



Tax developments



15 January 2026

KPMG in Malaysia

Table of Contents

Income Tax

- 1 Accelerated capital allowance for speed limitation device
- 2 MIRB's return form filing program for year 2026
- 3 Extension of tax deduction for investment made in commercialization projects of non-resource based R&D findings
- 4 Guideline on capital gains tax exemption on restructuring schemes
- 5 Guidelines on Labuan trading activity and Labuan non-trading activity
- 6 MITRS implementation commences for more corporate taxpayers
- 7 Operational Guideline No. 4/2025 – Procedure for online EOT application for Return Form submission (*e-Lanjutan Masa*)
- 8 Public Ruling No. 8/2025 – Tax treatment of micro, small and medium companies
- 9 Practice Note No. 2/2025 – Explanation in relation to the formula for tax remission on Government guarantee loan instruments under the Loans Guarantee (Bodies Corporate) Act 1965 (excluding insurance and takaful industry)

Stamp Duty

- 1 Waiver of stamp duty penalty in the first year of implementation of Stamp Duty Self-Assessment System ("SDSAS")
- 2 Operational Guideline No. 3/2025 - Stamping Applications through the SDSAS
- 3 Extension of stamp duty exemptions
- 4 Updated guideline on the imposition of stamp duty on instruments of sale and transfer of movable property

Table of Contents

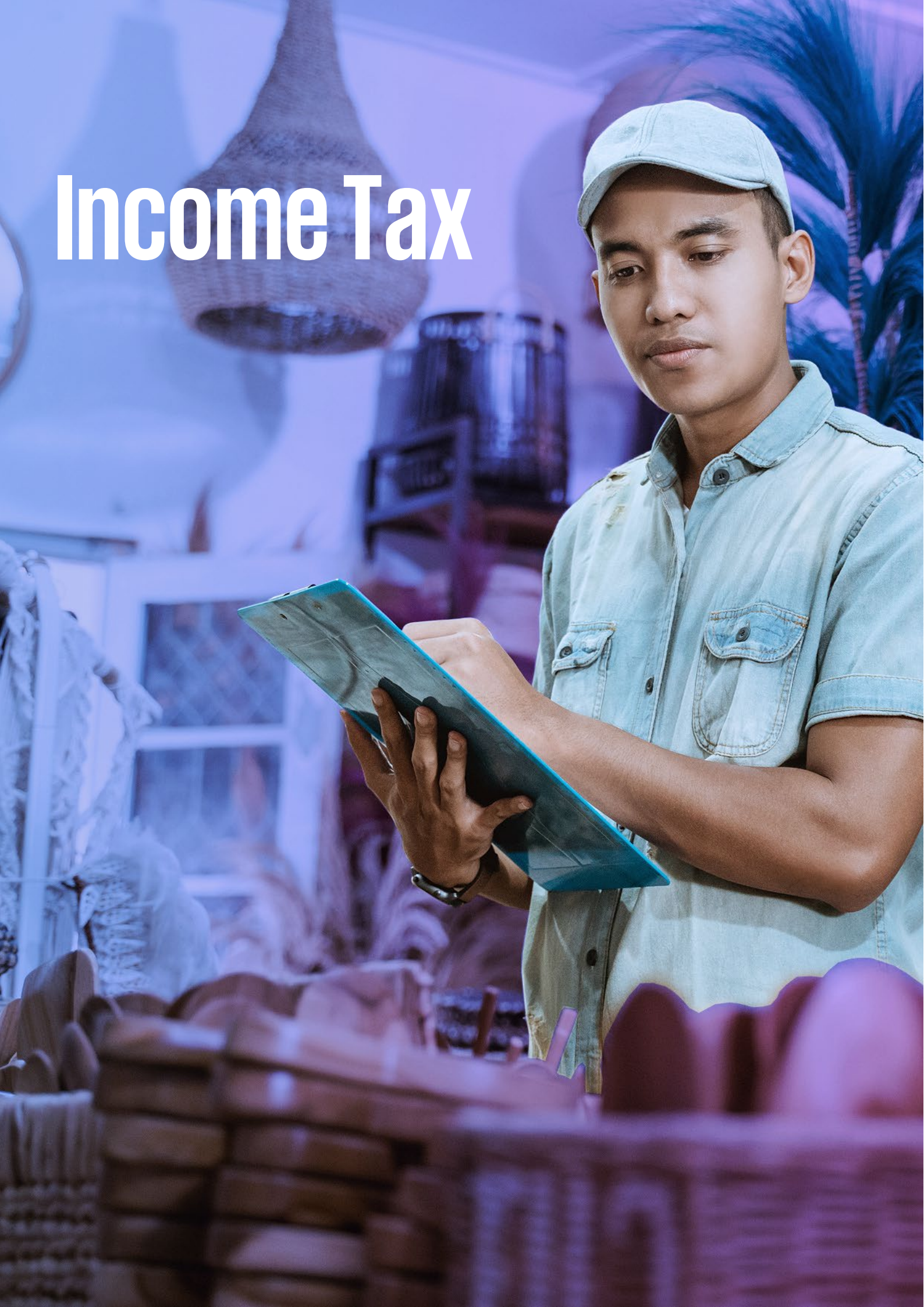
Indirect Tax

- 1 Service Tax Policy 3/2025 (Amendment No. 2)
- 2 Service Tax guide
- 3 Indirect tax legislation updates

Tax Corporate Governance Framework

- 1 Tax Corporate Governance (“TCG”) update

Income Tax



Income Tax

Accelerated capital allowance for speed limitation device

The Income Tax (Accelerated Capital Allowance) (Speed Limitation Device) Rules 2025 have been gazetted to provide ACA at a rate of 20% for initial allowance and 80% for annual allowance on expenditure for purchasing SLD devices costing not more than RM4,000 per unit. The tax incentive is applicable for new installation of SLD carried out from 1 January 2026 to 31 December 2026 on specified commercial vehicles manufactured before 1 January 2015.

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

MIRB's return form filing program for year 2026

The MIRB has published the above on 30 December 2025. An extension of time of 1 month / 15 days / 3 working days, where relevant, is given for submission of the return forms. A similar grace period is also given for the payment of the balance of tax.

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

Extension of tax deduction for investment made in commercialization projects of non-resource based R&D findings

The Income Tax (Deduction for Investment in a Project of Commercialization of Research and Development Findings) Rules 2022 provide tax deduction to a resident company on investments made in a commercialization project of non-resource based R&D findings by a public research institute, public institute or a private institute of higher learning in Malaysia. The Rules applied to applications for approval of commercialization project received by MIDA from 7 November 2020 to 31 December 2025.



The Income Tax (Deduction for Investment in a Project of Commercialization of Research and Development Findings) (Amendment) Rules 2025 have been gazetted to extend the said incentive for applications for approval received by MIDA up to 31 December 2030. The Rules came into operation on 1 January 2026.

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

Guideline on capital gains tax exemption on restructuring schemes

Effective from 1 January 2024, capital gains tax was implemented in Malaysia, impacting companies, limited liability partnerships, trust bodies and cooperative societies. To cushion immediate adverse impact to the market, exemptions are given on gains or profits from certain disposals. You may refer to KPMG's Tax Whiz (access from [here](#)) for a recap on the available exemptions for capital gains tax.

The MIRB has issued the above Guideline to explain the procedures in applying for capital gains tax exemption for restructuring schemes during the exemption period from 1 March 2024 to 31 December

2028, which includes examples on the justification of increased efficiency in the operation and supporting documents for the application of the exemption as well as the procedures to apply for the exemption and refund of the tax for successful applications.

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

Guidelines on Labuan trading activity and Labuan non-trading activity

Labuan entities in Malaysia that are governed under the LBATA may enjoy preferential income tax rates, provided that the substantial requirements under the Labuan Business Activity Tax (Requirements for Labuan Business Activity) Regulations 2021 are complied with.

The MIRB has issued the above Guidelines to provide clarification on the definition of Labuan trading activity and Labuan non-trading activity as prescribed under the LBATA and the substantial activity requirements.

If the Labuan entity carries out both Labuan trading activity(ies) and Labuan non-trading activity(ies), it is only required to fulfil the substance requirements applicable to the Labuan trading activity(ies). If there is more than one Labuan trading activity, the substance requirement compliance for non-trading activity(ies) is considered based on the Labuan trading activity that is the core income generating activity. The MIRB indicated in Paragraph 5.6 of the Guideline that failure to comply with the substance requirement for all the Labuan trading activities will render the Labuan entity being taxed at 24%.



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

MITRS implementation commences for more corporate taxpayers

The MIRB has announced that MITRS implementation will commence for the following taxpayers starting from YA 2026:

- Unit trusts / property trusts (Form TC)
- Co-operative societies (Form C1)
- Trust bodies (Form TA)
- Real Estate Investment Trusts / Property Trust Funds (Form TR)

These taxpayers should take note on the availability date of MITRS for their respective category in the MIRB's Tax Return Filing Program for 2026 and the relevant guide notes for the MITRS Filing Program which is anticipated to be updated in due course.

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

Operational Guideline No. 4/2025 – Procedure for online EOT application for Return Form submission (*e-Lanjutan Masa*)

The MIRB has published the above to explain the application procedure, conditions and approval on the *e-Lanjutan Masa*. From 1 November 2025, designated categories of taxpayers with the role of a Director or Organization Administrator or their representative, may apply for an EOT for the submission of return form online via the *e-Lanjutan Masa* on MyTax portal.

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

Public Ruling No. 8/2025 – Tax treatment of micro, small and medium companies

The MIRB has published the above to explain the criteria and special tax treatment for micro, small and medium companies under the MITA.

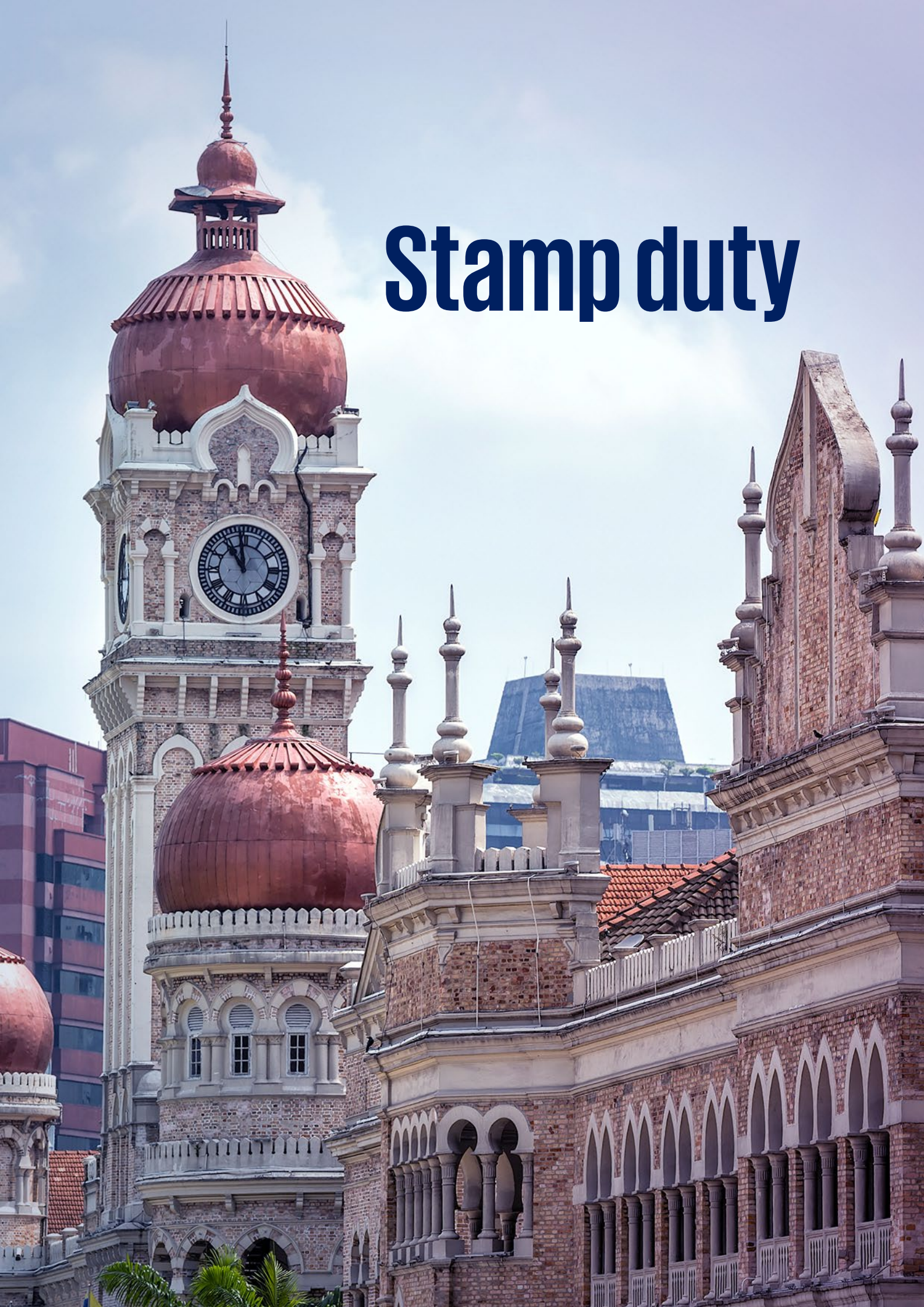
Source for the Public Ruling: Official Portal of [MIRB](#)

Practice Note No. 2/2025 – Explanation in relation to the formula for tax remission on Government guarantee loan instruments under the Loans Guarantee (Bodies Corporate) Act 1965 (excluding insurance and takaful industry)

The MIRB has published the above to clarify the formula for tax remission claim granted by the Minister under a loan guarantee order made pursuant to subsection 10(1) of the Loans Guarantee (Bodies Corporate) Act 1965. Effective from YA 2025, companies may apply for tax remission through income tax return submission via the e-Filing system.

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

Stamp duty



Stamp Duty

Waiver of stamp duty penalty in the first year of implementation of Stamp Duty Self-Assessment System (“SDSAS”)

As a transition measure to foster public awareness on stamp duty and to provide sufficient time for duty payers to familiarize with the new self-assessment system, the MIRB has announced a special concession whereby no penalty will be imposed on instruments submitted for stamping under the SDSAS from 1 January 2026 to 31 December 2026.

The concession is given on the following offences:

- Submission of incorrect return or providing incorrect or inaccurate information in relation to any matter which affects the imposition of duty; and
- Offences identified through findings from audits carried out during the aforementioned period.

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

Operational Guideline No. 3/2025 - Applications for stamping through the SDSAS

The MIRB has issued the above Guideline to provide explanations and guidance on duty payers' responsibilities as well as guidance on submitting Stamp Duty Return Forms together with instruments that need to be stamped.

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

Extension of stamp duty exemptions

The following stamp duty exemption orders have been gazetted to extend the incentives in respect of:

Exemption from stamp duty		Exemption Order
Insurance policies / takaful certificates issued up to 31 December 2028 for <i>Perlindungan Tenang</i> products with an annual premium / takaful contribution not exceeding RM150		Stamp Duty (Exemption) (No. 5) 2018 (Amendment) Order 2025
Other insurance policies / takaful certificates for product (i.e. fire, fire business interruption, personal accident, travel, liability and engineering) issued up to 31 December 2028 by a licensed insurer / takaful operator	Issued to MSMEs with annual premium / contribution value not exceeding RM250	Stamp Duty (Exemption) (No. 15) 2021 (Amendment) Order 2025
	Issued to an individual with annual premium / contribution value not exceeding RM150	Stamp Duty (Exemption) (No. 16) 2021 (Amendment) Order 2025

Exemption from stamp duty	Exemption Order
Instrument of transfer for the purchase of the first residential property valued not exceeding RM500,000 by a Malaysian citizen, where the SPA is executed up to 31 December 2027	Stamp Duty (Exemption) 2021 (Amendment) Order 2025
Loan agreement for the purchase of the first residential property valued not exceeding RM500,000 by a Malaysian citizen, where the SPA is executed up to 31 December 2027	Stamp Duty (Exemption) (No. 2) 2021 (Amendment) Order 2025
<ul style="list-style-type: none"> Contract notes for trading of Exchange Traded Fund executed up to 31 December 2028; and Contract notes for purchase of structured warrants executed from 1 January 2026 to 31 December 2028 	Stamp Duty (Contract Note for Sale and Purchase Transaction of Exchange-Traded Fund and Purchase Transaction of Structured Warrant) (Exemption) Order 2025

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

Updated guidelines on the imposition of stamp duty on instruments of sale and transfer of movable property

The MIRB has issued the above updated Guidelines. Amongst the changes, the MIRB has clarified that in determining whether a movable property constitutes an asset or merchandise, the instrument is assessed from the perspective of the transferor (for example, a seller) instead of the recipient (for example, a buyer), regardless of whether stamp duty is borne by the recipient.

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



Indirect Tax

Indirect Tax

Service Tax Policy 3/2025 (Amendment No. 2)

The RMCD has issued Service Tax Policy 3/2025 (Amendment No. 2) in relation to Construction Works Services dated 31 December 2025 – available in Malay language only.

The Policy has been updated to include additional items to be exempted from Service Tax retrospectively, effective 1 July 2025, namely item 7 for the construction works for places of worship and public facilities related to buildings for worship purposes only and item 8 for renovation work on non-residential buildings converted into places of worship. The relevant conditions to qualify for the Service Tax exemption are also appended in the Policy under Appendices D and E respectively.

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

Service Tax guide

The RMCD has issued a revised Service Tax guide on Financial Brokerage and Underwriting Services and Non-financial Brokerage Services (Version 3) dated 29 December 2025 (available in Malay language only) to provide further clarification on the Service Tax treatment in relation to the provision of brokerage and underwriting services.

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

Indirect tax legislation updates

Further to the gazettment of the Customs Duties Order 2025, the following legislation has been gazetted and came into operation on 16 December 2025:

- i. **Customs Duties (Goods under the Regional Comprehensive Economic Partnership Agreement) Order 2025**
- ii. **Customs Duties (Goods under the Agreement on Comprehensive Economic Partnership Among the Government of the Member States of the ASEAN and Japan) (Amendment) Order 2025**
- iii. **Customs Duties (Goods under the ASEAN Trade in Goods Agreement Between ASEAN Countries) Order 2025**
- iv. **Customs Duties (Goods under the Agreement Establishing the ASEAN – Australia – New Zealand Free Trade Area) (Amendment) Order 2025**
- v. **Customs Duties (Goods under the Malaysia – United Arab Emirates Comprehensive Economic Partnership Agreement) (Amendment) (No.2) Order 2025**
- vi. **Customs Duties (Goods under the Framework Agreement on Trade Preferential System Among the Member States of the Organisation of Islamic Cooperation) (Amendment) Order 2025**
- vii. **Customs Duties (Goods under the Preferential Trade Agreement Among D-8 Member States) (Amendment) Order 2025**

In addition, following the announcement during Budget 2026 to limit the duty and tax exemption for motor vehicles valued not exceeding RM300,000 in Langkawi and Labuan, the following legislation has been gazetted and came into operation on 1 January 2026:

viii. Sales Tax (Imposition of Sales Tax in respect of Designated Areas) (Amendment) Order 2025

ix. Customs Duties (Labuan) (Amendment) Order 2025

x. Customs Duties (Langkawi) (Amendment) Order 2025

xi. Excise Duties (Labuan) (Amendment) Order 2025

xii. Excise Duties (Langkawi) (Amendment) Order 2025

Separately, the following legislations have also been gazetted:

xiii. Customs (Prohibition of Exports) (Amendment) Order 2026

The Customs (Prohibition of Exports) (Amendment) Order 2026 has been gazetted, and comes into operation on **15 January 2026**. Amendment is made in the Second Schedule, in relation to item 18–

- (a) in subitem (29), by inserting after the words “(PMK glycidic acid)” the words “and its ethyl ester, propyl ester, isopropyl ester, butyl ester, isobutyl ester, sec-butyl ester and tert-butyl ester”; and
- (b) in column (2), by inserting after subitem (34) and the particulars relating to it in column (3) the following subitems and particulars:

	(2) Description of Goods	(3) Chapter/ Heading/ Subheading
(35)	4-piperidone	2933.39
(36)	1-boc-4-piperidone	2933.39
(37)	P-2-P methyl glycidic acid (BMK glycidic acid) and its methyl ester, ethyl ester, propyl ester, isopropyl ester, butyl ester, isobutyl ester, sec-butyl ester and tert-butyl ester	2918.99.00 00

xiv. Customs (Prohibition of Imports) (Amendment) Order 2026

The Customs (Prohibition of Imports) (Amendment) Order 2026 has been gazetted, and comes into operation on **15 January 2026**. Amendment is made in the Second Schedule, in relation to item 7–

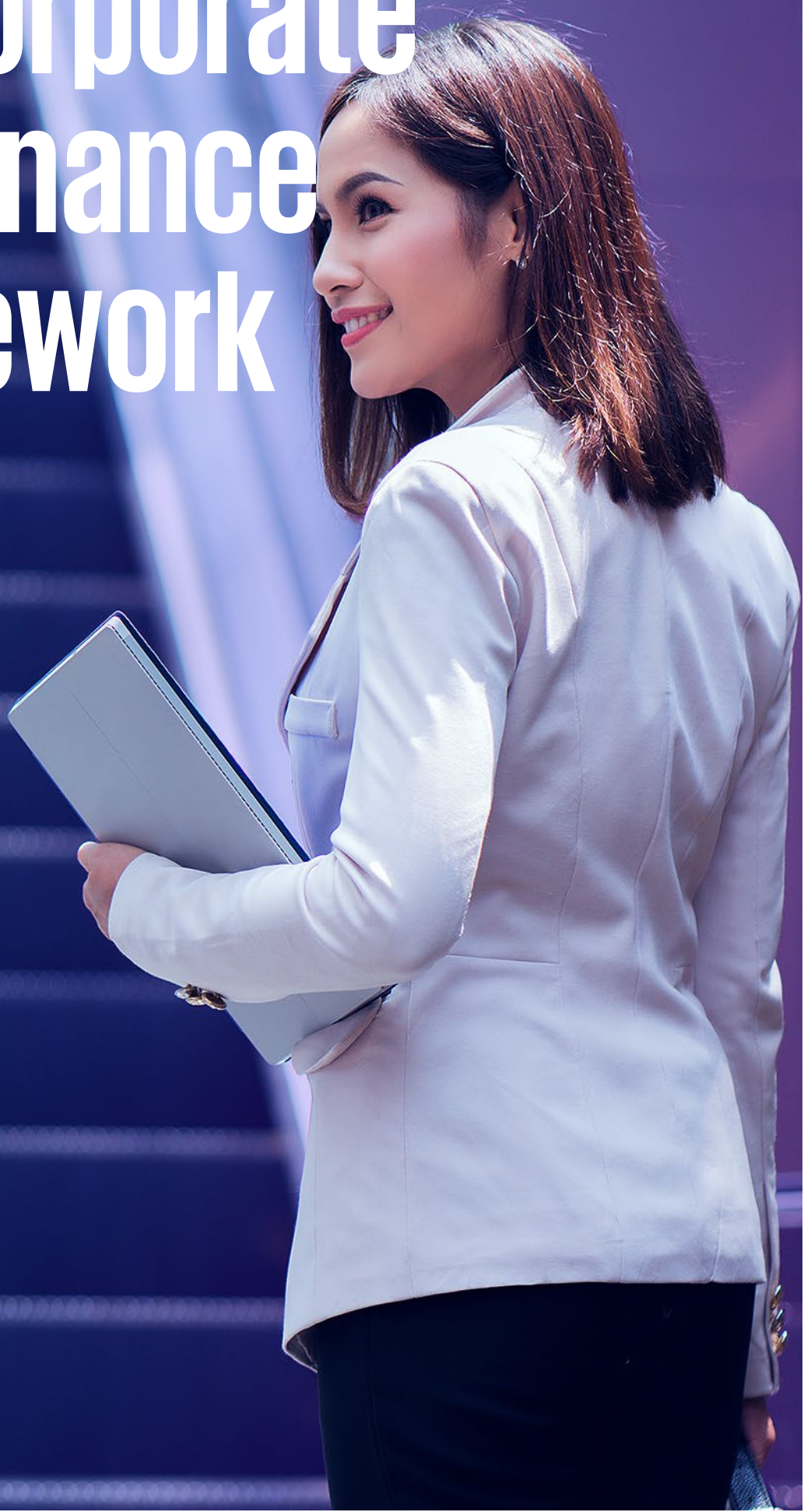
- (a) in subitem (21), by inserting after the words “(PMK glycidic acid)” the words “and its ethyl ester, propyl ester, isopropyl ester, butyl ester, isobutyl ester, sec-butyl ester and tert-butyl ester”; and

(b) in column (2), by inserting after subitem (26) and the particulars relating to it in column (3) the following subitems and particulars:

(2) Description of Goods		(3) Chapter/ Heading/ Subheading
(27)	4-piperidone	2933.39
(28)	1-boc-4-piperidone	2933.39
(29)	P-2-P methyl glycidic acid (BMK glycidic acid) and its methyl ester, ethyl ester, propyl ester, isopropyl ester, butyl ester, isobutyl ester, sec-butyl ester and tert-butyl ester	2918.99.00 00

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

Tax Corporate Governance Framework



Tax Corporate Governance Framework

Tax Corporate Governance (“TCG”) update

Since its introduction on 1 March 2022, the MIRB has consistently strengthened its efforts to ensure the smooth, effective, and value-driven implementation of the TCG Program for corporate taxpayers. In line with its commitment to continuous improvement, the MIRB released an updated Guidelines on Tax Corporate Governance Framework (TCGF) on 1 December 2025.

Key updates in the updated guideline:

1. Shortened participation timeline

The timeframe for organizations transitioning from acceptance into the TCG Program to achieving participation status has been revised. The minimum period is reduced from 8 months to 6 months, with the overall participation window now set at 6 to 12 months.

2. Independent review report requirement

Annual update of the Independent Review Report are no longer explicitly required. However, organizations must proactively notify the MIRB of any material changes to their tax governance framework or internal controls.

Important clarification: The application stage still requires an Independent Review to be conducted and submitted as part of the TCG application process. This ensures that organizations maintain compliance and demonstrate robust tax governance from the outset.

3. Enhanced monitoring post-certification

Following TCG certification, the MIRB will implement a structured monitoring process over a three-year period. This includes annual risk assessments focusing on:

- Tax compliance
- Changes in governance structures
- Tax outcomes during the participation period

This enhancement reflects the MIRB’s commitment to sustaining compliance and governance standards among certified organizations.

4. Timely disclosure obligation

Participants are now expected to make real-time disclosures or provide updates during the annual risk assessment for:

- Significant transactions
- Material business changes
- Emerging tax risks

This replaces the previous requirement for annual reviews under earlier guideline.

For full details, please refer to the official guideline [here](#).

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-Invoicing	19 December 2025
2	Gazette of the Finance and Tax Acts 2025	5 January 2026
3	Tax-focused measures for 2026 outlined in Prime Minister's Department speech	6 January 2026

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

	Reference
ACA	Accelerated capital allowance
EOT	Extension of time
e-Filing	Electronic filing
LBATA	Labuan Business Activity Tax Act 1990
MIDA	Malaysian Investment Development Authority
MIRB	Malaysian Inland Revenue Board
MITA	Malaysian Income Tax Act, 1967
MITRS	Malaysian Income Tax Reporting System
RM	Ringgit Malaysia
R&D	Research and development
SDSAS	Stamp Duty Self-Assessment System
SLD	Speed limitation device
RMCD	Royal Malaysian Customs Department
TCG	Tax Corporate Governance
YA	Year of assessment

Contact Us

Petaling Jaya Office

Soh Lian Seng

Partner – Head of Tax and Tax Dispute Resolution
Isoh@kpmg.com.my
+603 7721 7019

Tai Lai Kok

Partner – Head of Corporate Tax
ltai1@kpmg.com.my
+603 7721 7020

Bob Kee

Partner – Head of Transfer Pricing
bkee@kpmg.com.my
+603 7721 7029

Long Yen Ping

Partner – Head of Global Mobility Services
yenpinglong@kpmg.com.my
+603 7721 7018

Ng Sue Lynn

Partner – Head of Indirect Tax
suelynng@kpmg.com.my
+603 7721 7271

Outstation Offices

Penang Office

Poh Sin Yue

Partner
sypoh@kpmg.com.my
+603 7721 7285

Kota Kinabalu Office

Titus Tseu

Executive Director
titustseu@kpmg.com.my
+603 7721 2822

Ipoh Office

Crystal Chuah Yoke Chin

Associate Director
ycchuah@kpmg.com.my
+603 7721 2714

Kuching & Miri Offices

Regina Lau

Partner
reglau@kpmg.com.my
+603 7721 2188

Johor Office

Ng Fie Lih

Partner
flng@kpmg.com.my
+603 7721 2514

KPMG Offices

Petaling Jaya

Level 10, KPMG Tower,
8, First Avenue, Bandar Utama,
47800 Petaling Jaya, Selangor
Tel: +603 7721 3388
Fax: +603 7721 3399
Email: info@kpmg.com.my

Penang

Level 18, Hunza Tower,
163E, Jalan Kelawei,
10250 Penang
Tel: +603 7721 3388
Fax: +604 238 2299
Email: info@kpmg.com.my

Kuching

Level 2, Lee Onn Building,
Jalan Lapangan Terbang,
93250 Kuching, Sarawak
Tel: +603 7721 3388
Fax: +6082 530 669
Email: info@kpmg.com.my

Miri

1st Floor, Lot 2045,
Jalan MS 1/2,
Marina Square, Marina Parkcity,
98000 Miri, Sarawak
Tel: +603 7721 3388
Fax: +6085 321 962
Email: info@kpmg.com.my

Kota Kinabalu

Lot 3A.01 Level 3A,
Plaza Shell,
29, Jalan Tunku Abdul Rahman,
88000 Kota Kinabalu, Sabah
Tel: +603 7721 3388
Fax: +6088 363 022
Email: info@kpmg.com.my

Johor

Level 3, CIMB Leadership Academy,
No. 3, Jalan Medini Utara 1,
Medini Iskandar,
79200 Iskandar Puteri, Johor
Tel: +603 7721 3388
Fax: +607 266 2214
Email: info@kpmg.com.my

Ipoh

Level 17, Ipoh Tower,
Jalan Dato' Seri Ahmad Said,
30450 Ipoh, Perak
Tel: +603 7721 3388
Email: info@kpmg.com.my

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.



www.kpmg.com.my/Tax

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG Tax Services Sdn. Bhd., a company incorporated under Malaysian law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.