



Tax developments



15 July 2025

KPMG in Malaysia

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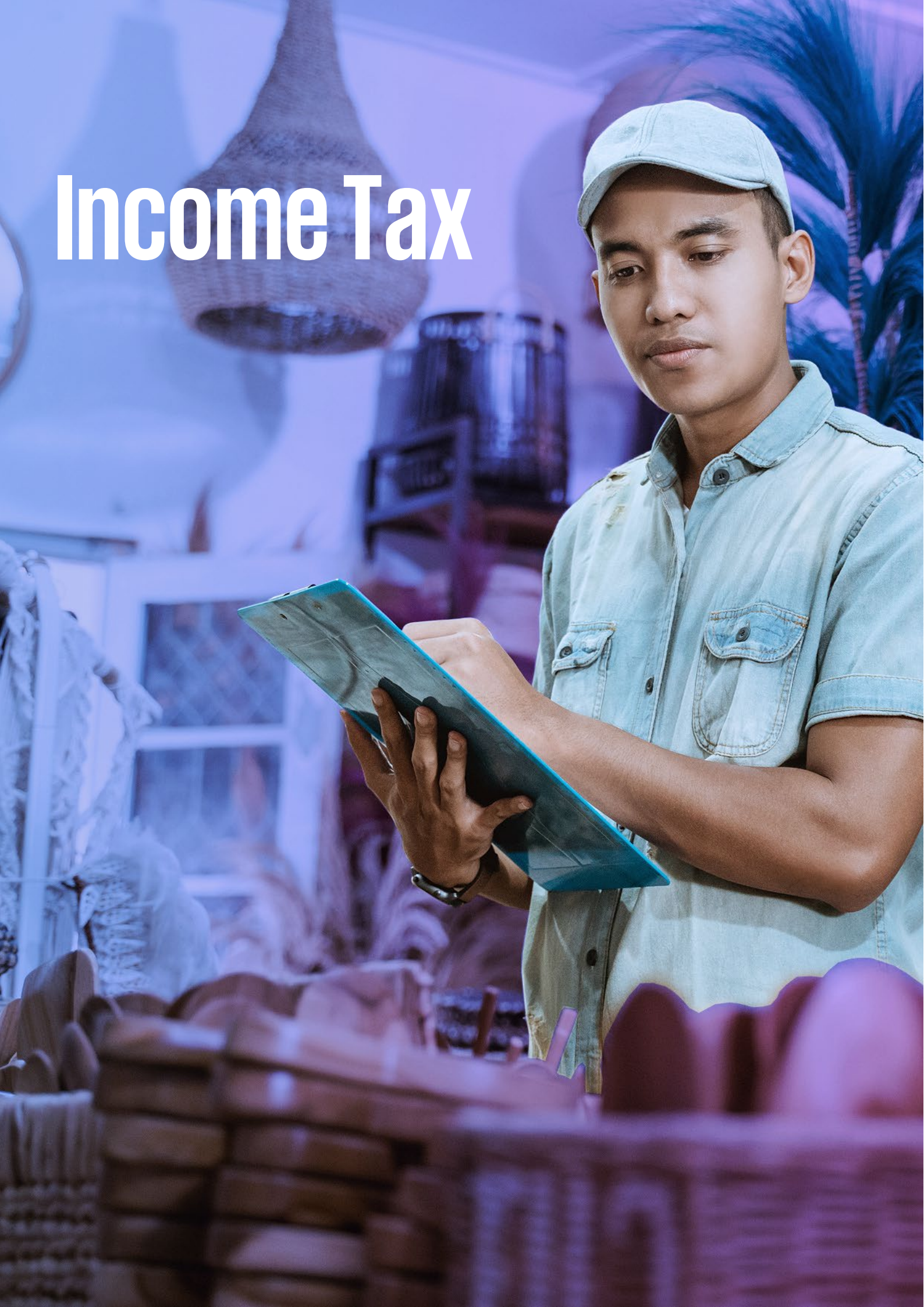
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Income Tax



Income Tax

Special deduction for ESG-related expenses

The Income Tax (Deduction for Expenditure in relation to Environmental Preservation, Social and Governance) Rules 2025 have been gazetted to provide a tax deduction of up to RM50,000 per YA on ESG-related expenses incurred by qualifying persons:

Qualifying expenses	Qualifying persons
ESG reporting	<ul style="list-style-type: none">Companies listed on the Bursa MalaysiaFinancial institutions supervised by the Bank Negara Malaysia
<ul style="list-style-type: none">Preparation of reports and compliance review assessment by an independent reviewer in relation to the MIRB’s Tax Corporate Governance Framework, subject to the issuance of certificate of compliancePreparation of contemporaneous transfer pricing documentation (as defined under the Income Tax (Transfer Pricing) Rules 2023)	<ul style="list-style-type: none">CompaniesLabuan companies
Consultation fees for the development of customized software for e-Invoicing implementation and services of external service providers Expenditure incurred at the planning stage and consultation fee related to issuance of e-Invoice via MyInvois portal are not eligible.	Micro, Small and Medium Enterprises

The Rules are effective from YA 2024 to YA 2027.

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

DTA between Malaysia and Maldives

The Double Taxation Relief (The Government of the Republic of Maldives) Order 2025 was gazetted on 18 June 2025.

Amongst others, the DTA provides for the following preferential withholding tax rates where the relevant conditions are met:

- i. Interest: Nil or 10%
- ii. Royalties: 10%
- iii. Services: 10%

Penalty charges for late payment shall not be regarded as interest.

The DTA will only enter into force upon ratification by both countries.

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

Format and sample of dividend voucher

Effective from YA 2025, an individual who is a shareholder of a company (either through direct shareholding or a nominee) will be subject to 2% income tax on the dividend paid, credited or distributed, whether in monetary form or otherwise, by companies which is deemed to be derived from Malaysia, where his annual dividend income exceeds RM100,000 in a YA. The dividend tax applies to both resident and non-resident individuals.

In line with the legislative changes, the MIRB has released the official format and a sample dividend voucher to guide companies in reporting dividend distributions.

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

Filing program for a Labuan entity for YA 2025 under the self-assessment system

Previously, a Labuan entity is taxed on a preceding year basis, where the basis period in relation to a YA for tax purposes is the accounting period or periods ending in the calendar year immediately preceding that YA. Effective from YA 2025, a Labuan entity under the LBATA regime shall furnish the return of profits under the self-assessment system on a current year basis.

The MIRB has issued a filing program which outlines the due dates and provides guide notes for a Labuan entity to furnish a return of profits.

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



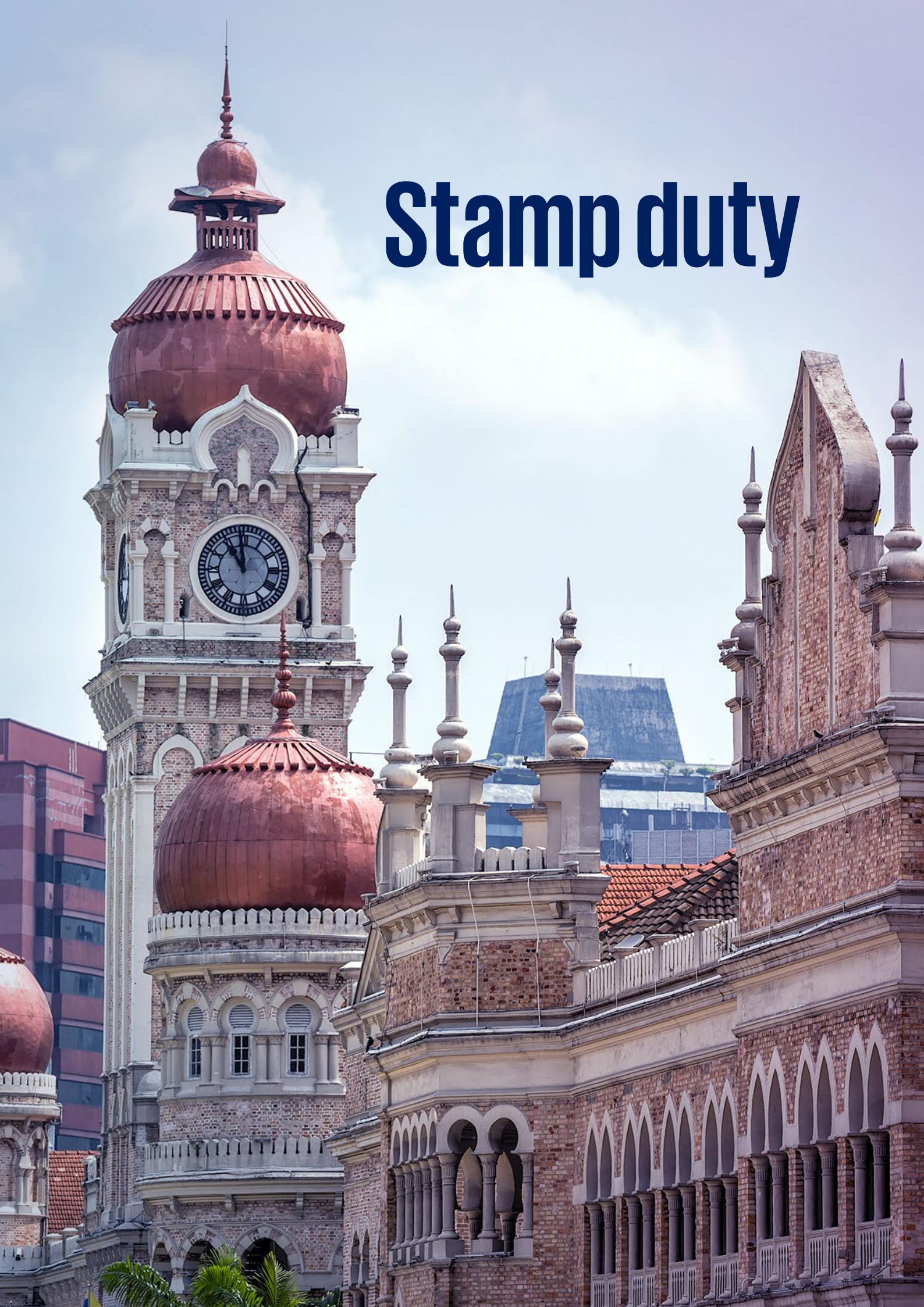
Guideline on the implementation of Tax Compliance Certificate for Government procurement

Effective from 1 July 2025, a Tax Compliance Certificate is required to be submitted by taxpayers / bidders when applying for all Government procurement categories, namely supplies, services (consultants and non-consultants) and works.

The MIRB has issued the above guideline on the procedures to obtain the Tax Compliance Certificate.

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

Stamp duty



Stamp Duty

FAQ on stamp duty on employment contracts

Following a policy decision by the Ministry of Finance, the MIRB issued a media release to clarify the levy of stamp duty on employment contracts. You may refer to KPMG's Tax Whiz dated 6 June 2025 (access from [here](#)) for more information.

A set of FAQs was subsequently issued to address the common concerns arising from the levy of stamp duty on employment contracts. Amongst others, we wish to highlight the following salient points:

- Where a job offer letter (which sets out the terms of service and is signed by both employer and employee) is the only document that binds the employer-employee relationship, it is considered an employment contract and is subject to stamp duty.
- An addendum document to an offer letter is a dutiable instrument.
- Employment contracts signed before 1 January 2025 (i.e. exempted) can be submitted to the MIRB for assessment and endorsement to obtain stamp duty exemption certificate.
- Remission of stamp duty penalties for contracts executed from 1 January 2025 to 31 December 2025 will be processed automatically in STAMPS.

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



Indirect Tax

Indirect Tax

Service Tax Policies & FAQs

The RMCD has issued the following Service Tax Policies and FAQs:

- Service Tax Policy 1/2025 – Financial Services
- Service Tax Policy 2/2025 – Rental or Leasing Services
- Service Tax Policy 3/2025 – Construction Works Services
- Service Tax Policy 4/2025 – Education Services
- Service Tax Policy 5/2025 – Private Healthcare Services
- FAQ in relation to Transition of Sales Tax Rate Changes 2025
- FAQ in relation to Expansion of Service Tax Scope 2025

Please click [here](#) for a copy of our earlier Tax Whiz for details.

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

Sales Tax and Service Tax guides

1. The RMCD has issued the following Sales Tax and Service Tax guides (available in English and Malay languages) in line with the review of goods for Sales Tax and the expansion of scope for Service Tax:
 - Guidelines for the Transition of Sales Tax Rate Changes Effective 1 July 2025 dated 9 June 2025
 - Guide on Rental or Leasing Services dated 9 June 2025
 - Guide on Construction Work Services dated 9 June 2025
 - Guide on Private Education Services dated 9 June 2025
 - Guide on Financial Services dated 9 June 2025
 - Guide on Private Healthcare Services (Version 2) dated 1 July 2025
2. The RMCD has issued the following revised Service Tax guides (available in Malay language only) in line with the expansion of scope of Service Tax:
 - Guide on Insurance or Takaful Services dated 19 June 2025
 - Guide on Line of Credit or Shariah Compliant Financing Services Through Credit or Charge Card Activation dated 19 June 2025

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

Indirect tax legislation updates

The following legislations have been amended and came into operation on **1 July 2025**:

- I. Sales Tax (Rate of Sales Tax) (Amendment) Order 2025**
- II. Sales Tax (Goods Exempted from Sales Tax) (Amendment) Order 2025**
- III. Service Tax (Amendment) Regulations 2025 (Amendment) Regulations 2025**

Please click [here](#) for a copy of our earlier Tax Whiz for details.

Separately, the following legislations have also been gazetted:

IV. Customs (Anti-Dumping Duties) (Expedited Review) (Revocation) Order 2025

The Customs (Anti-Dumping Duties) (Expedited Review) (Revocation) Order 2025 has been gazetted, and came into operation on **15 June 2025**. Therefore, the Customs (Anti-Dumping Duties) (Expedited Review) Order 2025 is revoked.

V. Customs Duties (Goods under the Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area) Order 2025.

The Customs Duties (Goods under the Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area) Order 2025 has been gazetted, and came into operation on **17 June 2025**.

The 2025 Order is an upgrade to the Customs Duties (Goods under the Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area) Order 2019 which has since been revoked, and amongst others, transitions from the HS 2017 to HS 2022.

VI. Customs (Anti-Dumping Duties) (Administrative Review) Order 2025

The Customs (Anti-Dumping Duties) (Administrative Review) Order 2025 has been gazetted, and will be effective during the period from **23 June 2025 to 22 June 2030**.

The Order sets out in the Schedule that anti-dumping duties shall be levied on and paid by the importers in respect of the goods under HS Code 7209.15.00 00, 7209.16.90 00, 7209.17.90 00 and 7209.18.99 00 with the description of goods – Cold-rolled coils of iron or non-alloy steel of a width more than 1300mm excluding tin mill black plate and subject merchandise imported for the purposes of automotive and finwall for transformer end usage from The People's Republic of China and Japan with the rate of duties ranging from 4.76% to 26.39%.

VII. Customs (Prohibition of Imports) (Amendment) (No.2) Order 2025

The Customs (Prohibition of Imports) (Amendment) (No.2) Order 2025 has been gazetted, and comes into operation on 31 December 2025.

Amendment is made in the First Schedule by inserting after item 17 and the particulars relating to it, a new item 18 – A dummy buckle, seat-belt alarm stopper, seat-belt clip extender or any other similar accessory or device intended to be inserted into a seat-belt buckle to disable or bypass the safety reminder and rendering the seat-belt mechanism inoperative from all countries.

VIII. Customs (Provisional Anti-Dumping Duties) (No.3) Order 2025

The Customs (Provisional Anti-Dumping Duties) (No.3) Order 2025 has been gazetted, and is effective for the periods from 7 July 2025 to 3 November 2025.

The Order sets out in the Schedule that provisional anti-dumping duties shall be levied on and paid by the importers in respect of the goods under various HS Codes with the description of goods – Flat-rolled products of iron alloy or non-alloy steel, plated or coated with zinc, using hot dip process (galvanised iron coils/sheets, or galvanised steel coils/sheets) from The People's Republic of China, The Republic of Korea and The Socialist Republic of Viet Nam with the rate of duties ranging from 3.86% to 57.90%.

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 4.5) and e-Invoice Specific Guideline (Version 4.3) (both referred to as "Guidelines") on 7 July 2025 which replace the e-Invoice Guideline (Version 4.4) and e-Invoice Specific Guideline (Version 4.2) dated 5 June 2025.

Topic	Salient Update to the Guidelines
Exemptions from e-Invoice	A new exemption has been introduced as of 7 July 2025 on " Donations or contributions received ", as clarified in Question 1, Part A of the newly released FAQs for Donations or Contributions .

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

MIRB's Updated General and Industry Specific e-Invoicing FAQs

The MIRB has issued the abovementioned updated FAQs on 7 and 9 July 2025 respectively on the implementation of e-Invoicing in Malaysia. The notable updates include the following:

General e-Invoicing FAQs

i. TIN and BRN for Government and Related Entities

The MIRB has clarified the **TIN and BRN input requirements** for issuing e-Invoices or self-billed e-Invoices to government-related entities such as government, statutory body, and local authority. A **general TIN "E100000000040"** and **BRN "NA"** may be used for these cases to facilitate compliance.

ii. Clarification on the definition of "related company"

In determining the applicability of exemption for categories of taxpayers with an annual turnover or revenue below RM500,000, the MIRB has further clarified on the term "related company" to refer to the definition as provided under **section 2 of the Promotion of Investments Act 1986**.

Industry Specific e-Invoicing FAQs for Donations or Contributions

i. Requirement to issue e-Invoices for donations or contributions received

Individual e-Invoices or **consolidated** e-Invoices (where applicable) are required to be issued for donations or contributions received, excluding:

- a) **Religious institutions or organisations** established exclusively for the purpose of religious worship or the advancement of religion; and
- b) Any person (excluding (a) above) receiving donations or contributions that are **not tax-exempt under the MITA**.

However, the exemption would not apply if the religious institutions or organisations under (a) are:

- **IOFs approved under the MITA** (including approvals under subsections 44(6), 44(6B), 44(11B), 44(11C) and 44(11D); or
- **Managing a charity or community project** approved under paragraph 34(6)(h) of the MITA.

Notwithstanding the above, persons not approved for tax exemption under the MITA are still required to issue self-billed e-Invoice for the circumstances outlined in Section 8.3 of the e-Invoice Specific Guideline.

ii. Treatment of monetary donations or contributions

Individual e-Invoice or consolidated e-Invoice (where applicable), is **required to be issued** for any monetary form of donation or contribution received, regardless of the payment method (e.g., cash, cheque, bank transfer, direct debit, wire transfers, etc.)

No e-Invoice is required to be issued for donations or contributions-in-kind (other than monetary) received from donors.

iii. Donors are **not required** to issue self-billed e-Invoices for donations or contributions made to charitable organisations which are not approved for tax exemption under the MITA.

iv. Requirement for religious institutions to issue e-Invoice for other activities

Although a religious institution or organisation managing a place of worship are not required to issue e-Invoices for the donations or contributions received, e-Invoices are **required to be issued for any goods sold or services rendered**.

v. Approved IOFs

Where an **individual e-Invoice** has been issued, the approved IOF is not required to issue the pre-printed official receipt for the said donation or contribution received. The e-Invoice issued can be used to **substantiate** for tax purposes.

If the approved IOF intends to adopt **any other electronic receipt or e-Receipt format** that is **not in accordance with the e-Invoice requirements** set out in the Guidelines, separate **approval shall be obtained** from the MIRB. Regardless, a **consolidated e-Invoice** shall still be issued within the stipulated timeframe for all donations or contributions for which no individual e-Invoice has been issued.

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	Forest City Single Family Office Scheme	13 June 2025
2	Updates to the Expanded Sales Tax and Service Tax	30 June 2025
3	Amendments to the Expanded Sales Tax and Service Tax Legislations	2 July 2025

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

	Reference
BRN	Business Registration Number
DTA	Double Taxation Agreement
ESG	Environmental impact, social responsibility and governance effectiveness
FAQ	Frequently asked questions
HS	Harmonized Tariff Code
IOF	Institutions, organisations or funds
LBATA	Labuan Business Activity Tax Act 1990
MIRB	Malaysian Inland Revenue Board
MITA	Malaysian Income Tax Act, 1967
RMCD	Royal Malaysian Customs Department
STAMPS	Stamp Assessment and Payment System
TIN	Tax Identification Number
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

Evelyn Lee

Partner
evewflee@kpmg.com.my
+603 7721 2399

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

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