malaysia's industrial transformation. Focus on High-Growth, High-Value (HGHV) areas with these initiatives:**
  - New Industrial Master Plan 2030 (NIMP 2030).
  - National Energy Transition Roadmap (NETR).
  - National Semiconductor Strategy (NSS).
  - KL20 Action Plan.
  - National AI Plan 2026-2030.
  - Pelan Transformasi Ekonomi Bumiputera 2035 (PuTERA35).
  - Government-linked Enterprises Activation and Reform Programme (GEAR-uP).
- **Strategic investment incentive**  
**New framework:** Investment Incentive Framework in Q3 2025.
- **Unlocking economic cascade effects**
  - **MSMEs and digital adoption:** Facilitating exports & digital financing.
  - **Tourism and services growth:** Leveraging Visit Malaysia 2026 with more than RM700 million allocation.
  - **Islamic finance and economy:** Strengthening halal supply chains and Malaysia's global leadership in Islamic finance.
  - **Regional development:** Expanding growth beyond urban centers such as the JS-SEZ, Kulim Hi-Tech Park and Penang Silicon Island.



## Raise the floor

Quality and just life for all

- **Labor market reform**  
Focus on enhancing employability and access to higher-income opportunities.
- **Expanding socioeconomic assistance**  
Transition from blanket subsidies to targeted subsidies.
- **Towards a sustainable healthcare system**  
Addressing private healthcare costs via key findings from the Joint Ministerial Committee on Private Healthcare Costs (JMCPHC).
- **Reforming education to power a future-ready economy**  
Operationalizing reforms under 13MP led by Majlis Pendidikan Negara (soon to be established).
- **Bridging the urban-rural divide**  
Regional development focus with core investments on essential infrastructure and utilities.
- **Empowering all to participate in a growing economy**  
Target groups include youth, women, senior citizen, person with disabilities, indigenous communities and Bumiputera.



## Driving reforms & good governance

An all-of-Malaysia approach (Rakyat, Government & Industry)

- **Modernising public finance**  
**Leveraging advanced technology:** AI, big data analytics and automation to detect tax non-compliance.
- **Advancing GovTech and citizen services**  
**GovTech initiatives:** MyVisa 2.0, MyJPJ and digital one-stop centers – MADANI kiosks will be developed in all states in phases.
- **Future-ready government**  
**Civil service reform:** Public Service Efficiency Commitment Act 2025 (Act 867).
- **Strengthening institutional integrity and fiscal governance**
  - **Ongoing reforms:** Fiscal Responsibility Act & National Anti-Corruption Strategy 2024 – 2028.
  - **Upcoming key legislation:** Government Procurement Act, State-Owned Enterprises Act, Ombudsman Act and Freedom of Information Act.
  - **Strengthening enforcement:** Malaysian Anti-Corruption Commission (MACC).
  - **Corporate governance reforms:** New audit exemption criteria for selected private companies.

Sources: Ministry of Finance, 2026 budget speech and pre-budget statement.

# 13th Malaysian Plan (13MP) 2026-2030

## Redesigning Development

The 13th Malaysia Plan (13MP) 2026–2030 continues the MADANI Economy framework, emphasizing sustainable growth and improved living standards. It sets measurable targets aligned with MADANI objectives, with Budget 2026 positioned to drive and support the key targets.



### 3 core thrusts

- Raise the floor through enhanced social mobility and quality of life
- Strengthen good governance via institutional reform
- Raise the ceiling through structural economic upgrading

### 3 core dimensions

- High-income and sustainable nation
- Quality and inclusive living
- Sustainable environment

### 4 strategic pillars

- Increasing economic complexity
- Enhancing social mobility
- Accelerating implementation of public service reform agenda
- Improving the people's well-being and environmental sustainability

## Economic and growth targets

Annual GDP growth

**4.5-5.5%**  
(2021-2024: 5.2%)



Average inflation rate

**2-3%**  
(2021-2024: 2.5%)



Fiscal deficit

**-3% of GDP**  
(2024: -4.1% of GDP)



Reduction in greenhouse gas emissions by 2030

**45% of GDP**  
(2021: 37.1% reduction)



GNI (income) per capita

**RM77,200**  
(2024: RM54,894)



## Total investment of RM611 billion

By category (in RM billion):

### Public development expenditure



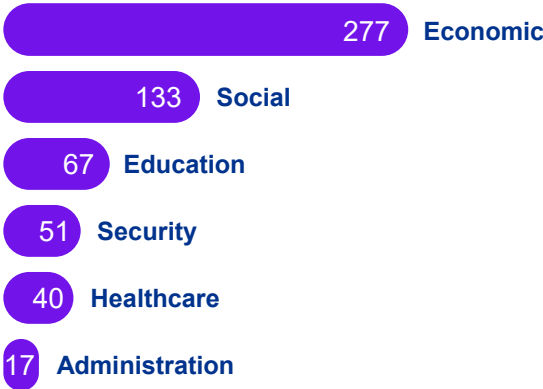
### Government-linked companies



### Public-private partnerships



By sector (in RM billion):



Source: Ministry of Economy. RMK-13 2026-2030. Melakar Semula Pembangunan.

# 2026 budget highlights



## Key announcements

### 1 Review of tax exemption for foreign-sourced income (FSI)

- The current tax exemption on foreign-sourced dividend income received by Malaysian resident companies and limited liability partnerships (LLPs) and FSI for unit trusts is to be extended for 4 years **from 1 January 2027 to 31 December 2030**. The tax exemption has been expanded to include **cooperative societies and trust bodies**.
- The tax exemption on foreign-sourced capital gains received by Malaysian resident companies, LLPs, cooperative societies and trust bodies is to be extended for 4 years **from 1 January 2027 to 31 December 2030**.

### 3 Stamp duty exemption on employment contract

- Wage threshold for stamp duty exemption on employment contracts to be increased from **RM300 to RM3,000** per month for employment contracts executed **from 1 January 2026**.

### 2 Accelerated capital allowance (ACA) on capital expenditure for plant, machinery and ICT equipment

Initial allowance

**20%**

Annual allowance

**40%**

Qualifying capital expenditure incurred from **11 October 2025 to 31 December 2026** on procurement of heavy machinery, plant and general machinery acquired from local manufacturers, purchase of ICT equipment and computer software, consultation, licensing and incidental fees for the development of customised computer software to be granted ACA.

### 4 Profit distributions received by individual partners of LLPs

**2%**

**Tax on profit distributions to resident and non-resident individual partners of LLPs exceeding RM100,000**

- Introduction of a 2% tax on chargeable income for annual profit distributions exceeding RM100,000 after tax reliefs.
- Effective Year of Assessment (YA) 2026.



# Capital Markets

5

## Tax exemption on sustainable and responsible investment (SRI) sukuk and bond grant scheme

100%

### Grant allocation for external review expenses

- Grant allocation for external review expenses be increased from 90% to 100%, capped at RM300,000.
- Expand SRI Sukuk and Bond Grant Scheme to include financial instruments aligned with the ASEAN Taxonomy for Sustainable Finance.
- For SRI Sukuk and Bond Grant Scheme applications received by Securities Commission Malaysia (SC) from 1 January 2026 to 31 December 2028.

7

## Review of tax deduction on listing expenses

- Existing tax deduction on listing expenses of up to RM1.5 million for technology-based companies is expanded to Micro, Small and Medium Enterprises (MSMEs) in the energy and utilities sectors.
- The tax deduction is to be extended from YA 2026 to YA 2030.



6

## Review of tax incentive for venture capital

5%

### Corporate income tax on venture capital company (VCC) income

- Income tax rate of 5% on all VCC's income, except for interest / profit income derived from savings, fixed deposits or deposits.
- A minimum of 20% investment of its funds in local venture companies is required.
- Tax incentive is extended to include LLPs, Labuan LPs / LLPs which elected to be taxed under Malaysian Income Tax Act, 1967 (MITA).
- Tax incentive is granted for 10 years or remaining fund life from first SC certification which must be obtained no later than 31 December 2035.

10%

### Corporate income tax on venture capital management company (VCMC) income

- Income tax rate of 10% on income derived from the share of profits, management fees and performance fees by VCMC from YA 2025 to YA 2035.

## Income tax exemption for individual shareholders of VCC

- Exemption of income tax on dividends paid, credited or distributed to individual shareholders at the first level from YA 2025 to YA 2035.



## 8 Anti-corruption and social enterprise

### Tax deduction on contributions for integrity and anti-corruption programmes / activities

- Anti-corruption education programmes / activities organised by Civil Society Organisations (CSO) to be approved as national interest projects under Section 44(11C) of the MITA with certain conditions to be met.
- Cash donations to approved anti-corruption education programmes / activities organised by CSO will qualify for tax deduction equivalent to the amount contributed, up to 10% of aggregate income.

For applications received by the Ministry of Finance (MOF) from 1 January 2026 until 31 December 2028.

### Extension of application period for social enterprises income tax exemption

- Application for income tax exemption of social enterprises received by the MOF which is currently available until 31 December 2025, has been extended to 31 December 2028.



## 9 Agriculture / Food

### Tax incentive for automation in the agriculture sector

- Expansion on tax incentive for automation in the agriculture sector to include rearing chicken using the closed-house system.
- For applications received by Ministry of Agriculture and Food Security (KPKM) from 1 January 2026 to 31 December 2027.

### Tax incentives for food security

- **Companies engaging in new projects:**
  - 100% income tax exemption on statutory income for 10 YAs.
- **Existing companies undertaking expansion projects:**
  - 100% income tax exemption on statutory income for 5 YAs.
- Tax exemption to be given on income generated from sales in domestic market.

For applications received by KPKM from 1 January 2026 to 31 December 2030.



### Tour operators

- 100% tax exemption on incremental income from inbound tourism packages, subject to the following conditions:
  - The operator must bring in at least 1,000 foreign tourists annually; and
  - Incremental income refers to difference between qualifying income derived from business of operating inbound tourism packages to Malaysia during the basis period and income from preceding basis period.
- For YA 2026 and YA 2027.

### Tourism project operators

- Tax deduction of up to RM500,000 on qualifying expenditure incurred from 11 October 2025 to 31 December 2027 for renovation and refurbishment works undertaken by tourism project operators registered with Ministry of Tourism, Arts and Culture (MOTAC).

### Organisers of international incentive trips, conferences and trade exhibitions

- 100% income tax exemption on statutory income for organisers verified by MOTAC subject to bringing in annually:
  - At least 1,500 foreign participants for incentive trips; or
  - At least 2,000 foreign participants for conferences; or
  - At least 3,000 foreign participants for trade exhibitions.
- For YA 2026 and YA 2027.

### Organisers of arts and cultural activities, international sports and recreational competitions

- The current 50% tax exemption has been expanded to include tourism activities approved by MOTAC (excluding concert performances).
- Venue for arts, cultural and tourism activities has been broadened to include any location in Malaysia approved by MOTAC.
- The incentive has been extended for 2 years, for YA 2026 and YA 2027.

## 11 Environmental, Social and Governance

- Application for Green Technology Financing Scheme 5.0 is opened until 31 December 2026, offering government guarantee incentives of up to 80% for green technology projects in the waste sector, and up to 60% for other sectors such as energy, water, transportation and manufacturing, with a total financing value of RM1 billion.
- 100% Green Investment Tax Allowance (for Own Use) for companies that use locally manufactured green technology products certified under the MyHIJAU Mark.



## 12 Welfare

### Public university teaching hospitals endowment funds

Approved public university teaching hospitals are allowed to establish endowment funds, where:

- Donors are eligible for tax deduction equivalent to the amount of cash contribution, subject to a maximum of 10% of aggregate income.
- Contributions received including the income generated from the endowment fund are exempt from income tax.

Effective from YA 2026.

### Review of double tax deduction for scholarships

- For companies providing scholarships to students pursuing Sijil Teknik Vokasional / Diploma / Bachelor's Degree, excluding Masters and Doctorate levels.
- Expanded to include qualified professional certification courses.
- The household income requirement for the student's parents / guardians is increased to, not exceeding RM15,000 per month.
- Extended for 5 years to YA 2030.

### Training for care worker

- Double tax deduction for companies sponsoring training for persons with disabilities (OKU) be expanded to include sponsorship of care workers who are not employees of the company to undergo training programmes in institutions recognised by Ministry of Women, Family and Community Development.
- For YA 2026 and YA 2027.

### Employment of senior citizen, ex-convict, parolee, supervised person and ex-drug dependent

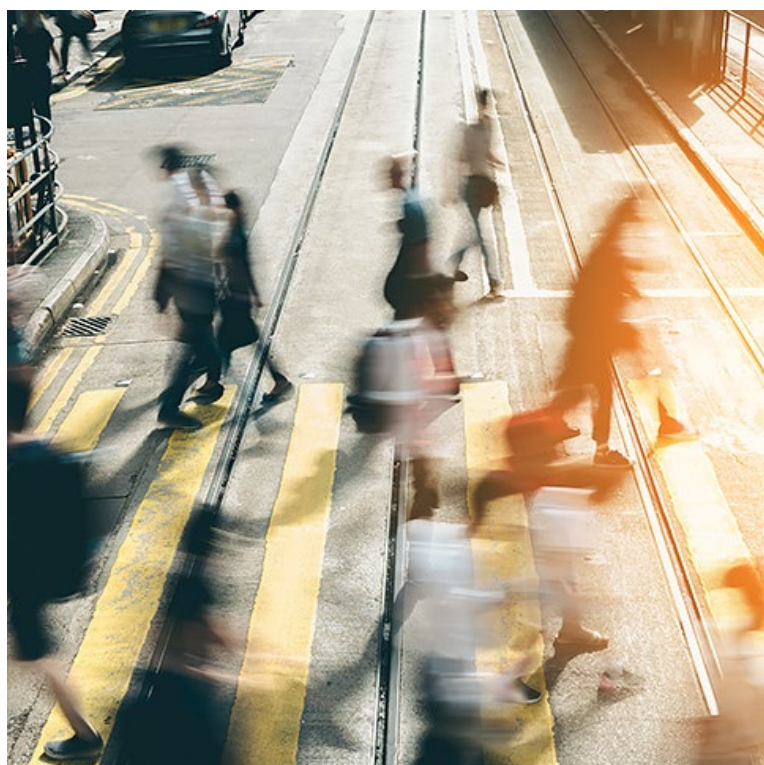
- Further tax deduction be expanded to include Prisoners Released on Licence under Prisons Act 1995 as well as drug / substance dependents and misusers undergoing treatment and rehabilitation provided under the Drug and Substance Dependents and Misusers (Treatment and Rehabilitation) Act 1983.
- Extended for 5 years to YA 2030.

## 13 Tax incentive for training in artificial intelligence

- Further tax deduction of 50% on expenses incurred by MSMEs, including those contributing to Human Resources Development Fund once in 2 years.
- For applications received by TalentCorp from 1 January 2026 to 31 December 2027.

## 14 Extension of tax incentive for commercialisation of R&D findings

- Tax deduction for companies investing in subsidiary companies that commercialise non-resource-based research and development findings by public research institutions, public institutes of higher learning and private higher education institutions to be extended from 1 January 2026 to 31 December 2030.





# Stamp duty

## 15 Stamp duty on property ownership by foreigners

**4% → 8%**

- Flat stamp duty rate on instruments of transfer of residential homes executed by non-citizen individuals (except Malaysian permanent resident) and foreign companies.
- For instruments of transfer of residential homes executed from 1 January 2026.

## 16 Stamp duty on contract notes for buy-side transaction of structured warrants

**100%** Stamp duty exemption for 3 years

- For contract notes for buy-side structured warrant transaction executed from 1 January 2026 to 31 December 2028.

## 17 Stamp duty exemption on contract notes for Exchange Traded Funds (ETFs) listed on Bursa Malaysia

**+ 3 years**

- Extension of stamp duty exemption on contract notes for ETFs transactions from 1 January 2026 to 31 December 2028.

## 18 Stamp duty exemption for Perlindungan Tenang products

**+ 3 years**

- Extension of stamp duty exemption on Perlindungan Tenang insurance policies and takaful certificates issued from 1 January 2026 to 31 December 2028.

## 20 Stamp duty exemption on insurance policies or takaful certificates with low annual premium / contribution

**+ 3 years**

- Extension of stamp duty exemption on insurance policies or takaful certificates with low annual premium or contribution issued from 1 January 2026 to 31 December 2028.

## 19 Stamp duty exemption for purchase of first residential home

**+ 2 years**

- Extension of stamp duty exemption on instruments of transfer and loan agreements for the purchase of first residential home by Malaysian citizens priced up to RM500,000.
- For sale and purchase agreements executed from 1 January 2026 to 31 December 2027.

# Indirect Tax

## 21 Review of excise duty rate on cigarettes

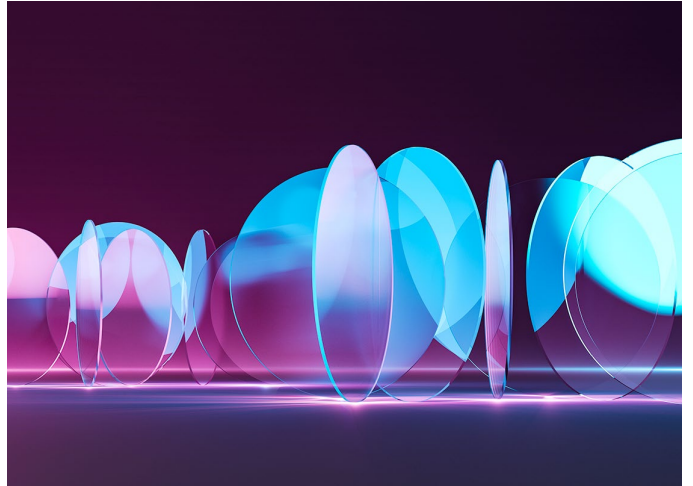
**+ RM0.02 per stick**  
or  
**+ RM0.40 per packet**

- The excise duty rate on cigarettes under the following tariff codes will be increased in phases, starting with RM0.02 per stick or RM0.40 per packet (1 packet contains 20 cigarettes sticks).
  - 2402.20.2000
  - 2402.20.9000
  - 2402.90.2000
- Effective date: 1 November 2025.

## 23 Review of excise duty rate on heated tobacco products

**+ RM20 per KG**

- The excise duty rate on heated tobacco products under tariff code 2404.11.0000 will be increased in phases, starting with RM20 per kilogramme of tobacco content.
- Effective date: 1 November 2025.



## 22 Review of excise duty rate on cigars, cheroots and cigarillos

**+ RM40 per KG**

- The excise duty rate on cigars, cheroots and cigarillos under the following tariff codes will be increased in phases, starting with RM40 per kilogramme.
  - 2402.10.0000
  - 2402.90.1000
- Effective date: 1 November 2025.

## 24 Import duty and sales tax exemptions on Nicotine Replacement Therapy (NRT) products

- Import duty and sales tax exemptions on nicotine gum and nicotine patch to be extended to 31 December 2027.
- The scope of exemption for NRT products to be expanded to include nicotine mist and nicotine lozenges from 11 October 2025 to 31 December 2027.
- Applications must be received by the MOF from 11 October 2025 to 31 December 2027.





## 25 Review of excise duty rate on alcoholic beverages products

# +10%

- The excise duty rates on alcoholic beverage products will be increased by 10%.
- Effective date: 1 November 2025.

## 26 Limit on vehicle tax exemption in Langkawi and Labuan

- Tax exemption on motor vehicles in Langkawi and Labuan will be limited to those valued not exceeding RM300,000
- Effective date: 1 January 2026.



## 27 Full excise duty and sales tax exemptions for taxi and private hire car owners

- 100% exemption on excise duty and sales tax for the purchase of new national vehicles, specifically PROTON and PERODUA models, by taxi owners and private hire car owners.

## 28 Introduction of Carbon Tax

- Carbon Tax is to be introduced with an initial focus on the iron, steel and energy sectors.
- Effective date: Year 2026.

## 29 Introduction of Digital Tax Stamp

- The Royal Malaysian Customs Department will introduce a digital tax stamp with enhanced security features to curb counterfeits and manage leakages at the country's entry point through a Centralised Screening Complex CCTV.

# Individual tax

30

## Expansion or increase of tax reliefs from YA 2026

### Childcare and kindergarten fees up to RM3,000

- Expanded to include registered daily care centres or after-school transit centres.
- Age limit for child has increased from 6 to 12 years.

### Environmental sustainability and home safety-related expenses up to RM2,500

- Expanded to include household food waste grinders and/or Closed-Circuit Television (CCTV) for home use
- Claimable once within 2 years
- Applicable for YA 2026 and YA 2027

### Life insurance premium or takaful contributions up to RM3,000

- Expanded to include eligible children\*

### Education and medical insurance premiums up to RM4,000

- Conditions to be imposed on eligible children\*

#### \* Eligible children:-

- aged below 18 and unmarried;
- aged 18 and above, unmarried and pursuing tertiary education; or
- no age limit for unmarried disabled children.

## Medical expenses incurred for self, spouse or child up to RM10,000

### a) Assessment for the purposes of diagnosis of learning disability and early intervention programme or rehabilitation treatment for learning disability

Amount to be increased from RM6,000 to RM10,000

### b) Vaccination expenses up to RM1,000

Expanded to include all registered and approved vaccines.

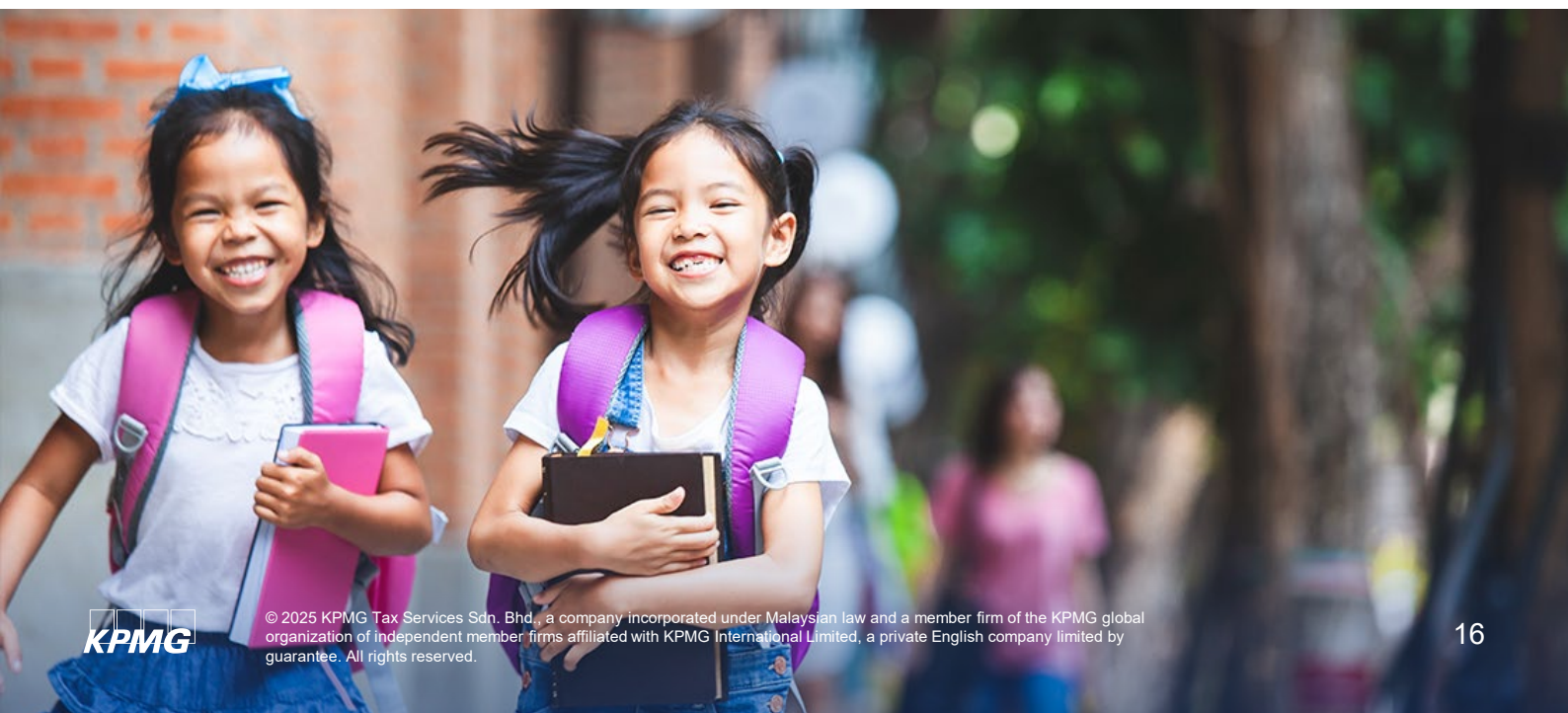


31

## Reintroduction of tax relief

### Domestic tourism expenses

- Payment of entrance fee up to RM1,000 for tourist attractions, cultural and art programmes for YA 2026.



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