Tax developments

15 December 2025

KPMG in Malaysia

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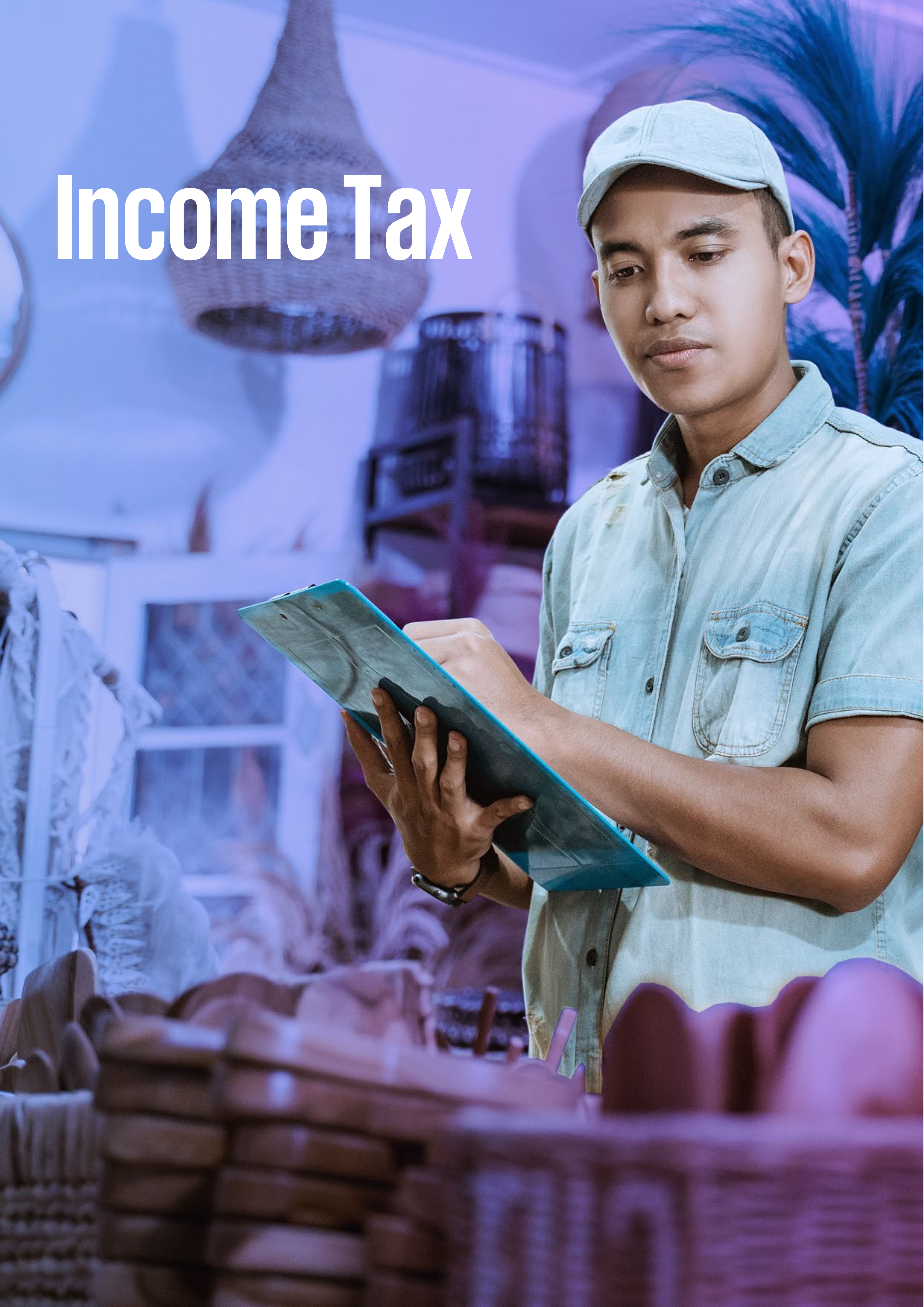


Income Tax

Bills passed at Dewan Rakyat

The following Bills were passed in the Dewan Rakyat on 1 December 2025:

- Finance Bill 2025
- Measures for the Collection, Administration and Enforcement of Tax Bill 2025 ("Tax Measures Bill 2025")

The Bills have to be passed in the Dewan Negara and be given Royal assent before they are gazetted and become law.

You may access KPMG's Finance and Tax Bills 2025 Highlights for a recap.

Public Ruling No. 5/2025 – Construction contracts

The MIRB has published the above, which replaces the earlier Public Ruling No. 1/2009. The notable updates, amongst others, are as follows:-

- The tax treatment on the recognition of actual gross profit or loss as provided under the Practice Note No. 1/2024 effective from YA 2023 has been incorporated. You may refer to KPMG's Tax Development update dated 19 April 2024 (access from here) for more details.
- Previously, where the estimated gross profit is overstated, i.e., actual gross profit is less than estimated gross profit or actual loss is incurred instead, a company may review all of its prior years' assessments. The updated guideline provides the option for the company not to revise the previous affected tax return(s), on the condition that there are no tax implications for all the relevant YAs involved.
- Examples are provided to illustrate the information of the contracts carried out which should be available in the event of a tax audit.

Source for the Public Ruling: Official Portal of MIRB

10-year limitation on the approval under Subsection 44(6) for institutions / organizations / funds ("IOF")

Effective 27 November 2025, the approval period to be given for Subsection 44(6) status is limited to a maximum of 10 years.

The MIRB will issue a notification letter to IOFs whose approval period is expiring on 31 December 2025 to clarify the 10-year limit. For IOFs that have received their new or extended approval from the MIRB before 27 November 2025, the approval period will continue as given in the approval letter. The 10-year limit will only apply after the current approval period expires.

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

Updated guidelines on tax treatment on digital currency transaction

The Guidelines on Tax Treatment on Digital Currency Transaction provide the general tax treatment on the acquisition and disposal of digital currency and on specific transaction involving digital currency, such as carrying out a digital currency business or using digital currency in business and using digital currency for investment and other transactions.

The MIRB has updated the Guidelines to replace the earlier edition dated 26 August 2022. Amongst others, the updated Guidelines incorporate the current legislation on the imposition of capital gains tax in Malaysia effective from 1 January 2024, and provide the new definition of a 'digital token':

A digital representation which is recorded on a distributed digital ledger whether cryptographically-secured or otherwise but does not include —

(a) debentures, stocks or bonds issued or proposed to be issued by any government;
(b) shares in or debentures of, a body corporate or an unincorporated body; or
(c) units in a unit trust scheme or prescribed investments, and includes any right, option or interest in respect thereof.

Source for the Guidelines: Official Portal of MIRB

Expansion of Iskandar Development Region ("IDR") to include District of Kulai

Previously, an approved node as prescribed by the Iskandar Development Regional Authority qualified for certain tax incentives. You may refer to KPMG's Tax Developments update dated 15 November 2023 (access from here), 8 February 2024 (access from here) and 24 June 2024 (access from here) for the details on IDR tax incentives.

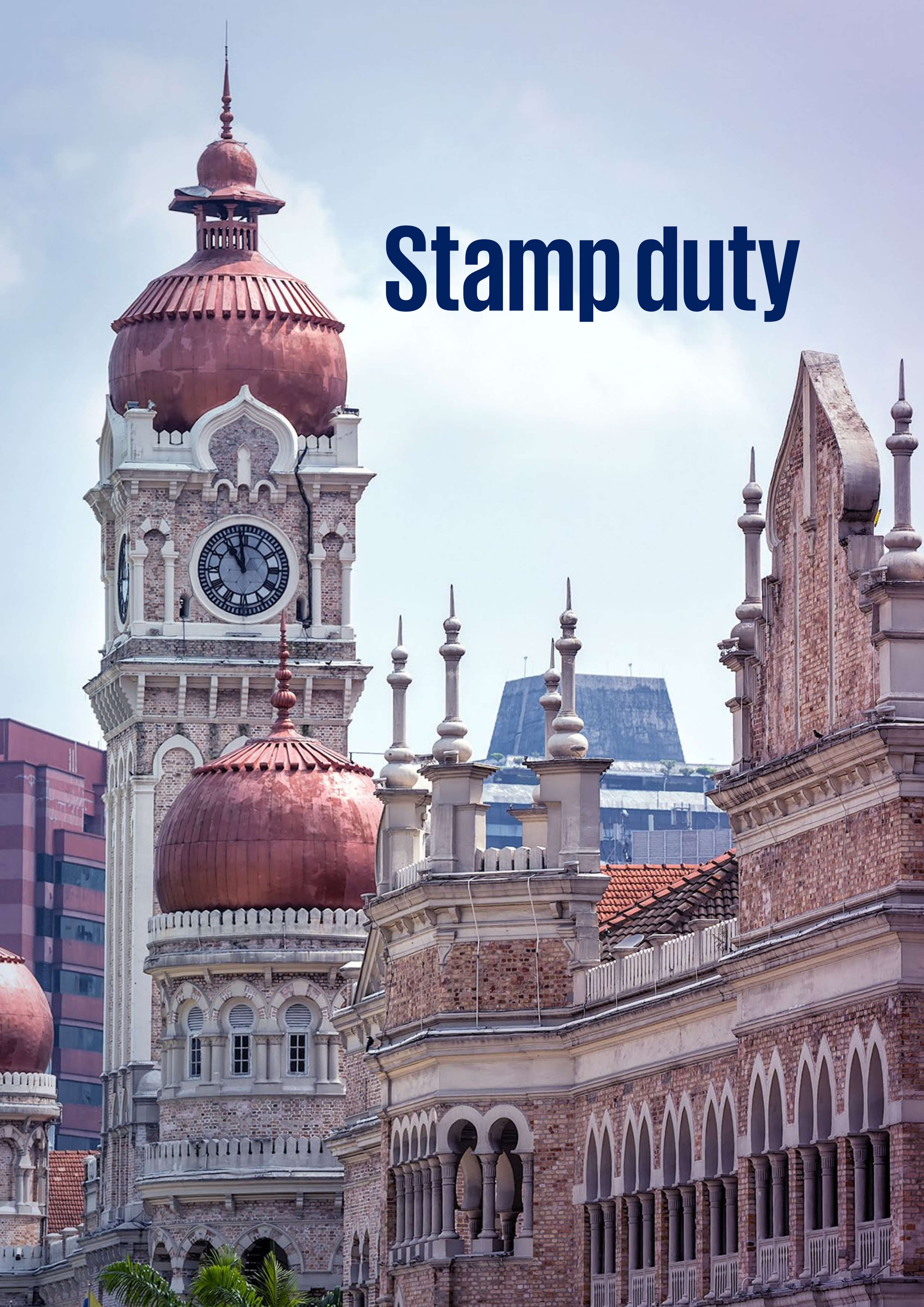
The approved nodes refer to areas determined vide the 2007 subsidiary legislation for Determination of Iskandar Development Region, covering:

- The entire District of Johor Bahru, including all islands falling within the District of Johor Bahru; and
- Within the District of Pontian—
    i. the entire Mukim of Jeram Batu;
    ii. the entire Mukim of Sungai Karang;
    iii. the entire Mukim of Serkat, including all islands falling within the Mukim of Serkat; and
    iv. Pulau Kukup in the Mukim of Ayer Masin.

A 2025 subsidiary legislation has been issued to include the District of Kulai as an additional area to the IDR.

Source for the Subsidiary Legislations: Federal Legislation Portal of Malaysia

Stamp duty



Stamp Duty

MIRB's guidelines on the imposition of late stamping penalty and stamp duty on instruments of sale and transfer of movable property

The MIRB has released two new guidelines:

➢ **Guidelines on the imposition of stamp duty on instruments of sale and transfer of movable property**

The guidelines explain the stamp duty applicable on movable property that has the nature of an asset versus trading goods.

➢ **Guidelines on the imposition of penalty for late stamping of instruments under the Stamp Act 1949**

Generally, duty payers are required to bring the dutiable instruments for stamping within 30 days of execution, or if executed outside Malaysia, within 30 days after the instrument is first received in Malaysia.

Late stamping will attract penalties, which vary according to the length of delay:

- Stamped within 3 months after the time of stamping: the higher of RM50 or 10% of the deficient duty
- In any other cases: the higher of RM100 or 20% of the deficient duty

Currently, stamp duty on an instrument is due and payable on the day the Collector is deemed to have made the assessment (i.e. when the return is furnished together with the instrument). It is proposed under the Tax Measures Bill 2025 for the duty to be due and payable within 30 days from the date the return is deemed to be an assessment. In addition, the abovementioned late stamping penalties are also proposed to apply where the return and the instrument are not furnished within the specified timeline. The proposal is effective from 1 January 2026.

The MIRB has issued the above guideline to provide illustrations on how to compute the length of delay in determining the rate of late stamping penalty, which is as summarized below:

Scenario	Length of delay
Return filed on time	Commences from the day after the expiry of the 30-day payment period following submission of the return
Return filed late	The sum of: • The number of days the return was filed late; and • The number of days the payment was made late (if relevant)

The guideline also emphasized that instruments exempted from stamp duty are still required to be stamped and the above penalty is also applicable for late stamping of exempted instruments.

Source for the Guidelines (only available in the Malay Language): Official Portal of MIRB

Indirect Tax

Indirect Tax

Public Ruling No. 1/2025 - Liability of Operator and DPSP to Account for Tourism Tax Received

The RMCD has issued Public Ruling No. 1/2025 (dated 1 December 2025) regarding the **liability of operator and DPSP to account for Tourism Tax received,** which came into effect on 1 December 2025.

This Public Ruling replaced Tourism Tax Policy No. 2/2023 regarding the Extension of Liability to Collect, Account and Remit Tourism Tax on Tourists who make an Online Bookings of Accommodation Premises in Malaysia through Registered DPSP, which ended on 31 December 2025.

As such, the Public Ruling outlines the responsibilities which Operators and DPSP must comply with regards to accounting of Tourism Tax and record keeping matters.

For more details, please click here for the Public Ruling.

Source for the Public Ruling: Official Portal of RMCD - MyTTx

Public Ruling No. 2/2025 - Claim for Refund of Service Tax under Paragraph 34(3)(b) of the Service Tax Act 2018 by Foreign Missions and International Organisations

The RMCD has issued Public Ruling No. 2/2025 (dated 24 November 2025, only available in Malay Language) regarding **claim for refund of Service Tax under paragraph 34(3)(b) of the Service Tax Act 2018 by Foreign Missions and International Organisations**.

The Public Ruling sets out the procedures and eligibility requirements for Foreign Missions and International Organisations to claim a Service Tax refund on the Service Tax paid for the procurement of taxable services for official duties, subject to qualifying conditions.

Foreign Missions and International Organisations seeking to claim a Service Tax refund are required to submit the supporting documents (i.e. invoices with prescribed particulars) along with the prescribed application form on a quarterly basis (i.e. every 3 months) to the MOFA and upload a copy of the required documents into the MOFA's eProtocol portal in the month following the end of the quarter. After receiving approval from the MOFA for the claims, the documents are to be submitted to the State RMCD office within the following month.

Claims not submitted within the quarter may be submitted in the subsequent quarters on the condition that the claim is not submitted more than 12 months from the date Service Tax was paid. Any claims submitted after 12 months from the date Service Tax was paid will not be entertained.

For more details, please click here for the Public Ruling.

Source for the Public Ruling: Official Portal of RMCD – MySST (Public Rulings)

Sales Tax guide and forms

The RMCD has issued the following Sales Tax guide and application forms:

- Guide on Sales Tax Exemption under Item 33A, 33B, 55, 63, 64 and 65 of Schedule A, Sales Tax (Persons Exempted from Payment of Tax) Order 2018 dated 12 November 2025
- Application for List of Manufacturing Aids under Schedule B and C
- Application for List of Cleanroom Equipment under Schedule B and C

Source for the documents: Official Portal of RMCD – MySST

Indirect tax legislation updates

The following legislation has been gazetted:

i. Customs Duties (Exemption) (Amendment) (No.5) Order 2025

The Customs Duties (Exemption) (Amendment) (No.5) Order 2025 has been gazetted, and came into operation on **14 November 2025**. Amendments are made in the Schedule, in Part I, in relation to item 67, in column (2) –

a) in subitem (xi), by substituting for the words “SapuraOMV Upstream (Sarawak) Inc.” the words “TotalEnergies EP Sarawak Inc. (formerly known as SapuraOMV Upstream (Sarawak) Inc.)”;

b) in subitem (xiii), by substituting for the words “Kebabangan Petroleum Operating Company Sdn Bhd.” the words “ConocoPhillips Sabah Gas Ltd. (formerly known as Kebabangan Petroleum Operating Company Sdn Bhd.)”;

c) in subitem (xxxii), by inserting a semicolon at the end of the subitem and inserting a new subitem “(xxxiii) SK Earthon Co. Ltd.”.

ii. Customs (Amendment) (No.5) Regulations 2025

The Customs (Amendment) (No.5) Regulations 2025 has been gazetted, and came into operation on **15 November 2025**. Amendments are made in the First Schedule of the principal Regulations, in relation to location for Perlis in Part III and Part IV, by inserting after item Wang Kelian and Padang Besar respectively, the particulars relating to a new location – “The customs office located in the Tuanku Syed Sirajuddin Free Commercial Zone, Mukim of Titi Tinggi, Perlis” with ordinary working hours of 8.00 a.m. to 10.00 p.m. on any day.

The Second Schedule of the principal Regulations are also amended as follows

- in Part II, in relation to location for Perlis, by inserting after item Wang Kelian and the particulars relating to it, a new location – Valley Area of Chuping whereby the place of import and export is the customs office located within the Tuanku Syed Sirajuddin Free Commercial Zone, Mukim of Titi Tinggi, Perlis for all goods; and
- in Part III, in relation to Peninsular Malaysia, by inserting after item 11 and the particulars relating to it, a new item 12 – Perlis Inland Port Road (FT251) to Tuanku Syed Sirajuddin Free Commercial Zone, Mukim of Titi Tinggi, Perlis.

iii. Customs (Amendment) (No.6) Regulations 2025

The Customs (Amendment) (No.6) Regulations 2025 has been gazetted, and came into operation on **8 December 2025**. Amendments are made in the First Schedule of the principal Regulations, in Part II, in relation to location for Johor, by inserting after item The Jetty of Tanjung Bin Coal Power Plant and the particulars relating to a new location – "Pengerang Terminals (Two) Sdn. Bhd. Port, Pengerang, Kota Tinggi" with ordinary working hours of all times on any day.

The Second Schedule of the principal Regulations are also amended, in Part I, in relation to customs port for Johor, by inserting after item Mukim of Serkat, District of Pontian and the particulars relating to it the following item and particulars:

Customs Port	Description of goods	Legal landing place
Pengerang Terminals (Two) Sdn. Bhd. Port, Pengerang, Kota Tinggi	Petroleum, petroleum products, raw materials and petrochemical products	Jetty of Pengerang Terminals (Two) Sdn. Bhd. located at— **Jetty** / **Latitude** / **Longitude** Main Trestle North / 1°20'22.64959" / 104°10'45.79002" Main Trestle South / 1°19'25.70298" / 104°10'46.47315" Inner Arm East / 1°19'45.68610" / 104°11'12.56485" Inner Arm West / 1°19'45.04278" / 104°10'39.54294" Outer Arm East / 1°19'26.34623" / 104°11'19.50310" Outer Arm West / 1°19'25.70540" / 104°10'36.17933"

iv. Tourism Tax (Rate of Tax) Order 2025

The Tourism Tax (Rate of Tax) Order 2025 has been gazetted, and comes into operation on **15 December 2025**. The Order sets out the rate of Tourism Tax to be charged and levied on a tourist staying at any accommodation premises and accommodation premises made available through service relating to online booking accommodation premises provided by a DPSP is fixed at ten ringgit per night for each room.

Source for the legislations: Federal Legislation Portal of Malaysia

e-Invoicing

e-Invoicing

MIRB's revised guidelines on e-Invoicing

The MIRB has issued an updated e-Invoice Guideline (Version 4.6) and e-Invoice Specific Guideline (Version 4.5) (both referred to as "Guidelines") on 7 December 2025 as well as General FAQs on 10 December 2025 which replace the e-Invoice Guideline (Version 4.5), e-Invoice Specific Guideline (Version 4.4) dated 7 July 2025 and 12 September 2025 and General FAQs dated 9 July 2025 respectively.

<table>
<tr><th>Topic</th><th>Salient Updates to the Guidelines</th></tr>
<tr><td>e-Invoice implementation timeline for targeted taxpayers</td><td>The MIRB has provided updates to the e-Invoice implementation timeline for taxpayers based on the following: -
<table><tr><th>Phase</th><th>Timeline</th></tr><tr><td>Phase 4</td><td>The implementation date for taxpayers with an annual turnover or revenue of up to RM 5 million is 1 January 2026</td></tr></table>
Accordingly, the six-month interim relaxation period from the date of mandatory implementation will remain applicable during the above implementation phase.

The MIRB will not undertake any prosecution action under Section 120 of the Income Tax Act, 1967 during the interim relaxation period on non-compliance of the e-Invoice requirements, provided that taxpayers comply with the requirements mentioned under Section 16.2 (a) and (b) of the e-Invoice Specific Guideline.</td></tr>
<tr><td>e-Invoice implementation timeline for new taxpayers</td><td>The MIRB has provided updates to the e-Invoice implementation timeline for new taxpayers based on the following:
New businesses or operations commencing from year 2023 to 2025 with annual turnover or revenue of at least RM 1,000,000 (previously RM 500,000) are required to implement e-Invoicing on 1 July 2026.
New businesses or operations commencing from year 2026 onwards are required to implement e-Invoicing on 1 July 2026 or upon the operation commencement date. However, if the turnover or revenue in the first year is less than RM 1,000,000 (previously RM 500,000), the e-Invoice implementation date would be 1 January in the second year following the year in which the total annual turnover or revenue reaches RM 1,000,000 (previously RM 500,000).</td></tr>
<tr><td>Exemption from implementing e-Invoice</td><td>The MIRB has provided update that the persons exempted from issuing e-Invoice (including issuance of self-billed e-Invoice) include taxpayers with an annual turnover or revenue of less than RM1,000,000 (previously RM500,000).</td></tr>
</table>

Source for the Guideline: Official portal of MIRB

Insights on Earlier Tax Whiz

Please refer below to our earlier Tax Whiz for more information.

No.	Subject	Date of issue
1	e-Duti Setem replaces Stamp Assessment and Payment System ("STAMPS") from 1 January 2026	9 December 2025
2	Stamp duty in Malaysia: Are you ready for the self-assessment era?	10 December 2025

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

	Reference
IDR	Iskandar Development Region
IOF	Institution, organization or fund
DPSP	Digital Platform Service Provider
FAQs	Frequently Asked Questions
MIRB	Malaysian Inland Revenue Board
MOFA	Ministry of Foreign Affairs
RMCD	Royal Malaysian Customs Department
Tax Measures Bill 2025	Measures for the Collection, Administration and Enforcement of Tax Bill 2025

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