



# Tax developments



15 January 2025

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KPMG in Malaysia

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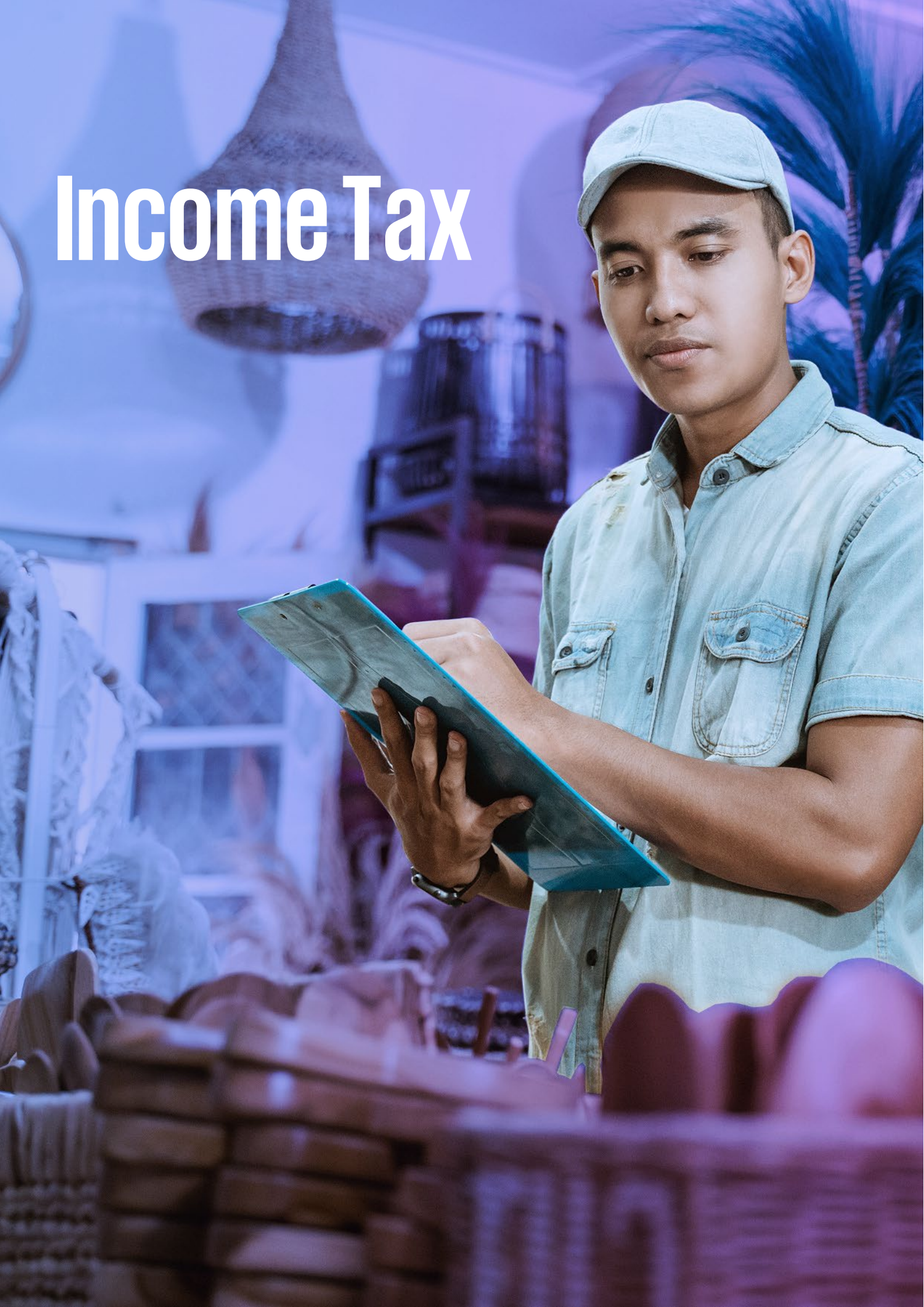
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# Income Tax



# Income Tax

## Expansion of exempted persons for promotion of exports

The following Amendment Orders have been gazetted:

Tax incentive	Principal Order	Amendment Order
Income tax exemption on 30% / 50% / 100% of the value of increased exports (restricted to 70% of statutory income of a YA) for significant increase in exports (at least 50%), penetration into new markets, awarded an Export Excellence Award	Income Tax (Exemption) (No. 5) Order 2019	Income Tax (Exemption) (No. 5) Order 2019 (Amendment) Order 2025
Income tax exemption on 10% / 15% of the value of increased exports (restricted to 70% of statutory income of a YA) for at least 30% / 50% value-added manufacturing products or agricultural produce	Income Tax (Exemption) (No. 6) Order 2019	Income Tax (Exemption) (No. 6) Order 2019 (Amendment) Order 2025

Previously, the ownership condition at the beginning of the basis period for a YA where at least 60% of its issued share capital is owned directly by a Malaysian citizen. The Amendment Orders expand the scope of the ownership condition to the following persons:

- A body corporate which administers and manages a fund established under any written law (as defined); or
- A company which is—
  - (A) incorporated under the Companies Act 2016 and resident in Malaysia in the basis period for that YA; and
  - (B) at least 60% of the issued share capital of the company is owned by a Malaysian citizen or a body corporate which administers and manages a fund established under any written law (as defined).

The Amendment Orders are effective from YA 2025.

Source for the Orders: [Federal Legislation Portal of Malaysia](#)

## Deduction for SRI-linked sukuk

The Income Tax (Sustainable and Responsible Investment Linked Sukuk) Rules 2024 were gazetted to provide a tax deduction in arriving at the adjusted income of a resident company incorporated under the Companies Act 2016 or Labuan Companies Act 1990 on the cost of issuing or offering a SRI-linked sukuk that is:

- Approved / authorized by / lodged with the SC, and
- Issued / offered to an investor in compliance with the SC's sukuk guidelines.

Any amount exempted under Subsection 127(3A) of the MITA in respect of a grant to finance an external review expenditure for the issuance or offering of the SRI-linked sukuk does not qualify for deduction under the above Rules.

The Rules have effect from YA 2023 to YA 2027.

Source for the Rules: [Federal Legislation Portal of Malaysia](#)

## Exemption on income derived from ISSB

To increase the overall volume of securities trading and the liquidity of the Shariah-compliant stock market, the Income Tax (Islamic Securities) (Exemption) Order 2024 was gazetted to provide income tax exemption to any approved supplier and user on the statutory income derived from an ISSB negotiated transaction, other than those which are explicitly excluded in the Order. The Order is effective from YA 2024.

Source for the Order: [Federal Legislation Portal of Malaysia](#)

## Extension of incentive application period for solar photovoltaic system leasing services

The Income Tax (Green Technology Incentive) (Solar Photovoltaic System Leasing) (Exemption) Order 2024 provides income tax exemption of 70% of statutory income (excluding IP income) derived from the provision of solar photovoltaic system leasing services under the Net Energy Metering Scheme for:

- 5 consecutive YAs – qualifying company with an installed capacity of > 3MW to ≤ 10MW
- 10 consecutive YAs – qualifying company with an installed capacity of > 10MW to ≤ 30MW

The Income Tax (Green Technology Incentive) (Solar Photovoltaic System Leasing) (Exemption) (Amendment) Order 2024 was gazetted to extend the incentive application period to 31 December 2026 (previously until 31 December 2023). The Order is deemed to have come into operation on 1 January 2024.

Source for the Orders: [Federal Legislation Portal of Malaysia](#)



## MIDA's guidelines for Global Services Hub tax incentive

As an enhancement to the now-expired Principal Hub tax incentive scheme, the Global Services Hub was introduced in the 2024 Budget to serve as an attraction for MNCs to leverage Malaysia's ecosystem as a strategic base to manage their regional and global operations.

MIDA has issued the above guideline to explain the criteria, qualifying activities and the application procedure for the tax incentives:

- **Special tax rate on income from qualifying activity (outcome-based)**

New company (5 + 5 years)	Tier 1: 5% Tier 2: 10%
Existing company (5 years on value-added income)	Tier 1: 5% Tier 2: 10%

- **Special individual income tax rate**

15% tax rate for up to 3 non-citizen individuals holding key or C-Suite positions in the Global Services Hub company for 3 consecutive years.

Applications shall be made online to MIDA from 14 October 2023 until 31 December 2027. The relevant statutory orders are pending gazettelement.

Source for the Guidelines: Official Portal of [MIDA](#)

## MIDA's guidelines and procedures for the application of DESAC scheme

The DESAC scheme was announced in the 2022 Budget to catalyze digital investments and strengthen the digital ecosystem in Malaysia. This scheme focuses on two types of digital providers, namely Digital Technology Providers which provide digital services based on Industrial Revolution 4.0 and digitalization technology related to manufacturing and manufacturing related services, and Digital Infrastructure Providers providing the qualifying activities of data centres and submarine cables.

MIDA has released the guidelines for Digital Infrastructure Provider under the DESAC scheme to explain the criteria and application procedures for the incentives offered for this category:

	Tier 1	Tier 2
<ul style="list-style-type: none"> <li>▪ <b>New company</b></li> </ul>		
Investment Tax Allowance	<b>100%</b>	<b>60%</b>
	or	
	on qualifying capital investment (excluding land) for qualifying activities for 5 or 10 years to be set off against 100% of statutory income	
<b>OR</b>		
Special Tax Rate	<b>10%</b>	<b>15%</b>
	or	
	on statutory income (excluding IP income) for 5 or 10 years	

	<b>Tier 1</b>	<b>Tier 2</b>
<ul style="list-style-type: none"> <li>▪ <b>Existing company</b></li> </ul>	<div style="font-size: 2em; font-weight: bold;">60%</div>	<div style="font-size: 2em; font-weight: bold;">30%</div>
<p>Investment Tax Allowance</p>	<p>or</p> <p>on qualifying capital investment (excluding land) for qualifying activities for 5 years to be set off against 70% of statutory income</p>	

Applications shall be made online to MIDA from 1 January 2022 until 31 December 2027. The relevant statutory orders are pending gazettment.

Source for the Guidelines: Official Portal of [MIDA](#)

## MIDA's guideline for sustainable development of data centre

MIDA has issued the above guideline to explain the eligibility criteria to achieve sustainable data centre status in Malaysia. To achieve such status, the measurements of power usage effectiveness, carbon usage effectiveness and water usage effectiveness are to be applied. Applications received by MIDA for tax incentives under the DESAC scheme until 31 December 2027 will be subject to the conditions outlined in the guideline.

Source for the Guideline: Official Portal of [MIDA](#)

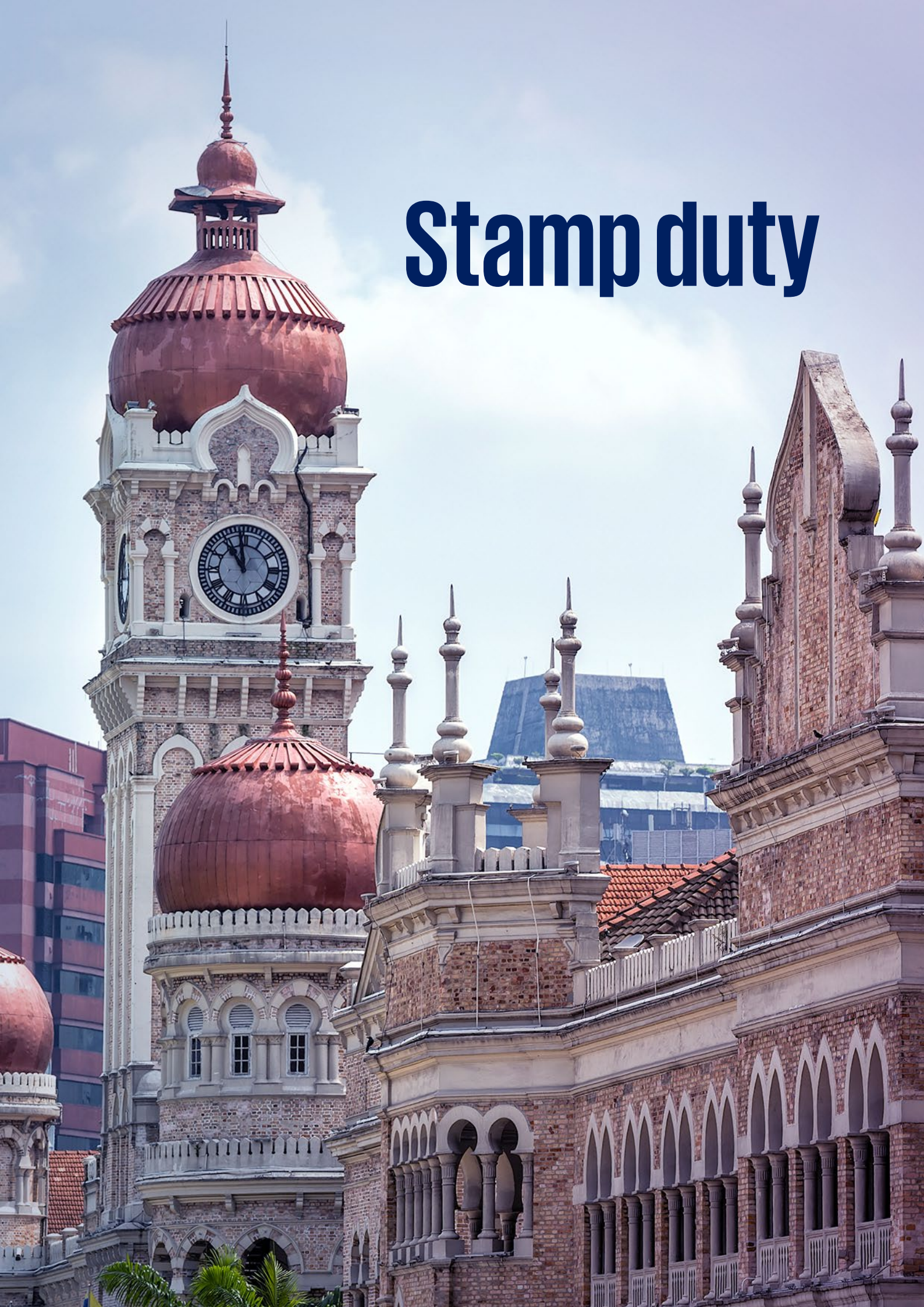
## TIN search service launched

The MIRB has launched a TIN search service for taxation purposes, including for the implementation of e-Invoicing. The search service is accessible on the MyTax portal and MyInvois platforms from 1 January 2025.

Source for the Media Statement (only available in the Malay Language): Official Portal of [MIRB](#)



# Stamp duty



# Stamp Duty

## Revision of stamp duty exemption on loan or financing agreements for Micro Financing Scheme

Under the Stamp Duty (Exemption) (No. 4) Order 2011 (“2011 Order”), stamp duty exemption is given on loan or financing agreements under the Micro Financing Scheme approved by the National Small and Medium Enterprises Development Council executed on or after 1 January 2012, for amounts of up to RM50,000 between a borrower and a participating bank or financial institution.

To further assist MSMEs in obtaining unsecured loans or financing, the Stamp Duty (Exemption) (No. 9) Order 2024 was gazetted to increase the loan or financing limit eligible for exemption to RM100,000 for loan or financing agreements under the Micro Financing Scheme approved by the Central Bank of Malaysia. The increased limit applies to agreements that are executed on or after 1 January 2025. The Order comes into operation on 1 January 2025 and revokes the 2011 Order.

Source for the Order: [Federal Legislation Portal of Malaysia](#)



# Real Property Gains Tax



# Real Property Gains Tax

## Application forms for relief under the RPGT self-assessment system

With the implementation of the RPGT self-assessment system from 1 January 2025, RPGT returns submitted for chargeable disposals made on or after YA 2025 will be deemed as assessments raised by the DGIR. Correspondingly, provisions for relief were inserted in the RPGTA to establish the relevant mechanisms to provide for persons who have received a notice of assessment to seek a revision of the assessment.

For this purpose, the MIRB has released the following forms:

- Form CKHT 15H – Application for relief to the DGIR in respect of error or mistake under Section 19 of the RPGTA
- Form CKHT 15J – Application for relief to the DGIR other than in respect of error or mistake under Section 19A of the RPGTA

Applications shall be sent to the MIRB's address on the notice of assessment or to the relevant MIRB branch where the person's income tax file is registered, where applicable.



Where a person is aggrieved by the DGIR's decision, an appeal can be made via Form CKHT 15K to request the DGIR to forward the relief application to the SCIT.

Source for the Forms (only available in the Malay Language): Official Portal of [MIRB](#)

## RPGT audit framework

Previously, RPGT audit was covered under the Tax Audit Framework dated 1 May 2022. Following the introduction of the RPGT self-assessment system, the MIRB has issued the above framework which comes into effect on 1 January 2025 to ensure that RPGT audit is carried out in a fair, transparent and impartial manner.

The salient points, amongst others, are:-

- Where there is an understatement or omission of income from the audit findings, penalty at the rate of 45% shall be imposed.
- Where voluntary disclosure is made after the due date of filing the RPGT return but before the RPGT audit is initiated, the penalty rate is based on the timing of the disclosure:
  - Disclosure within 6 months from the due date – 10%
  - Disclosure after 6 months from the due date – 20%

Source for the Framework (only available in the Malay Language): Official Portal of [MIRB](#)

## Operational guideline for RPGT

The MIRB has released the above guideline in line with the implementation of the RPGT self-assessment system. Amongst others, the guideline covers the following:

- The filing procedures for RPGT return and the eligibility to file an amended RPGT return
- The payment responsibility of a disposer and acquirer
- The recordkeeping period for documents
- The appeal procedure for relief

Source for the Guideline (only available in the Malay Language): Official Portal of [MIRB](#)



# Indirect Tax

# Indirect Tax

## STP 8/2024 – Service Tax exemption on fee or commission imposed by local commodity trading platform

The RMCD has issued **STP 8/2024** – Service Tax exemption on fee or commission imposed by local commodity trading platform dated 26 December 2024. The exemption is effective retrospectively from 1 October 2024. The salient points of the STP are as follows:

- Service recipients and service providers of local commodity trading platforms are exempted from payment and levying of Service Tax on the platform fee or commission accordingly.
- The exemption is effective 1 October 2024 and is **limited to local commodity trading platforms used to manage Islamic financing only**.
- Service Tax collected up to 30 September 2024 must be remitted to RMCD, whilst no refunds will be granted for Service Tax paid prior to 1 October 2024.
- RMCD reserves the right to recover the Service Tax from any service provider who is liable to register for Service Tax under the Service Tax legislation but not yet registered or has been registered but did not remit the said Service Tax in accordance with the current legislation in force.
- Local commodity trading service providers are advised to obtain Customs Ruling from RMCD on the type of taxable service for the fee or commission imposed for the local commodity trading platform in the event this exemption is revoked in the future.

Source for the STP: [RMCD – MySST \(Service Tax Policy\)](#) – available in Malay language only

## Indirect tax legislation updates

The following legislations have been gazetted:

### I. Excise Duties (Amendment) (No.2) Order 2024

The Excise Duties (Amendment) (No.2) Order 2024 has been gazetted, and comes into operation on **1 January 2025**. Amendments are made in the Schedule, specifically in Chapters 20 and 22, in headings 20.09 and 22.02 to increase the rate of Excise Duty on SSB from RM0.50 per litre to RM0.90 per litre.

This amendment is in line with the earlier announcement during Budget 2025.

### II. Customs Duties (Goods under the Framework Agreement on Comprehensive Economic Co-Operation between ASEAN and China) Order 2024

The Customs Duties (Goods under the Framework Agreement on Comprehensive Economic Co-Operation between ASEAN and China) Order 2024 has been gazetted, and comes into operation on **1 January 2025**.

The Customs Duties (Goods under the Framework Agreement on Comprehensive Economic Co-Operation between ASEAN and China) Order 2019 has been revoked following the coming into operation of the Order.

### III. Customs (Provisional Anti-Dumping Duties) Order 2025

The Customs (Provisional Anti-Dumping Duties) Order 2025 has been gazetted, and is effective for the period from 7 January 2025 to 6 May 2025. The Order sets out the rate of duties to be levied on Polyethylene Terephthalate under HS Code 3907.61.00.00 which are exported from the People's Republic of China and the Republic of Indonesia.

### IV. Customs (Provisional Anti-Dumping Duties) (No.2) Order 2025

The Customs (Provisional Anti-Dumping Duties) (No.2) Order 2025 has been gazetted, and is effective for the period from 11 January 2025 to 10 May 2025. The Order sets out the rate of duties to be levied on flat-rolled products of iron or non-alloy steel of a width of 600 mm or more, clad, plated or coated with tin (electrolytic tinfoil or tinfoil) under HS Codes 7210.11.90.00 and 7210.12.90.00 which are exported from the People's Republic of China, the Republic of India, Japan and the Republic of Korea.

Source for the Orders: [Federal Legislation Portal of Malaysia](#)



# Personal Tax



# Personal Tax

## Extension of FSI exemption for resident individuals

The Income Tax (Exemption) (No. 5) Order 2022 provides income tax exemption to a resident individual on all classes of income under Section 4 of the MITA, excluding income from a partnership business in Malaysia, which is received in Malaysia from outside Malaysia from 1 January 2022 to 31 December 2026, subject to meeting specific conditions.

The exemption period is extended for another 10 years until 31 December 2036 via the gazette of the Income Tax (Exemption) (No. 5) Order 2022 (Amendment) Order 2024. The Amendment Order comes into operation on 1 January 2027.

Source for the Orders: [Federal Legislation Portal of Malaysia](#)



## Exemption on sports victory cash prize rewards

The Income Tax (Sports Victory Prize Scheme) (Exemption) Order 2024 was gazetted to provide income tax exemption on prize money received by individual athletes and teams under the patronage of the National Sports Council of Malaysia competing in the sports events as specified in Schedule 1 to the Sports Development Act 1997. Such awards are to be received from the Government through the National Sports Council of Malaysia under the Sports Victory Prize Scheme to qualify for the exemption. The Order is effective from YA 2024.

Source for the Order: [Federal Legislation Portal of Malaysia](#)

# Johor- Singapore SEZ



# Johor-Singapore SEZ

## Announcement of tax incentive package for Johor-Singapore SEZ

Further to the official announcement on the establishment of the Johor-Singapore SEZ on 7 January 2025, the MOF and Johor State Government have published a joint media release to outline a suite of tax incentives for investors in the Johor-Singapore SEZ from 1 January 2025, which includes:

- Special corporate tax rate of 5% for up to 15 years for companies undertaking new investments in qualifying manufacturing and services activities such as AI, quantum computing, medical devices, aerospace manufacturing, and global services hubs;
- Special income tax rates of 15% for 10 years for eligible knowledge workers working in the Johor-Singapore SEZ; and
- Additional tailor-made incentives for businesses operating in certain flagship areas within the Johor-Singapore SEZ.



Forest City Special Financial Zone is now one of the nine flagship zones within the Johor-Singapore SEZ. You may refer to KPMG's [Tax Whiz](#) on the tax incentives offered.

Source for the Media Release: Official Portal of [MOF](#)

The table below sets out the various abbreviations and references used in this publication.

	Reference
AI	Artificial Intelligence
DESAC	Digital Ecosystem Acceleration
DGIR	Director General of Inland Revenue
FSI	Foreign-sourced income
IP	Intellectual Property
ISSB	Islamic Securities Selling and Buying
MIDA	Malaysian Investment Development Authority
MIRB	Malaysian Inland Revenue Board
MITA	Malaysian Income Tax Act, 1967
MNC	Multinational Corporation
MSME	Micro, Small and Medium Enterprise
MW	MegaWatt
RMCD	Royal Malaysian Customs Department
RPGT	Real Property Gains Tax
RPGTA	Real Property Gains Tax Act, 1976
SC	Securities Commission
SCIT	Special Commissioners of Income Tax
SEZ	Special Economic Zone
SRI	Sustainable and Responsible Investment
SSB	Sugar Sweetened Beverage
STP	Service Tax Policy
TIN	Tax Identification Number
YA	Year of Assessment

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