Tax developments

11 September 2026

KPMG in Malaysia

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Service Tax Policy No. 5/ 2025 (Amendment No. 4)

The RMCD has issued Service Tax Policy No. 5/ 2025 (Amendment No. 4) in relation to Private Healthcare Services dated 17 August 2026. Amendment is made to include an additional item – item 5 as follows:

No.	Exemption	Conditions
5	Service Tax exemptions are granted to newborns who have not yet obtained citizenship status.	(i) One of the parents must be a citizen with valid identification documents issued by the National Registration Department. (ii) Documentation proof must be submitted to the private healthcare service provider during the registration process.

Source for the Service Tax Policy: RMCD - MySST (Service Tax Policy)

Service Tax treatment on employment services

On 13 August 2026, RMCD issued an announcement that Service Tax shall only be imposed on the employment fee/ management fee for employment services. Other costs or expenses that are pass-through in nature (disbursement) should not be subject to Service Tax and should not be taken into account in determining the value of taxable services under employment services. This includes statutory fees, duties, levies, taxes, and payments that are punitive in nature imposed under the written laws of the Federal Government and State Governments. In line with this, the Service Tax Guide on Employment Services (Version 4) dated 9 June 2026 was withdrawn and the earlier version dated 14 May 2024 has since been republished, reflecting Customs' decision to revert to the earlier position.

In addition, RMCD has further announced that pass-through expenses for employment services that are not subject to Service Tax refer to expenses allowed to be claimed back from the customer at cost without any mark-up and are limited to the following expenses only:

- Emoluments
- Workers' levy
- Fare to Malaysia
- Work permit
- Insurance fee
- Mandatory medical examination for workers

Notably, it was also clarified that no refund is allowed to any person who has paid Service Tax to the RMCD up to 13 August 2026 for such employment services.

Source for the announcement: RMCD – MySST (Announcements)

Sales Tax (Persons Exempted from Payment of Tax) (Amendment) (No. 2) Order 2026

Following the gazettement of the Sales Tax (Persons Exempted from Payment of Tax) (Amendment) (No. 2) Order 2026, RMCD has announced that effective **1 September 2026**, applications for Sales Tax exemption certificates covering raw materials for the manufacture of animal feed, fertilisers or pesticides under Schedule B, Items 5 - 7 of the principal Order must be submitted via the MySST portal. Sales Tax Policy 1/2026 and its amendment can no longer be relied upon as the basis for the exemption.

Source for the announcement: RMCD – MySST (Announcements)

Public Ruling No. 4/2026 – Application for Review 2026

The RMCD has issued Public Ruling No. 4/ 2026 in relation to Application for Review 2026 (only available in Bahasa Malaysia) which is effective **13 August 2026**.

Public Ruling No. 4/2026 replaces Public Ruling No. 1/2020, consolidates the existing review application framework while providing additional clarifications including that tax treatment reply letters issued by RMCD do not constitute reviewable decisions and that an application for review will not be processed if the relevant Bill of Demand remains unpaid.

Source for the Public Ruling: RMCD Official Portal

Indirect tax legislation updates

The following legislations have been gazetted:

i. Customs (Amendment) (No. 4) Regulations 2026

The Customs (Amendment) (No. 4) Regulations 2026 has been gazetted, and comes into operation on **31 August 2026**. The principal Order is amended in regulation 26, subregulation (3) –

(a) by inserting after the words “local authorities” the words “or government agencies”; and

(b) in the English language text, by deleting the words “, as the case may be,”.

ii. Tourism Tax (Amendment) Regulations 2026

The Tourism Tax (Amendment) Regulations 2026 has been gazetted, and comes into operation on **1 September 2026**. The principal Order is amended in regulation 19, subregulation (1) –

(a) in paragraph (a), by substituting for the words “in the States of Malacca” the words “in the States of Johore, Malacca”; and

(b) in paragraph (b), by deleting the words “Johore,”.

The above effectively removes Johor from the group of states observing a Sunday to Thursday working week, aligning it with a Monday to Friday working week.

iii. Tourism Tax (Digital Platform Service Provider) (Amendment) Regulations 2026

The Tourism Tax (Digital Platform Service Provider) (Amendment) Regulations 2026 has been gazetted, and comes into operation on **1 September 2026**. The principal Order is amended by substituting regulation 15 in relation to hours for submission of return and payment. The revised regulation 15 simplifies compliance for registered digital platform service providers by allowing tourism tax returns and payments to be submitted electronically at any time (except when the electronic services are under maintenance) and by clarifying deadline rules where holidays are involved.

Source for the legislations: Federal Legislation Portal of Malaysia

Transfer Pricing

Transfer Pricing

Income Tax (Transfer Pricing) (Amendment) Rules 2026

An amendment to the Income Tax (Transfer Pricing) Rules 2023, referred to as the Income Tax (Transfer Pricing) (Amendment) Rules 2026 ("TP Rules 2026") have been gazetted on 27 August 2026. The TP Rules 2026 are deemed to have effect from YA 2023.

The notable amendments are:

- **Rule 4 Contemporaneous transfer pricing documentation –** the definition of Multinational Enterprise Group under subrule (4) is amended as follows:
  "(4) For the purposes of this rule, "Multinational Enterprise Group" means a group of associated enterprises that have business establishments in two or more jurisdictions."

- **Rule 13 Adjustment by Director General** – the rule is amended by inserting after subrule (1) the following subrule:
  "(1A) An adjustment made under subrule (1) in respect of an assessment made on any person in a controlled transaction may be reflected by an offsetting adjustment on the assessment of the other person in the controlled transaction, upon request by that other person and subject to the approval of the Director General."

Source for the TP Rules 2026: Federal Legislation Portal of Malaysia

e-Invoicing

e-Invoicing

Media Release, Updated e-Invoice Guideline (Version 4.8) and e-Invoice Specific Guideline (Version 4.9)

The MIRB has issued a media release and an updated e-Invoice Guideline (Version 4.8) on 30 August 2026 as well as an updated e-Invoice Specific Guideline (Version 4.9) on 7 September 2026. The aforementioned Guidelines replace the e-Invoice Guideline (Version 4.7) and e-Invoice Specific Guideline (Version 4.8) issued 7 July 2026. The General FAQs have also been updated on 4 September 2026 replacing the General FAQs issued on 5 May 2026.

Subject Matter	Salient Updates
e-Invoice implementation threshold	Effective 1 September 2026, the e-Invoice implementation threshold has been increased from **RM 1 million to RM 3 million**. Consequently, taxpayers with annual turnover or revenue of less than RM 3 million are exempted from implementing e-Invoice. Businesses which commence from Year 2023 to 2025 with annual turnover of at least RM 3 million (previously RM1 million) are to implement e-Invoice with effect from 1 July 2026. Businesses which commence from Year 2026 onwards are to implement e-Invoice with effect 1 July 2026 or upon operation commencement date. If the annual turnover in the first year is less than RM 3 million (previously RM1 million), businesses are to implement e-Invoice with effect from 1 January in the second year following the year the annual turnover reached RM 3 million (previously RM 1 million). The exemption does not apply to taxpayers that have non-individual shareholder(s), are subsidiaries of a holding company or have related companies or joint ventures with an annual turnover of at least RM 3 million. Following the increase in the e-Invoice exemption threshold, eligible taxpayers who have previously adopted e-Invoicing are no longer required to issue e-Invoice and may discontinue doing so immediately. However, they may continue issuing e-Invoice on a voluntary basis.
e-Invoice implementation for statutory bodies and international organizations	A clarification was made that statutory bodies, statutory authorities, local authorities and international organizations are required to implement e-Invoicing with effect from **1 July 2025** for transactions relating to the **sale of goods and the provision of services.**
Participation in SVDP	Rectification of non-compliant e-Invoices may be done by **issuing a credit note** e-Invoice to reverse the earlier non-compliant e-Invoice and **reissuance of new e-Invoice** with the correct information in accordance with applicable laws and e-Invoice requirements. No separate registration or application for participation in SVDP is required.

Subject Matter	Salient Updates
	No group e-Invoice voluntary disclosure is allowed. Each entity within a group should submit a separate voluntary disclosure of its own.
Concessions on individual TIN and identification information	To ease burden on individuals in furnishing their TIN and identification details, MIRB has updated concessions for non-Malaysian individuals as follow, in the absence of TIN:- i) non-Malaysian individuals (MyPR/MyKAS holders) may provide MyPR / MyKAS identification number ii) non-Malaysian individuals other than MyPR / MyKAS holders may provide passport number General Public's TIN (as listed in Appendix 1 of the e-Invoice Specific Guideline) may be used along with the above identification number / passport number (where applicable) for e-Invoice purpose.

Source for the Media Release and Guidelines: Official portal of MIRB

e-Invoicing FAQs

The MIRB has also issued updated industry specific e-Invoicing FAQs for the Aviation and Financial Services, Pawnbroking, Stockbroking, Unit Trust and Money Changing Services industries on 26 August 2026. The aforementioned FAQs replace the FAQs for Aviation Industry updated on 9 July 2024 and FAQs for Financial Services, Stockbroking and Unit Trust updated on 2 September 2025 respectively.

1. **e-Invoicing FAQs for Aviation Industry**

Subject Matter	Salient Updates
Buyer's details for flight tickets and private air charters where e-Invoice is not required	MIRB has updated its temporary concession on the inclusion of buyers' personal information in the e-Invoice, where e-Invoice is not required by Buyers as follow:- i) **For Malaysian Buyers:** Actual buyer details of the Malaysian buyers are required in the e-Invoice ii) **For Non-Malaysian Buyers:** Where buyer details are unavailable or cannot be reasonably obtained in regard to other buyer details such as address, contact number and SST Registration Number, the supplier may input the airline operator's information in the e-Invoice.

2. e-Invoicing FAQs for Financial Services, Pawnbroking, Stockbroking, Unit Trust and Money Changing Services Industries

Subject Matter	Salient Updates
e-Invoice treatment for granting of pawn and subsequent redemption or renewal of pawn tickets	No e-Invoice is required for the principal amount of the loan granted by the pawnbroker. However, an e-Invoice is to be issued by pawnbroker (upon request) or receipt (where no e-Invoice is requested*) for **ticket charges imposed by the pawnbroker** and **interest charged upon redemption** or **renewal of the pawn ticket**. Note*: Transactions are required to be aggregated and consolidated e-Invoice issued within seven (7) days from the end of the month.
Automatic transfer of ownership of pledged item to pawnbroker	The pawnbroker is required to **issue a self-billed e-Invoice for the acquisition of the pledged item** where ownership is automatically transferred to the pawnbroker in the event the pledged item is not redeemed within prescribed period.
e-Invoice treatment for auctioned pledged item	If the **pawnbroker purchases** the pledged item at the auction, the pawnbroker is to issue i) a self-billed e-Invoice for the purchase; and ii) issue an e-Invoice for interest and other applicable charges. If a **third-party bidder purchases** the pledged item at the auction, the third-party bidder is to issue i) a self-billed e-Invoice for the purchase; and ii) pawnbroker is to issue an e-Invoice for interest and other applicable charges.
Surplus monies arising from the auction of pledged items	In event auction proceeds exceed the amount recoverable by the pawnbroker and are held on trust for the pawner, **no e-Invoice is required for the surplus monies**. **No e-Invoice is required to be issued by the pawnbroker** in event surplus monies are subsequently returned to the pawner.
Unclaimed surplus monies surrendered to the Accountant General's Department ("AGD")	**No e-Invoice or self-billed e-Invoice is required** where unclaimed surplus monies are surrendered to the AGD.
Sale of pledged items previously acquired by the pawnbroker	An e-Invoice is to be issued by pawnbroker (upon request) or receipt (where no e-Invoice is requested*) to the buyer.

Subject Matter	Salient Updates
	Note*: Transactions are required to be aggregated and consolidated e-Invoice issued within seven (7) days from the end of the month.
Year-end accrued interest receivables on unredeemed pawn loans	**No e-Invoice is required** for accrued interest receivables recognized for accounting or tax purposes.

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	Public Ruling 5/2026 – Definition of Secondment of Employees for Employment Services under Service Tax	20 August 2026
2	Sales Tax (Persons Exempted from Payment of Tax) (Amendment) (No 2) Order 2026	1 September 2026

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

	Reference
AGD	Accountant General's Department
FAQs	Frequently Asked Questions
MIRB	Malaysian Inland Revenue Board
RMCD	Royal Malaysian Customs Department
SVDP	Special Voluntary Disclosure Programme
TIN	Tax Identification Number
YA	Year of assessment

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