



# Key Tax Developments in 2025

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# Income Tax Exemption and Incentives

# Income tax exemption for promotion of exports - Expansion of qualifying services under PUA 57/2002

Income tax exemption on 50% of the value of increased exports (restricted to 70% of statutory income) is expanded to include Integrated Circuit (IC) design services.

- Legal
- Accounting
- Architecture
- Marketing
- Business consultancy
- Office services
- Construction management
- Building management
- Plantation management
- Private education
- Publishing services
- Information technology and communication services
- Engineering services
- Printing services
- Local Franchise services
- **Integrated Circuit Design services (effective from YA 2025)**











# Income tax exemption for increase in export sales – Expansion of exempted persons under PUA 12/2025 & PUA 14/2025

## Expands the scope of claimant to include the following person:

- |   |  |
|---|--|
| I. A body corporate which administers and manages a fund established under any written law; or  | Income Tax (Exemption) (No. 5) Order 2019 (Amendment) Order 2025 |
| II. A resident company and at least 60% of the issued share capital of the company is owned by a Malaysian citizen or a body corporate [in (I) above] | Income Tax (Exemption) (No. 6) Order 2019 (Amendment) Order 2025 |

Effective from YA 2025

# MDEC Guidelines for Malaysia Digital Tax Incentives

	New Investment Incentive (ITA 60% or 100%)	Expansion Incentive (ITA 30% or 60%)
<b>First part of ITA period</b> (From commencement date until submission of declaration on compliance with minimum conditions)	<div> Must <b>comply with minimum conditions within 36 months</b> from the date of approval in principle.</div> <div> ITA of <b>30%</b> of qualifying capital expenditure incurred in this period.</div>	
<b>Second part of ITA period</b> (From the day after the expiry of first part, until expiry of the 5-year ITA period)	<b>Option 1:</b> <div> Maintains minimum conditions.</div> <div> ITA of:<ul style="list-style-type: none"><li>• Remaining <b>30%</b> (from first part)</li><li>• <b>60%</b> of capex in second part.</li></ul></div>	<b>Option 1:</b> <div> Maintains minimum conditions.</div> <div> ITA of <b>30%</b> of capex in second part.</div>
	<b>Option 2:</b> <div> Complies with <b>additional</b> conditions.</div> <div> ITA of:<ul style="list-style-type: none"><li>• Remaining <b>70%</b> (from first part)</li><li>• <b>100%</b> of capex in second part.</li></ul></div>	<b>Option 2:</b> <div> Complies with <b>additional</b> conditions.</div> <div> ITA of:<ul style="list-style-type: none"><li>• Remaining <b>30%</b> (from first part)</li><li>• <b>60%</b> of capex in second part.</li></ul></div>





# Environmental, Social and Governance ("ESG")

# Special deduction for ESG-related expenses

## Income Tax (Deduction for Expenditure in relation to Environmental Preservation, Social and Governance) Rules 2025

- Effective from YA2024 – YA2027

ESG related expenditure	Category of taxpayer
ESG reporting	Companies listed on Bursa Malaysia, financial institutions (including financial holding companies) as supervised by the Bank Negara Malaysia
Preparation of reports and compliance review assessment by an independent reviewer as required under the IRB's guidelines for Tax Corporate Governance Framework, subject to the issuance of certificate of compliance	Companies, Labuan companies
Preparation of <b><u>contemporaneous</u> transfer pricing documentation</b> as defined under the Income Tax (Transfer Pricing) Rules 2023	Companies, Labuan companies
Consultation fee for the development of customized software for implementing e-Invoicing and obtaining services of external service providers (excluding expenditure incurred at the planning stage / preliminary procedure and relating to issuance of e-Invoice via MyInvois portal)	Micro, Small and Medium Enterprises

# Foreign Source Income



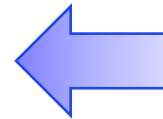
# IRB's further clarification on Foreign Sourced Income

## Foreign dividend income – Participation Exemption requirements

- (a) Dividend income is subject to tax in the country of origin which the income arises

In determining whether dividend has been subjected to tax in the country of origin where the income arises, the conditions are as follows:

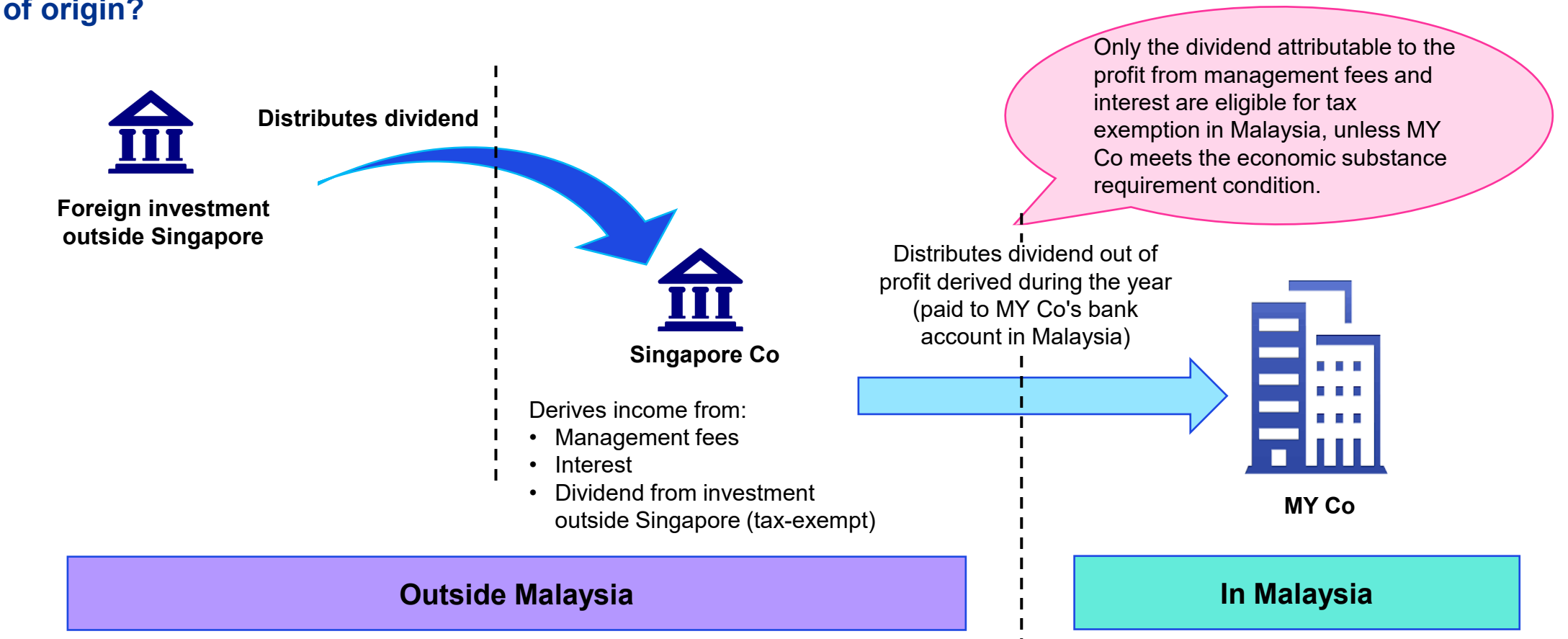
- (i) Tax has been imposed in the country of origin on foreign dividend income received in Malaysia as follows:
  - (A) Tax paid or payable in the country of origin is either income tax or withholding tax; or
  - (B) Foreign dividend income received has been subjected to underlying tax.



Documents to prove underlying tax has been paid

# IRB's further clarification on Foreign Sourced Dividend Income

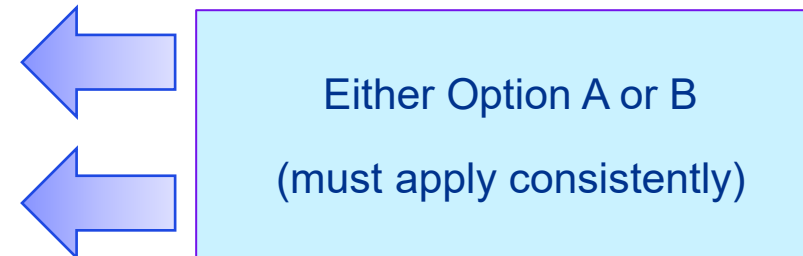
Is the whole foreign dividend income received considered as subjected to underlying tax in the country of origin?



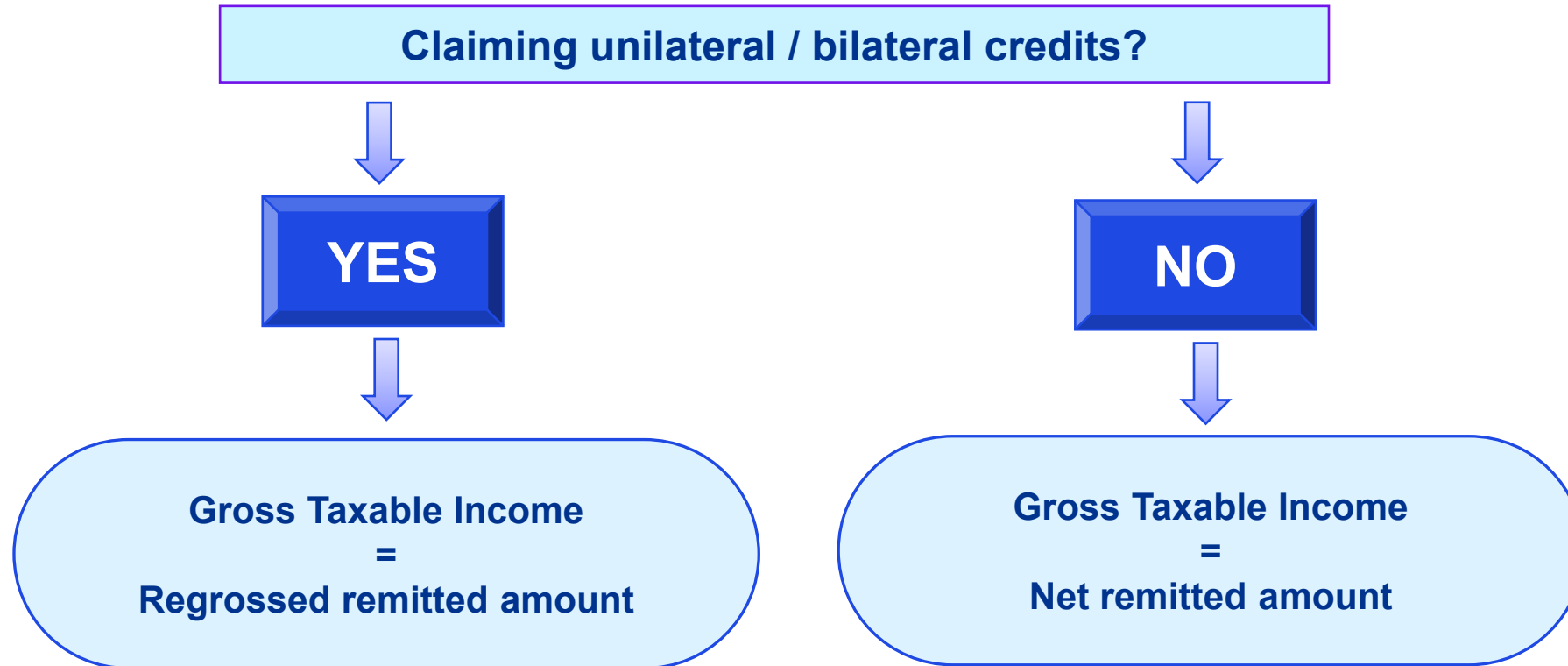
# IRB's further clarification on Foreign Sourced Dividend Income

## Foreign dividend income – Participation Exemption requirements

- (b) The headline tax rate in the country of origin is not less than 15%
- (i) The foreign country headline tax rate refers to the highest corporate tax in the country of origin:
  - (A) in the year that dividend is subject to withholding tax; or
  - (B) in the year that dividend is received in Malaysia.



# IRB's further clarification on Foreign Sourced Income



# Dividend Tax



# Determination of Chargeable Dividend Income [PUA 148/2025]

$$\frac{A}{B} \times C$$

**A** - statutory dividend income

**B** - aggregate income (where the individual elects for joint assessment, this includes the income from the wife / husband, as the case may be)

**C** - chargeable income

**\* The chargeable dividend income ascertained shall be taxed at 2%, with the remaining chargeable income (if any) be assessed at the individual's income tax rate.**

# Dividend Tax - Example

Mr A's income in YA 2025	RM
Employment income	50,000
Rental income	10,000
Dividend income <u>received</u> in 2025	130,000

# Calculation example

	RM
Employment income	50,000
Rental income	10,000
Dividend income <b>[A]</b> [RM130,000 – RM100,000]	30,000
Aggregate income <b>[B]</b>	90,000
Less: Relief	(9,000)
Chargeable income <b>[C]</b>	81,000

	RM
Chargeable dividend income <b>[A / B x C]</b> [taxed at 2%]	27,000
Net chargeable income [taxed at scale rate]	54,000
	RM
Dividend tax [RM27,000 x 2%]	540.00
Income Tax [First RM50,000 – RM1,500 Remaining RM4,000 @ 11%]	1,940.00
Total tax payable	2,480.00

# Format and sample of dividend voucher starting from YA 2025

**THIS SAMPLE IS JUST A GUIDE**

**ABC SDN. BHD.**  
(Incorporated in Malaysia under Company No. 123456-M)

MALAYSIAN DIVIDEND VOUCHER						
WARRANT NO.	DIVIDEND NO.	TYPE OF DIVIDEND	FOR YEAR ENDED	FOR SHARES REGISTERED ON	SHAREHOLDING	DATE OF PAYMENT
128	27	FIRST & FINAL	30 JUNE 2025	30 APRIL 2025	1,000	10 MAY 2025

CATEGORY OF DIVIDEND	DIVIDEND RATE	GROSS DIVIDEND (RM)
EXEMPT DIVIDEND	5%	RM50.00
SINGLE TIER DIVIDEND	10%	RM100.00

**HUSAINI BIN ABU**  
358, Jalan Liku 2/4,  
45000 Serdang,  
Selangor Darul Ehsan.

FOR ABC SDN. BHD.  
**SILVIA ONG**  
Company Secretary

1. We hereby certify that the exempt dividend is paid out of dividend income in respect of which Income Tax has been exempted under **(please provide the relevant legal provisions for the category of exempt income from which the exempt dividend is paid)**.

2. We hereby certify that no tax is deductible from the single tier dividend under subsection 108(1) of the Income Tax Act 1967. The single tier dividend is not taxable in the hands of the shareholders **other than an individual** pursuant to paragraph 12B of Schedule 6 of Income Tax Act 1967.

**Note:** For an individual who receives one or more dividend vouchers, where the total gross dividend, other than dividend which is exempt in the hands of the shareholder, exceeds RM100,000.00, the individual must declare the dividend income as part of their aggregate income pursuant to paragraph 6(1)(r) of the said Act.

- NOTE:** (i) Where the date of payment for each category of dividend is different, separate dividend vouchers should be prepared.
- (ii) Where the dividend consists of property other than money, the gross dividend shall include the amount of the market value of that property at the time of the distribution of the dividend.
- (iii) The date of payment refers to the date on which the dividend is paid, distributed or credited by the company to the shareholders.
- (iv) The above example is just for illustration and only the relevant category/categories of dividend paid should be shown in the actual dividend voucher.
- (v) The legal provisions relevant to the category of exempt income from which the exempt dividend is paid should be stated accurately in Paragraph 1 above whenever applicable.

(Amended: 13<sup>th</sup> June 2025)

# Public Rulings




# Public Ruling No. 2/2025 Group Relief for Companies

- Replaces PR No. 6/2016.
- Time limit for surrendering adjusted business losses – 3 consecutive YAs

## Example 1

Company S commenced business operations on 1.1.2019. The accounting period of the company ended on 31.12.2019. Company S intends to surrender its current year adjusted business losses to a related company, Company T. Both companies are eligible for group relief.

**Time Limit for Surrendering Adjusted Loss**

YA				
2019	2020	2021	2022	2023
Basis period for first YA is twelve (12) months	 <p>1                      2                      3</p> <p>Period in which the surrendering company is allowed to surrender current year adjusted business losses to the claimant company</p>			Current year adjusted business losses can no longer be surrendered in YA 2023

# Public Ruling No. 2/2025 Group Relief for Companies

## Example 2

Company S commenced business operations on 1.6.2019.

### Time Limit for Surrendering Adjusted Loss

YA					
2019	2020	2021	2022	2023	2024
First basis period other than twelve (12) months	Second basis period - is twelve (12) months	1	2	3	Current year adjusted business losses can no longer be surrendered in YA 2024
		Period in which the surrendering company is allowed to surrender current year adjusted business losses to the claimant company			

# Practice Note

# Practice Note No.1/2025 - Tax Treatment on the Acceptance of Donation or contributions



- Donations or contributions may be subject to income tax if:
  - i. The recipient of the donations or contributions is engaged in business; or
  - ii. The donations or contributions received are used to increase revenue and sustain its business activities.



- Donations / contributions utilised to carry out the Institution, Organisation or Funds (IOF)'s activities are taxed as Section 4(a) income whilst Section 33(1) deduction can be claimed on expenses incurred for implementing the objectives of the IOF.

# Administrative Matters



# CP204B - Notification of change in Accounting Period

## Prescribed Form CP204B

- Up to 30 June 2025

## e-Form CP204B

- Available on MyTax
- Mandatory starting from 1 July 2025
- Applicable to Companies, Limited Liabilities Partnerships, Trust Bodies and Cooperatives



# Implementation of the Tax Compliance Certificate (TCC) on Government procurement

- IRB's Operational Guidelines No. 1/2025
- Taxpayer (Individual / Company directors) can check TCC document through MyTax portal.
- Status "Patuh" or "Tidak Patuh"

CONTOH SIJIL PEMATUHAN CUKAI BERSTATUS PATUH

LEMBAGA HASIL DALAM NEGERI MALAYSIA

Telefon : 03-8911 1000 (HASIL Care Line)  
Portal Rasmi : <https://www.hasil.gov.my>

Tarikh Janaan Sijil  
Tarikh Luput Sijil

**SIJIL PEMATUHAN CUKAI (TCC)**  
BAGI PERMOHONAN PEROLEHAN KERAJAAN  
(STATUS: PATUH)

Adalah dengan ini menyatakan bahawa

telah memenuhi kriteria permohonan Sijil Pematuhan Cukai

Sijil ini dikeluarkan berdasarkan status pematuhan pembayar cukai bagi maksud permohonan perolehan kerajaan sahaja. Sekiranya terdapat bukti-bukti yang menunjukkan pemegang sijil ini tidak mematuhi mana-mana peruntukan dalam Akta Cukai Pendapatan 1967, pihak Lembaga Hasil Dalam Negeri Malaysia berhak menarik balik status pematuhan yang diberikan melalui sijil ini.

Sebarang pertanyaan, sila hubungi HASIL Care Line di talian 03-8911 1000 (dalam negara) / 603-8911 1100 (luar negara).



CONTOH SIJIL PEMATUHAN CUKAI BERSTATUS TIDAK PATUH

LEMBAGA HASIL DALAM NEGERI MALAYSIA

Telefon : 03-8911 1000 (HASIL Care Line)  
Portal Rasmi : <https://www.hasil.gov.my>

**SIJIL PEMATUHAN CUKAI (TCC)**  
BAGI PERMOHONAN PEROLEHAN KERAJAAN  
(STATUS: TIDAK PATUH)

Adalah dengan ini menyatakan bahawa

tidak memenuhi kriteria permohonan Sijil Pematuhan Cukai (TCC) seperti berikut:


☐ Tidak mengemukakan Bilang Nyata Cukai Pendapatan

☐ Mempunyai cukai/cukai tertunggak yang belum dijelaskan

Sila berurusan di pejabat LHDNM yang berdekatan atau e-mel ke alamat [tcc@hasil.gov.my](mailto:tcc@hasil.gov.my) untuk penyelesaian isu di atas.

Sijil ini dikeluarkan berdasarkan status pematuhan pembayar cukai bagi maksud permohonan perolehan kerajaan sahaja.

Sebarang pertanyaan, sila hubungi HASIL Care Line di talian 03-8911 1000 (dalam negara) / 603-8911 1100 (luar negara).



# Capital Gains Tax ("CGT")

# Capital Gains Tax on Disposal of Unlisted Shares

## Definition of ‘capital asset’

### Guideline dated 1 March 2024

- (a) “asset modal” bermaksud harta alih atau harta tidak alih termasuk sebarang hak atau kepentingan ke atasnya.

### Guideline dated 21 July 2025

- (a) “capital asset” according to subsection 2(1) of the ITA means –
  - (a) movable or immovable property situated outside Malaysia including any rights or interests thereof; or
  - (b) moveable property situated in Malaysia which is a share of a company incorporated in Malaysia not listed on the stock exchange (including any rights or interest thereof) owned by a company, limited liability partnership, trust body or co-operative society.



# Transfer Pricing Tax Audit Framework 2025 (“TPAF”)



# Transfer Pricing Audit Framework 2025 (“TPAF”)

## Surcharge on TP adjustment

### TPAF 2024 (revoked)

Penalty on understatement / omission of income for **audit cases** commencing before 1 January 2021

Subsection 113(2) of the ITA

1 <sup>st</sup> offence	15%
2 <sup>nd</sup> offence	30%
≥ 3 <sup>rd</sup> offences	45%

Surcharge for transfer pricing adjustments applicable to **audit cases** commencing on or after 1 January 2021.

- Surcharge of not more than 5% on the amount of TP adjustment.

### TPAF 2025 (effective from 31 July 2025)

Penalty on understatement / omission of income for **basis period** commencing before 1 January 2021

Subsection 113(2) of the ITA

1 <sup>st</sup> offence	15%
2 <sup>nd</sup> offence	30%
≥ 3 <sup>rd</sup> offences	45%

Surcharge for transfer pricing adjustments applicable to **basis periods** commencing on or after 1 January 2021.

- Surcharge of not more than 5% on the amount of TP adjustment.

# RPGT Audit Framework

# RPGT Audit Framework

Issued on 1 January 2025

## Period covered under RPGT audit

3 preceding years of assessment

## Penalties

Penalty rate for incorrect returns – 45%

## Penalty rate for voluntary disclosure:

- Disclosure within 6 months after the due date of filing the RPGT return – 10%
- Disclosure after 6 months after the due date of filing the RPGT return – 20%

## Appeal process

Submit Form Q within 30 days from the Notice of assessment



# Real Property Gains Tax (“RPGT”)

## Operational Guideline for RPGT

- Issued on 13 January 2025.
- Incorporates the latest legislation in relation to the self-assessment system.

## Application for relief

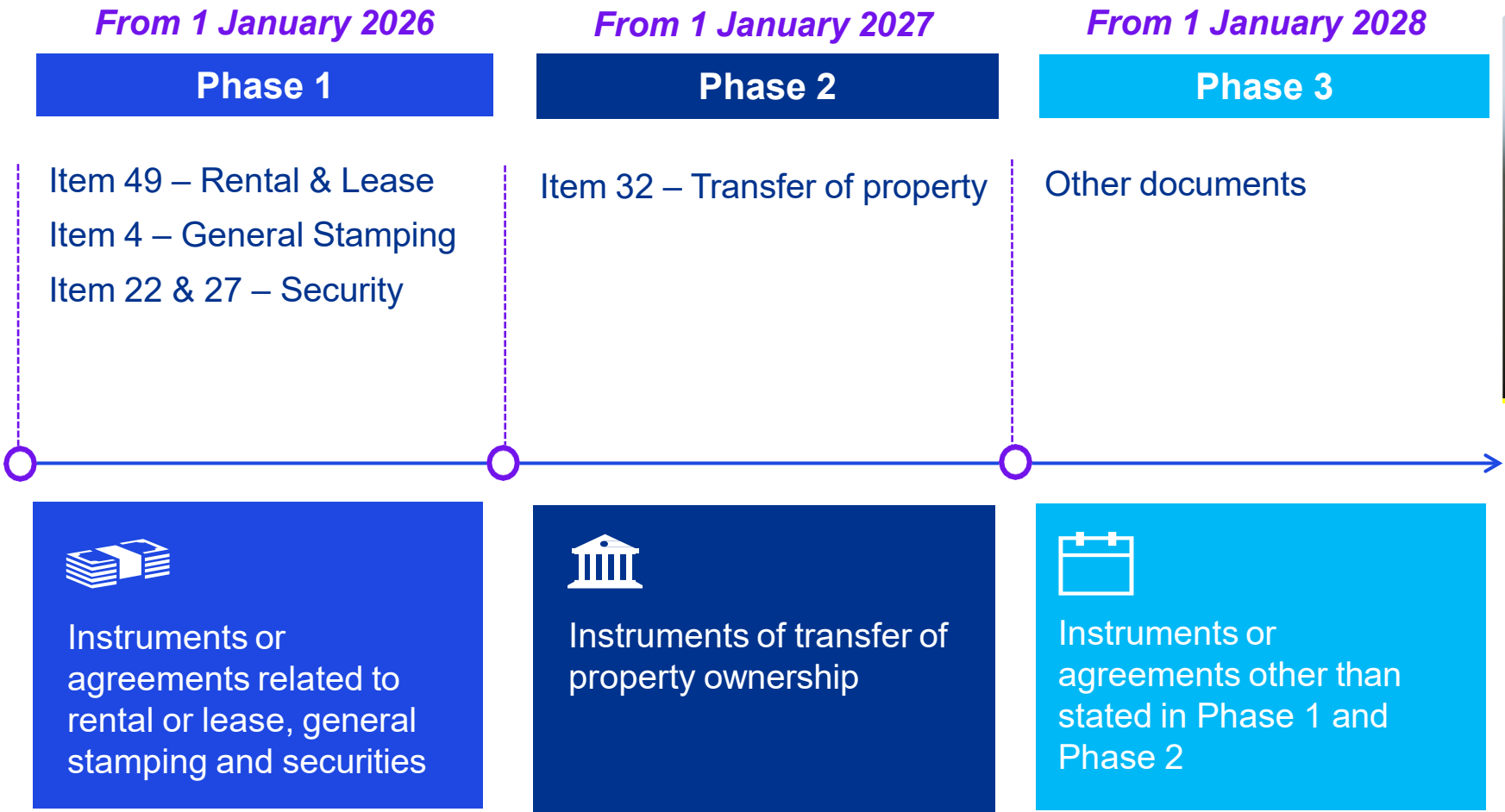
- Form CKHT 15H
  - Application for relief in respect of error or mistake
  - Section 19 of RPGT Act
- Form CKHT 15J
  - Application for relief other than in respect of error or mistake
  - Section 19A of RPGT Act





# Stamp Duty Audit Framework

# Stamp duty self-assessment system





# Stamp duty audit framework

Issued on 1 January 2025

## Period covered under stamp duty audit

- Up to 3 calendar years (except cases involving fraud, duty evasion or negligence)

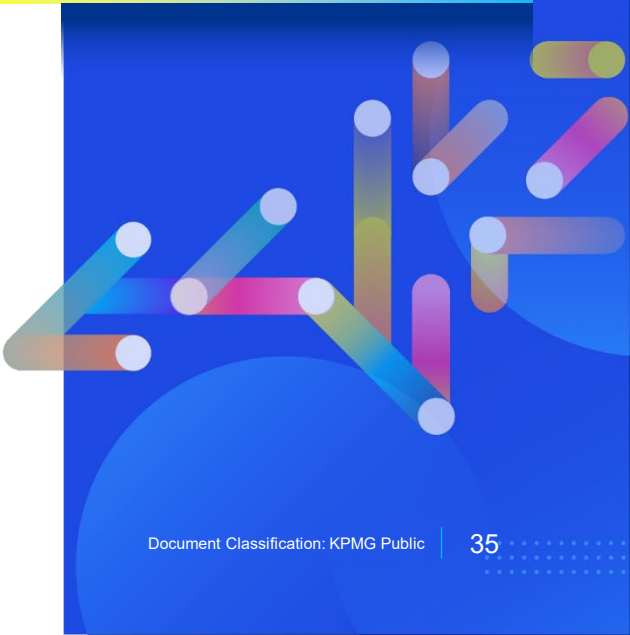
## Penalties / Fines

- Late stamping

Not exceeding 3 months	Exceeding 3 months
RM50 / 10% insufficient duty*	RM100 / 20% insufficient duty*

\* *whichever is greater*

- Failure to maintain records
- Failure to submit return
- Incorrect return



# Stamp duty audit framework (cont'd)

Issued on 1 January 2025

## Voluntary disclosure

- Instruments which have not been brought for stamping within 3 months from the due date for stamping, before the commencement of stamp duty audit.

## Penalty for voluntary disclosure

- 10% or RM50, whichever is higher



# Stamp duty audit framework (cont'd)

Issued on 1 January 2025


## Payment procedure

- Additional duties and penalties imposed arising from a stamp duty audit shall be settled within the stipulated deadline.
- Payment by instalments is not accepted.

## Appeal process

- Notice of assessment or additional assessment – appeal to the Collector within 30 days
- Dissatisfied with the Collector's decision - further appeal to the High Court within 21 days being notified by the Collector in writing of their decision.





# Tax Audit Framework (“TAF”) on Income Tax and Employer



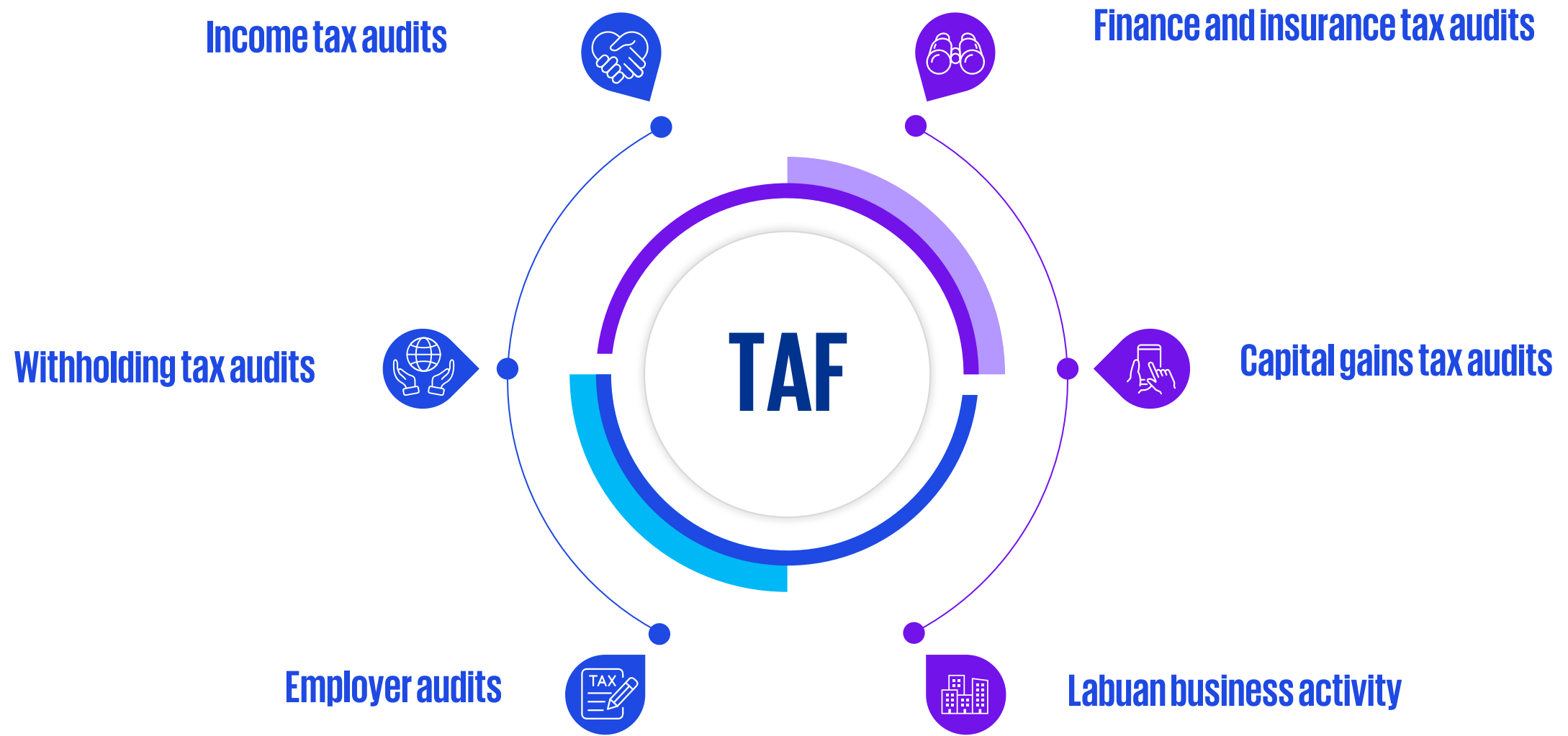
# TAF on Income Tax and Employer

Effective from 15 March 2025

- Replaces and consolidates the following tax audit frameworks:
  - ❑ Tax Audit Framework dated 1 May 2022
  - ❑ Tax Audit Framework on Finance and Insurance dated 1 May 2022
  - ❑ Tax Audit Framework for Petroleum Tax dated 1 May 2022
  - ❑ Tax Audit Framework for Employer dated 1 October 2021
  - ❑ Tax Audit Framework on Withholding Tax dated 1 August 2015



# TAF on Income Tax and Employer

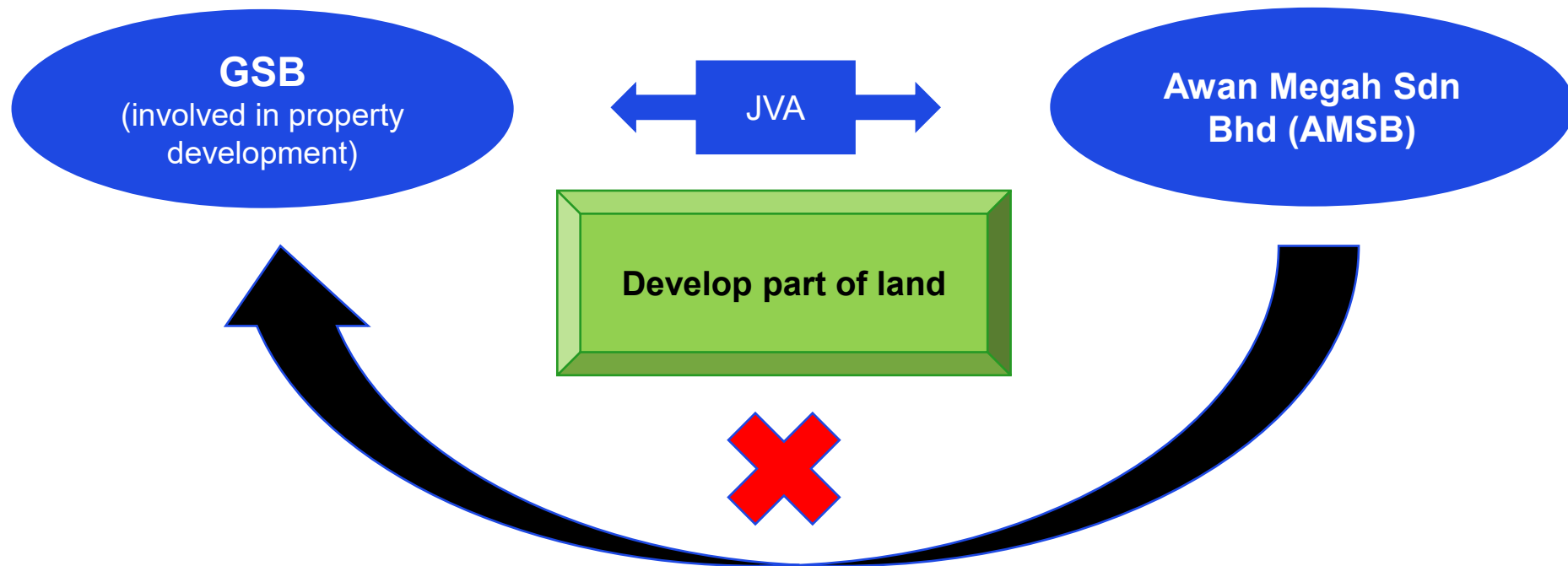




# Case law

# Compensation for loss of Income – Revenue vs Capital Receipt

## GSB v DGIR



RM5 million compensation is treated as gross income under:

- Section 22(2)(b) of the Income Tax Act (ITA) 1967



AMSB paid GSB **RM7 million**, comprising:

- **RM2 million:** Refund
- **RM5 million:** Compensation



# Thank you

# Questions & Answers



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