



Tax developments



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KPMG in Malaysia

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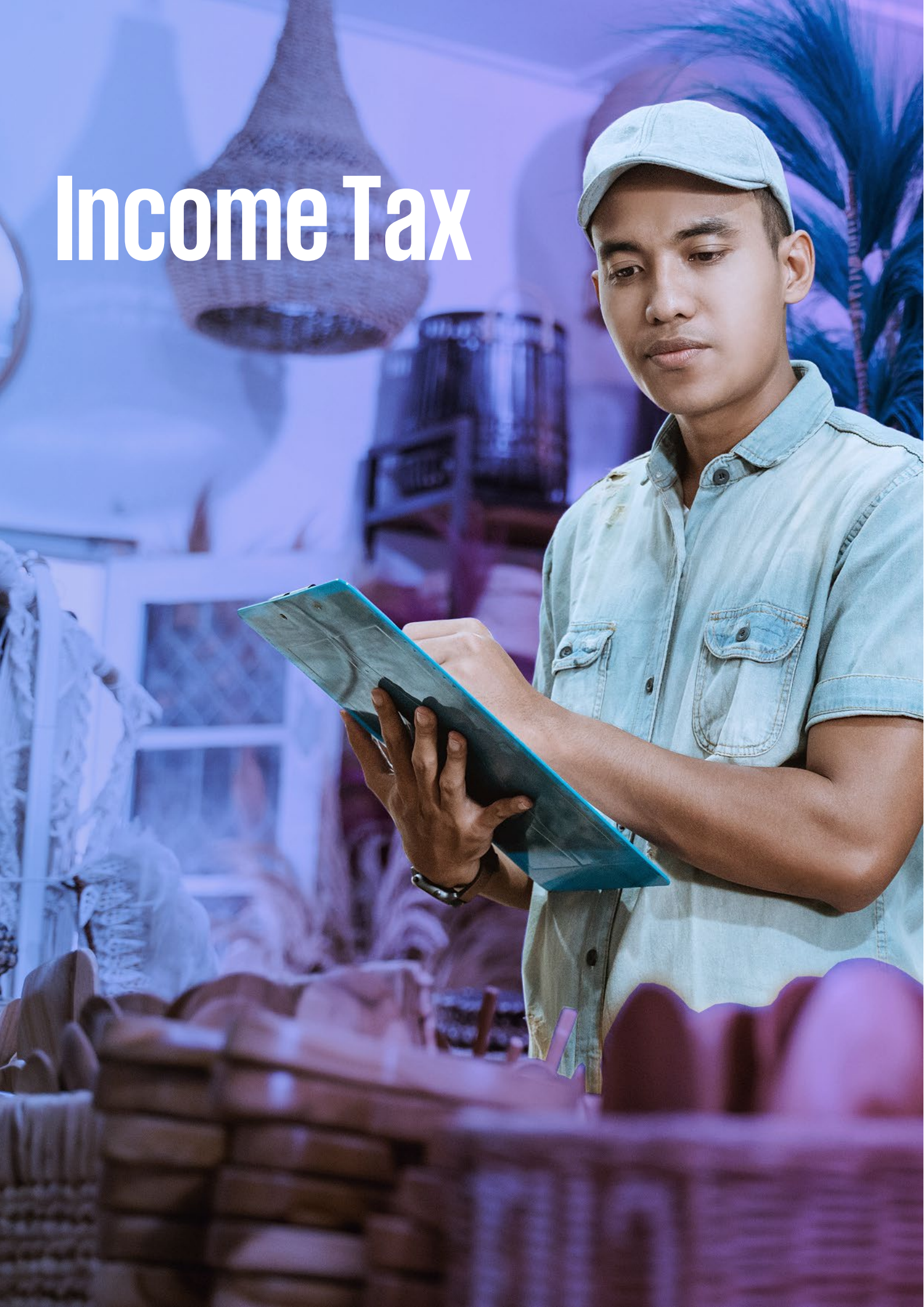
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Income Tax



Income Tax

MIDA's guideline for the application of tax incentive for SLC

The SLC is a modern facility that utilizes technology to optimize and automate various warehouse operations, integrating advanced systems such as the Internet of Things, artificial intelligence, Radio



Frequency Identification and automated material handling equipment to enhance efficiency, reduce costs, and improve overall supply chain performance.

To attract quality smart warehouse infrastructure investments into the country, it was proposed in the 2025 Budget to provide income tax exemption equivalent to investment tax allowance of 60% on the qualifying capital expenditure incurred for a period of 5 years to SLCs. Such allowance can be set-off against up to 70% of statutory income for each YA, subject to specific conditions.

MIDA has issued the above guideline to explain the criteria, qualifying activities and mechanism

for the tax incentive. Applications shall be made online to MIDA from 1 January 2025 until 31 December 2027.

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

Johor- Singapore SEZ



Johor-Singapore SEZ

MIDA's guideline on Johor-Singapore SEZ tax incentive package

MIDA has issued the above guideline to explain the tax incentives available for the following projects carried out in specific flagship zone(s) within the Johor-Singapore SEZ:

- Manufacturing business incentive scheme
- Global services hub
- Integrated tourism project
- Smart Logistics Complex
- Manufacturing – downstream specialty chemicals
- Knowledge worker incentive
- Additional incentives such as stamp duty exemption, deduction for sponsoring a hallmark event, and accelerated capital allowance for qualifying renovation costs

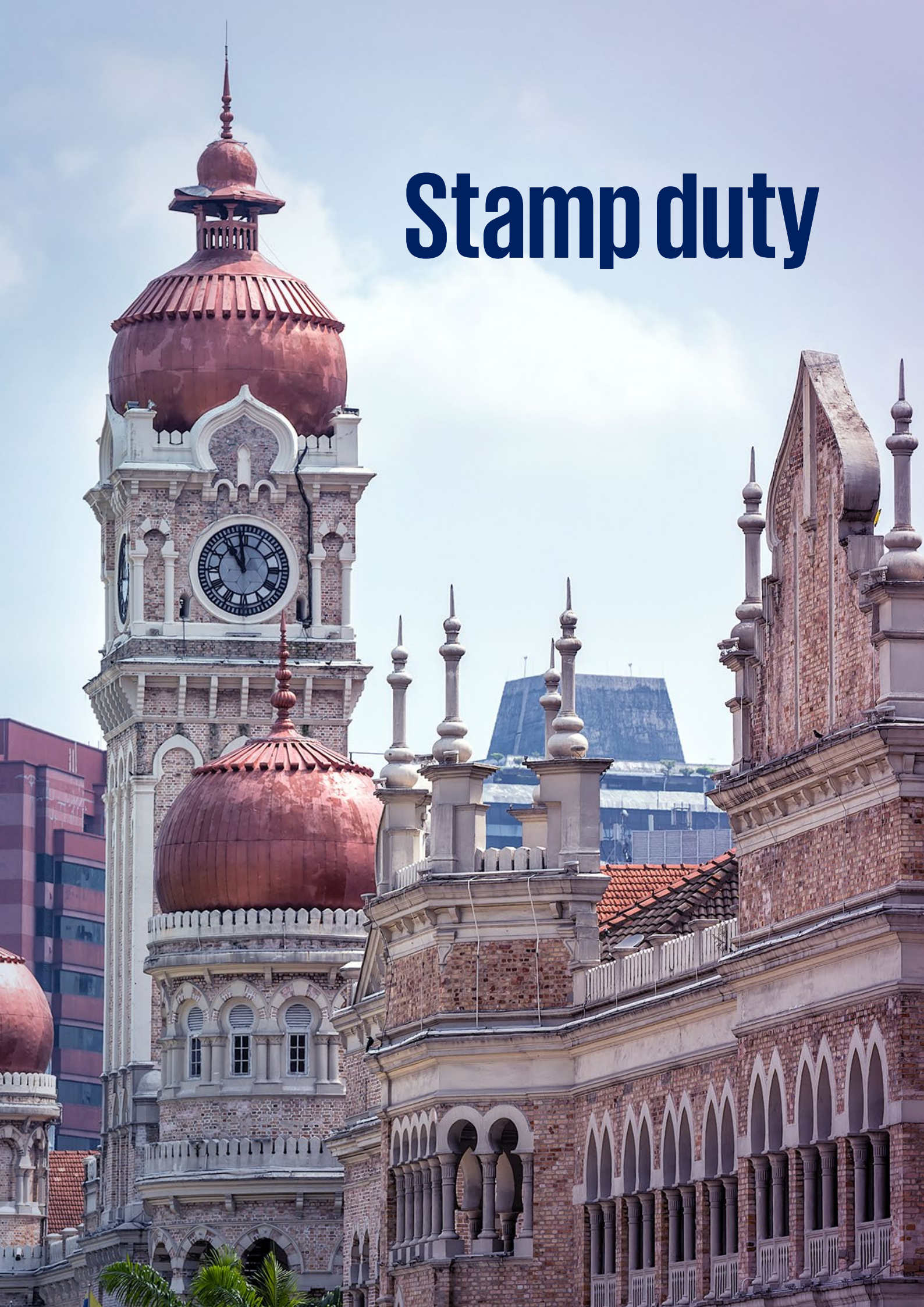


You may refer to KPMG's Tax Developments update dated 15 January 2025 (access from [here](#)) for some of the notable tax incentives revealed earlier.

Applications for the tax incentive shall be made online to MIDA from 1 January 2025 to 31 December 2034. Further details on the above tax incentives are expected to be made available in due course.

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

Stamp duty



Stamp Duty

Stamp Duty (Exemption) Order 2025

The Stamp Duty (Exemption) Order 2025 was gazetted to provide stamp duty exemption on instruments (as defined) executed from 1 January 2025 to 31 December 2027 for the purchase of flat under the National Economic Action Council People's Housing Programme and Kuala Lumpur City Hall Public Housing.

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





Indirect Tax

Indirect Tax

Updated Public Ruling 1/2024

The RMCD has issued an updated Public Ruling 1/2024 dated 30 December 2024 in relation to the forms, returns and payment methods under the Tourism Tax Act 2017, Sales Tax Act 2018 and Service Tax Act 2018 which came into operation on **1 January 2024**.

Amongst others, the updates are to reiterate that the Form JKDM No. 2 is to be used for Sales Tax drawback application made for exported goods under Section 40(1) of the STA (subject to meeting conditions), deletion of the first paragraph 44 and to include the Form DST-ADM01 under Appendix II for claim for refund by foreign registered persons.

For more details, please click [here](#) for the revised Public Ruling (available in Malay language only).

Source for the Public Ruling: [Official Portal of RMCD - MySST \(Public Rulings\)](#)

Indirect tax legislation updates

The following legislations have been gazetted:

I. Measures for the Collection, Administration and Enforcement of Tax Act 2024

The Measures for the Collection, Administration and Enforcement of Tax Act 2024 has been gazetted. Amendments are made to amongst others, the STA and SeTA as follows:

Act	Section	Amendment
STA and SeTA	26 (2)	To substitute the words “within thirty days from” the words “not later than the last day of the month following”.
STA	27 (5)	To substitute with the following: “(5) Where any person has obtained control of any taxable goods or has imported any taxable goods, the Director General may require the person to account for the taxable goods.”.
STA	27 (6)	To substitute with the following: “(6) Where any person fails to account for the taxable goods under subsection (5) by reason that— <ul style="list-style-type: none"> - the taxable goods have been sold by such person; - the taxable goods have been exported or removed by way of sale; or - the taxable goods have been lost or destroyed, the Director General may assess to the best of his judgment the amount of sales tax that would have been chargeable in respect of the taxable goods if the goods had been sold by such person and shall forthwith notify the person of the assessment in writing.”.

Act	Section	Amendment
STA	Schedule, Section 25, in column (2)	<p>To substitute paragraph 1 with the following paragraph:</p> <p>'1. Substitute for subsection (1) the following subsection: “(1) The first taxable period of every taxable person shall begin from the date he should have been registered under section 13 and end on the last day of the following two months and the subsequent taxable period shall be a period of three months ending on the last day of any month of any calendar year.”’.</p>

The amendments came into operation on 1 January 2025.

Please click [here](#) for a copy of our earlier write up on the Finance and Tax Bills 2024 highlights for further details.

II. Customs Duties (Exemption) (Amendment) Order 2025

The Customs Duties (Exemption) (Amendment) Order 2025 has been gazetted and came into operation on 1 February 2025. Amendments are made in the Schedule, in Part I, in relation to the persons exempted under item 68, to rename “Syarikat Perbadanan Urusan Kejuruteraan dan Limbungan Brooke (Brooke Dockyard & Engineering Works Corporation) Kuching, Sarawak” to “Brooke Holding Sdn. Bhd. (formerly known as Syarikat Perbadanan Urusan Kejuruteraan dan Limbungan Brooke (Brooke Dockyard & Engineering Works Corporation) Kuching, Sarawak)”.

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

e-Invoicing



e-Invoicing

MIRB's updated guidelines on e-Invoicing

The MIRB has issued an updated e-Invoice Guideline (Version 4.1) and e-Invoice Specific Guideline (Version 4.0) (both referred to as "Guidelines") on 28 January 2025 which replace the e-Invoice Guideline (Version 4.0) and e-Invoice Specific Guideline (Version 3.1) dated 4 October 2024.

Topic	Salient Updates to the Guidelines
List of International Organizations	<p>A list of international organizations has been provided, specifying those exempted from e-Invoice implementation (including issuance of self-billed e-Invoice) for transactions involving goods sold or services performed before 1 July 2025.</p>
Self-billed e-Invoice	<p>For interest payments, the MIRB has clarified that there are additional exceptions for the issuance of self-billed e-Invoice which includes interest payment made to a Malaysian incorporated related company which provides centralized treasury services* to related companies and late payment interest or charges imposed by Malaysian taxpayers.</p> <ul style="list-style-type: none"> • Payment related to capital reduction, share / capital / unit redemption, share buyback, return of capital, or liquidation proceeds have been included in the list of transactions where self-billed e-Invoice is required. For this particular self-billed transaction, the Buyer (investee) assumes the role of Supplier (investor) and is required to issue self-billed e-Invoice in accordance with the following timing of issuance laid out in the Guidelines:- <ul style="list-style-type: none"> • With written agreement <ul style="list-style-type: none"> - If no approval is required from the government or state government, the date of issuance of self-billed e-Invoice follows the date of agreement. - If government approval is involved, the date of issuance aligns to the date of such approval; or <p>If approval is conditional, the date of issuance falls back on the date in which the last condition is satisfied.</p> • No written agreement <ul style="list-style-type: none"> - Date of issuance of self-billed e-Invoice is the date of completion <p><i>Note *: Due to the additional time required to configure the systems, taxpayers are allowed to implement this requirement latest by 1 July 2025.</i></p>
Self-billed e-Invoice consolidation	<p>The guideline now clarifies that consolidation of self-billed e-Invoice is allowed for claim, compensation, or benefit payments from insurers to the government, government authority, state government or state authority and self-billed transactions involving taxpayers' overseas branches or offices.</p>

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

MIRB's updated general and industry specific e-Invoicing FAQs

The MIRB has issued the updated FAQs on the implementation of e-Invoicing in Malaysia dated 28 January 2025. The notable updates on the updated FAQs include the following:-

General e-Invoicing FAQs

- Special Purpose Vehicles under Section 60I of the Income Tax Act, 1967 are **required to implement e-Invoicing** and obtain its own TIN to fulfill e-Invoicing obligations;
- For business commencing operations from 2023 onwards:
 - Business with non-individual shareholder(s) (or equivalent) / is a subsidiary of a holding company / has related company or joint venture with annual turnover or revenue exceeding RM150,000 is required to implement e-Invoicing from 1 July 2025 or upon the operation commencement date;
 - Business without non-individual shareholder(s) (or equivalent) / is not a subsidiary of a holding company / has no related company or joint venture is also required to implement e-Invoicing from 1 July 2025 or upon the operation commencement date, except if their annual turnover is below RM150,000.
- Further clarification is provided that Buyer (i.e. taxpayer that makes payment to agents, dealers and distributors) is required to issue self-billed e-Invoice for payments or any other incentives (whether in monetary form or otherwise made) to the agent, dealers and distributors as outlined under Section 9.4 of the e-Invoice Specific Guideline, **regardless of whether the agents, dealers and distributors are individual or corporate** (i.e. supplier in this case).
- Malaysian buyers are **not required to include import duty and/or sales tax upon customs clearance** levied by the RMCD in the issuance of self-billed e-Invoice.

Source for the FAQ: Official Portal of [MIRB](#)

Industry Specific e-Invoicing FAQs for Insurance and Takaful Industry

- **e-Invoice treatment for reinsurance services and recoveries of expenses involving reinsurance company and the cedant (i.e. insurance company)**
 - Local reinsurance company / local branch of a foreign reinsurance company is required to issue e-Invoice to the cedant, while cedants shall issue self-billed e-Invoice for foreign reinsurance company operating outside of Malaysia.
 - Finalised statements between reinsurance and insurance company can be used for e-Invoicing, and information may be presented on a net basis.
- **e-Invoice treatment relating to Malaysian Motor Insurance Pool (MMIP) for general insurance companies**
 - MMIP shall **issue e-Invoice** for premiums charged to policyholders.
 - For MMIP **income and expense sharing** by insurance companies, MMIP may **continue issuing statements** upon implementation of e-Invoicing. The finalized statements can be used for e-Invoice purpose and information may be presented on a net basis.
 - Additionally, MMIP shall issue **self-billed e-Invoice** for commission earned by insurance company acting as its **agent**.

Industry Specific e-Invoicing FAQs For Financial Services, Stockbroking and Unit Trust

- For interest rate swap deals to exchange interest obligation, the swap dealer or intermediary (financial institution) is required to issue an **e-Invoice or self-billed e-Invoice, as the case may be** for the interest received or paid between the parties under the swap arrangement.
- For issuance or transfer of unquoted securities or derivatives to the Buyer, Supplier is required to issue an e-Invoice on the aforementioned based on the specified timing in the FAQs:-
- With written agreement
 - If no approval is required from the government or state government, the date of issuance of e-Invoice follows the date of agreement.
 - If government approval is involved, the date of issuance aligns to the date of such approval; or
 - If approval is conditional, the date of issuance falls back on the date in which the last condition is satisfied.
- No written agreement
 - Date of issuance of e-Invoice is the date of completion

Source for the FAQs: 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	Malaysia Transfer Pricing Guidelines 2024 and Transfer Pricing Tax Audit Framework 2024	23 January 2025

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

	Reference
FAQ	Frequently Asked Question
MIRB	Malaysian Inland Revenue Board
MIDA	Malaysian Investment Development Authority
RMCD	Royal Malaysian Customs Department
STA	Sales Tax Act 2018
SeTA	Service Tax Act 2018
SEZ	Special Economic Zone
SLC	Smart Logistics Complex
TIN	Tax Identification Number
YA	Year of Assessment

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