



# Tax developments



14 August 2025

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KPMG in Malaysia

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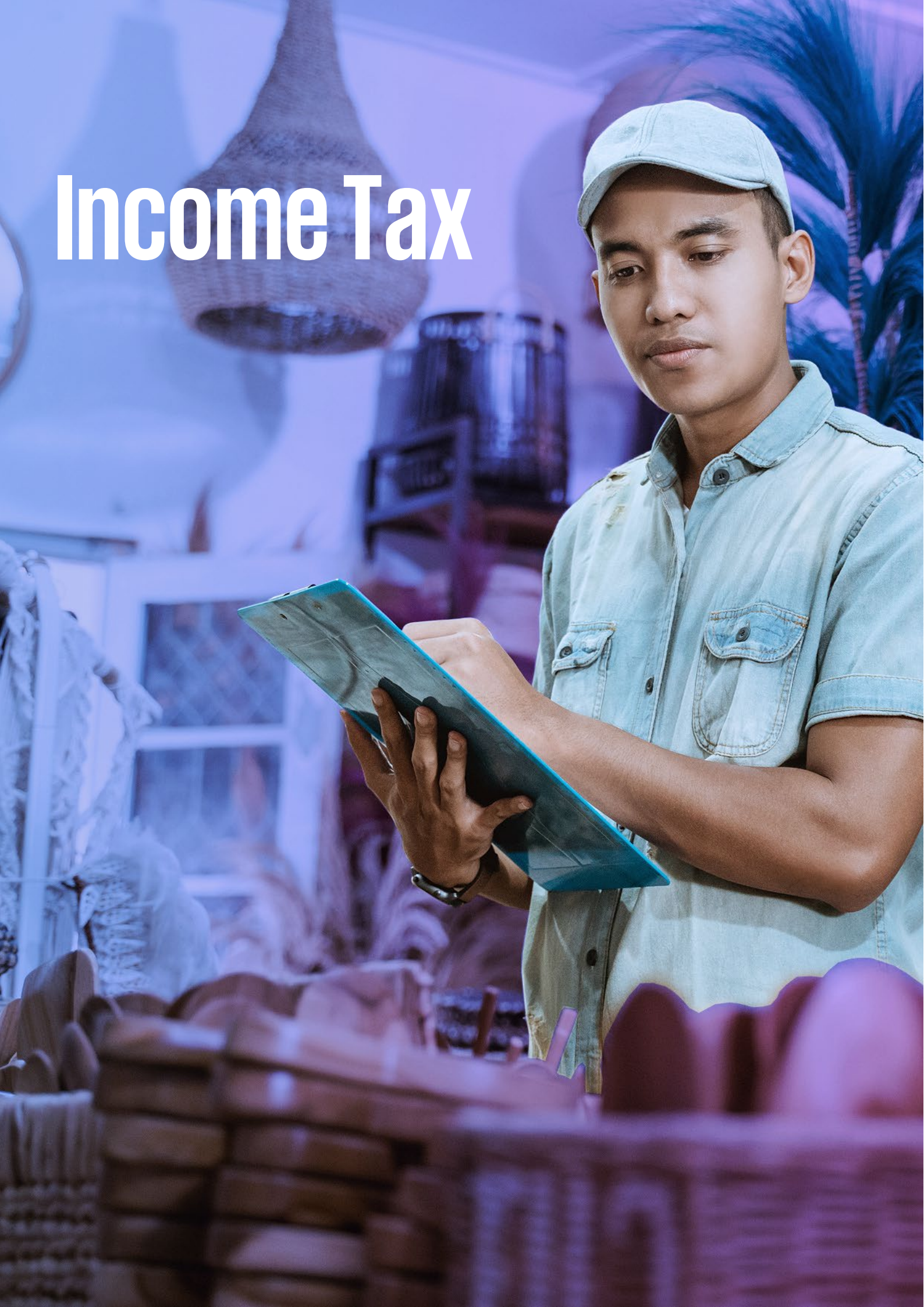
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# Income Tax





# Income Tax

## Implementation of e-TT 2.0 system



Launched in 2022, the e-TT system facilitates various types of tax payments via TT, EFT and IBG methods within and outside Malaysia. A VA can be generated using a TIN, which serves as a unique transaction identification number for each tax payment transaction.

The MIRB has enhanced the system with the following new functions:

- Ability to generate VA number using Bill Number; and
- Delivery of payment receipt to the taxpayer's email.

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





# Indirect Tax



# Indirect Tax

## Service Tax Policy amendments

The RMCD has issued the following Service Tax Policy amendments:

- Service Tax Policy 1/2025 (Amendment No.1) – Financial Services dated 30 July 2025
- Service Tax Policy 2/2025 (Amendment No.1) – Rental or Leasing Services dated 24 July 2025
- Service Tax Policy 4/2025 (Amendment No.1) – Education Services dated 24 July 2025
- Service Tax Policy 5/2025 (Amendment No.1) – Private Healthcare Services dated 24 July 2025

The amendments made include amongst others, the removal of the exemption from being subject to compound, prosecution, and penalty until 31 December 2025 for offences which includes late registration, late submission of returns, late payment, incorrect declaration and any errors related to invoices, credit notes or debit notes. That said, based on verbal clarification from RMCD, this exemption is not entirely removed, but merely moved from the Service Tax Policies to an announcement which will be made on the MySST Portal.

An additional section on “Responsibilities of Service Providers and Recipients” have also been included in some of the amended Service Tax Policies.

Source for the Service Tax Policy: [RMCD - MySST \(Service Tax Policy\)](#)

## Service Tax guide

The RMCD has issued a revised Service Tax guide on Management Services dated 18 July 2025 (available in Malay language only) to provide further clarification on the Service Tax treatment on the provision of management services.

Source for the Guide: [RMCD – MySST \(SST Guides\)](#)

## Updates to HVGT

Further to the announcement during Budget 2023 to introduce a HVGT on luxury goods, MOF has since informed via a written Parliamentary reply on 29 July 2025 that the government has decided not to proceed with the implementation of HVGT.

MOF has mentioned that elements of the HVGT has been incorporated into the revised Sales Tax rates effective 1 July 2025, whereby luxury and discretionary items are subject to Sales Tax at either 5% or 10%.

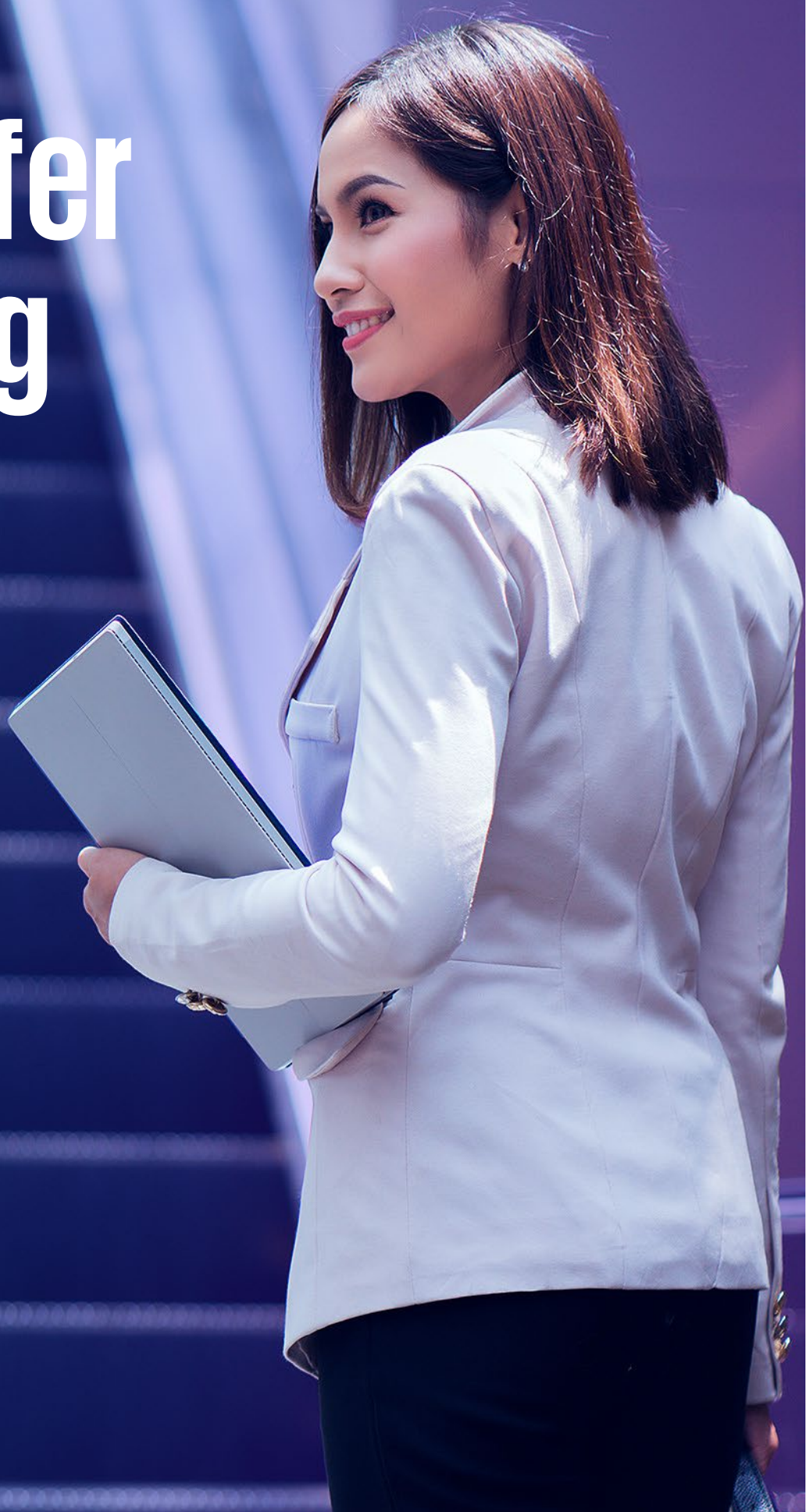
## Customs Duties (Goods Under The Malaysia – United Arab Emirates Comprehensive Economic Partnership Agreement) Order 2025

The Customs Duties (Goods under the Malaysia – United Arab Emirates Comprehensive Economic Partnership Agreement) Order 2025 has been gazetted, and comes into operation on **1 September 2025**.

The Order states amongst others, the preferential duty rates for specified goods originating from United Arab Emirates, as well as the rules to determine the origin of the goods.

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

# Transfer Pricing



# Transfer Pricing

## Transfer Pricing Tax Audit Framework 2025

The MIRB has issued the Transfer Pricing Tax Audit Framework (“TPAF”) 2025:

- The TPAF 2025 is effective from 31 July 2025 and revokes the TPAF 2024 dated 24 December 2024.
- As per the TPAF 2025, the structure of the imposition of a surcharge on TP adjustment is revised.
- Prior to this, a surcharge is imposed on TP adjustments for audit cases commencing on or after 1 January 2021 regardless of the basis period covered in the audit. However, effective from 31 July 2025, a surcharge will only be imposed on TP adjustments applicable to basis periods commencing on or after 1 January 2021.

For any TP adjustments applicable to basis periods commencing before 1 January 2021, penalty under subsection 113(2) of the MITA will be applied.

For more details, please click [here](#) for a copy of the TPAF 2025.

Source for the TPAF 2025: Official portal of [MIRB](#)





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

	Reference
EFT	Electronic Funds Transfer
HVGT	High Value Goods Tax
IBG	Interbank GIRO
MIRB	Malaysian Inland Revenue Board
MITA	Malaysian Income Tax Act, 1967
MOF	Ministry of Finance
RMCD	Royal Malaysian Customs Department
TIN	Tax identification number
TP	Transfer pricing
TPAF	Transfer Pricing Tax Audit Framework
TT	Telegraphic Transfer
VA	Virtual Account Number

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