



Tax developments



13 March 2025

KPMG in Malaysia

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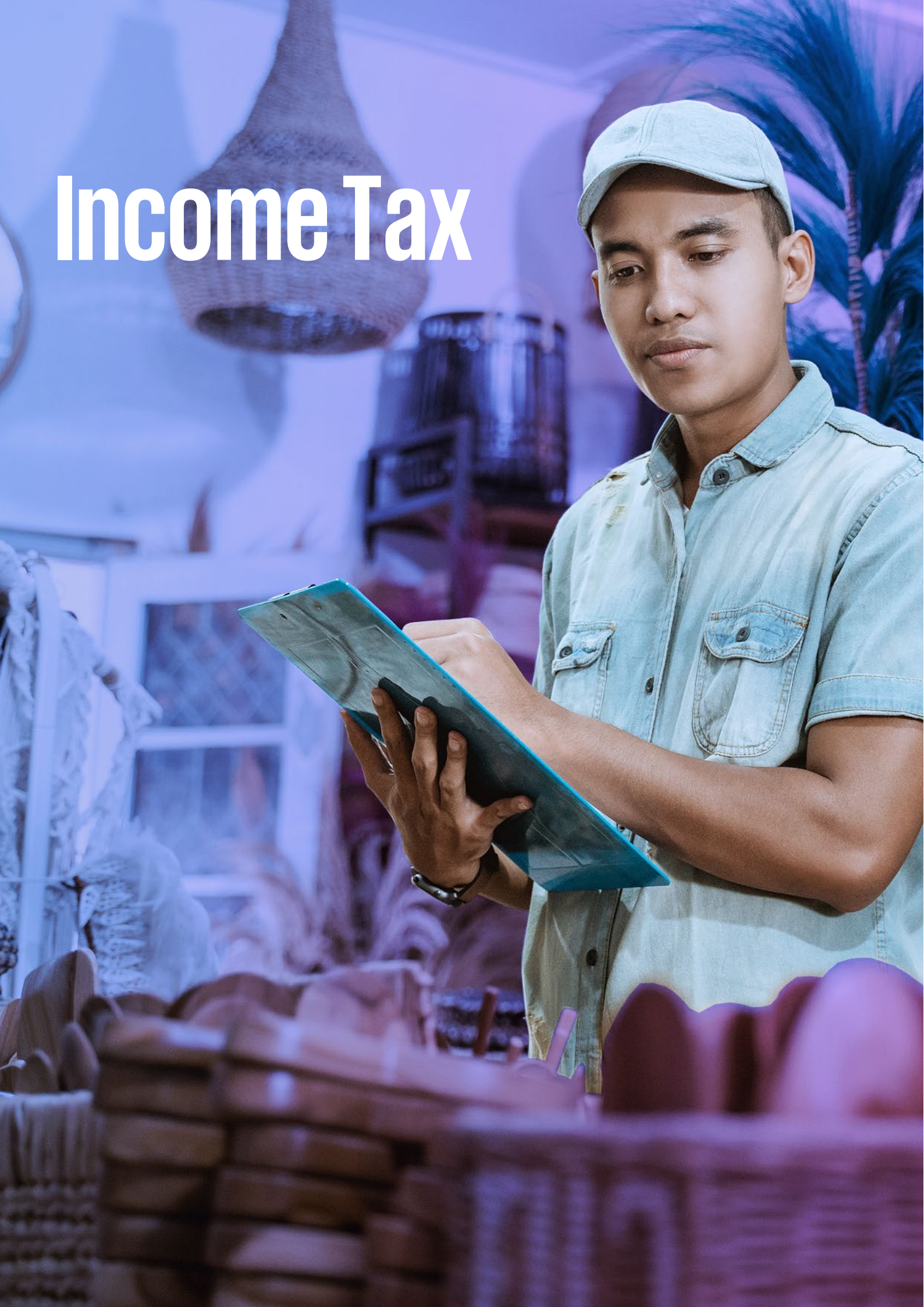
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Income Tax



Income Tax

Income tax exemption for Labuan-related income

Previously, the Income Tax (Exemption) (No. 22) Order 2007 (“2007 Order”) provided income tax exemption on specific income received from/by a specified Labuan entity. In line with the Government’s commitment to establish Labuan as a well-regulated and internationally-compliant jurisdiction, the Income Tax (Exemption) Order 2025 (“2025 Order”) was gazetted, revoking the 2007 Order.

The scope of the incentive, which expands the income tax exemption provided under the earlier 2007 Order, is summarized in the table below:

Recipient (exempted persons)	Chargeable income# exempted from tax
A Labuan company	<ul style="list-style-type: none"> Dividends Interest, royalties and/or income under Sections 4A(i) and 4A(ii) of the MITA received from another Labuan company
Any person	Dividends ^A received from a Labuan company which are paid, credited or distributed out of income derived from a Labuan business activity or income exempted from tax
Beneficiary of a Labuan trust or Labuan Islamic trust	Distributions received from a Labuan trust or Labuan Islamic trust
A resident person other than a licensed person to carry on a business under the FSA 2013 or the IFSA 2013	Interest received from a Labuan company
A non-resident person	Interest ^{N1} , royalties and/or income under Sections 4A(i) and 4A(ii) of the MITA received from a Labuan company ===== ^{N1} other than interest accruing to a business carried on by a non-resident person in Malaysia if that non-resident person is licensed to carry on a business under the FSA 2013 or the IFSA 2013 =====
Partner of a Labuan limited partnership, Labuan LLP, Labuan Islamic limited partnership or Labuan Islamic LLP*	Distribution of profit after tax paid, credited or distributed by the partnership*
Member ^{N2} of a Labuan foundation or Labuan Islamic foundation*	Distribution of <i>profit after tax</i> ^{N3} from the foundation* ===== ^{N2} Further clarification is required to be sought as the Labuan Foundations Act, 2010 does not provide for the concept of “members”.

The intended recipient of the income tax exemption is likely its beneficiaries, as they are the only parties entitled to receive distributions from a Labuan foundation or Labuan Islamic foundation.

N³ Further clarification is also required to be sought whether the term “profit after tax” includes income that is assessed to tax but otherwise exempt under existing tax laws (e.g. Labuan Business Activity Tax Act, 1990).

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after deductions and allowances, if any.

^ 2% dividend tax (for individual shareholder) is not applicable when an exemption is provided under the 2025 Order.

***** expanded scope under the 2025 Order.

The 2025 Order is effective from YA 2023 to YA 2027. The implementation of a restricted exemption period aligns with the Government's initiative to continuously review and realign the tax incentives with the ever-evolving tax landscape.

You may refer [here](#) for the special commentary edition issued by KPMG Private Enterprise on Labuan Trusts and Labuan Foundations, which explores how the 2025 Order enhances Labuan's attractiveness in family wealth structuring and intergenerational wealth transfer.

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

Representative access control enabled on MyTax portal

A company director or organization administrator may appoint a company representative on the MyTax portal to manage the company's taxation and e-Invoice affairs. To strengthen service delivery and enhance security measures, the MIRB has introduced a new feature from 18 February 2025, which provides the company director or organization administrator the flexibility to control the level of access of their representative on the MyTax portal. The three available options of representative functions are:

- I. Tax
- II. MyInvois
- III. Tax and MyInvois.

The default access for existing representatives will be set based on the date of appointment as follows:

Date appointed as representative for MyTax	Appointed as representative for MyInvois	Access function(s)
Before 1 July 2024	Yes	Taxation and MyInvois
From 1 July 2024 to 18 February 2025	Yes	MyInvois
Before 18 February 2025	No	Taxation

The company director or organization administrator may update the access control, appoint and terminate any representatives at any time.



Indirect Tax

Indirect Tax

Indirect tax legislation updates

The following legislations have been gazetted:

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

The Customs (Anti-Dumping Duties) (Expedited Review) Order 2025 has been gazetted, and came into operation on **22 February 2025**. The Order sets out that the anti-dumping duties imposed under the Customs (Anti-Dumping Duties) (Administrative Review) (No. 2) Order 2021 shall not be imposed on Tay Nam Steel Manufacturing & Trading Co., Ltd., the exporter of prepainted, painted or colour coated steel coils from the Socialist Republic of Viet Nam while the expedited review is being carried out from 22 February 2025 to 20 August 2025.

II. Customs Duties (Exemption) (Amendment) (No.2) Order 2025

The Customs Duties (Exemption) (Amendment) (No.2) Order 2025 has been gazetted, and came into operation on **3 March 2025**. Amendments are made in the Schedule, in Part I, by inserting a new item – item 14A after item 14, to exempt motor vehicle for the transport of goods under heading 87.04 of the Customs Duties Order 2022 and fuel supply, lubricating oil, maintenance supplies and spare parts for the use of the motor vehicle, whereby the person exempted is the driver and is subject to conditions.

Source for the Orders: [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 4.2) and e-Invoice Specific Guideline (Version 4.1) (both referred to as "Guidelines") on 21 February 2025 which replace the e-Invoice Guideline (Version 4.1) and e-Invoice Specific Guideline (Version 4.0) dated 28 January 2025.

Topic	Salient Updates to the Guidelines
e-Invoice implementation timeline for targeted taxpayers	<p>The MIRB has provided updates to the e-Invoice implementation timeline for taxpayers based on the following:</p> <ul style="list-style-type: none"> • The implementation date for taxpayers with annual turnover or revenue exceeding RM500,000 up to RM25 million is 1 July 2025. • The implementation date for taxpayers with annual turnover or revenue of up to RM500,000 is 1 January 2026. • New businesses or operations commencing from year 2025 onwards are to implement e-Invoicing on 1 January 2026 or upon operation commencement date. <p>Pursuant to the above, the six (6) - month interim relaxation period for each implementation phase from the date of mandatory implementation is to follow accordingly.</p>
Timing for self-billed e-Invoice for importation of goods	<p>Previously, Malaysian purchasers were required to issue a self-billed e-Invoice latest by the end of the month following the month of customs clearance. The guideline now extends this deadline to the end of the second month after the month of customs clearance.</p>

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

MIRB's updated e-Invoicing General FAQs

The MIRB has issued the updated e-Invoicing General FAQs on 22 February 2025, which align with the updates in the Guidelines and provide further clarification on:

- i. Implementation timeline and interim relaxation period for targeted taxpayers;
- ii. Extended timing of issuance of self-billed e-Invoices for importation of goods; and
- iii. Non-requirement for Malaysian buyers to include import duty and/or sales tax levied upon customs clearance in the self-billed e-Invoice.

Source for the FAQ: 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	Changes in stamp duty administration and stamp duty audit framework	17 February 2025

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

	Reference
FAQ	Frequently Asked Question
FSA 2013	Financial Services Act 2013
IFSA 2013	Islamic Financial Services Act 2013
LLP	Limited Liability Partnership
MIRB	Malaysian Inland Revenue Board
MITA	Malaysian Income Tax Act, 1967
YA	Year of Assessment

Contact Us

Petaling Jaya Office

Soh Lian Seng

Partner – Head of Tax and Tax Dispute Resolution
lsoh@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
suelynnng@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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