

# Malaysia BUDGET 2027

## Key Tax Measures at a glance



**9 OCTOBER 2026**  
BUDGET ANNOUNCEMENT

Information in this e-Alert is for awareness purpose only  
Not intended to be comprehensive

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# Tax Incentives



## Global Services Hub (GSH):

- Special tax rate of **5%** for **up to 30 years**
- **Withholding tax exemption** for interest payments
- **Stamp duty exemption** for loan agreements in foreign currency (Including for JS-SEZ incentive package)



## Principal Hub & GSH for existing companies:

Special tax rate of **5%** for “**incremental income**” based on **3-year average base income**



## Fund management service providers:

Granted **40%** tax exemption for **YA 2028 to YA 2030**



## Shipping Income Exemption:

**100%** tax exemption extended until **YA 2036**  
Subject to strategic management and effective control in Malaysia



## Tax Incentives for Organizing International Incentive Trips, Conferences and Trade Exhibitions:

Extended until **YA 2030**



Reinvestment Allowance: **under review**

# Green Investment Tax Allowance (GITA)



## GITA Project (Business Purposes)

Apply to MIDA: 1/1/2027 – 31/12/2030

|  Tier |  Qualifying Activity                                                                       | %   |  Utilisation limit, as a % of Statutory Income |  Incentive Period |
|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| <b>Tier 1</b>                                                                          | <ul style="list-style-type: none"> <li>Green Hydrogen</li> <li>Ocean Thermal Energy Conversion</li> </ul>                                                                   | 100 | 100 or 70                                                                                                                         | 5 + 5 years                                                                                          |
| <b>Tier 2</b>                                                                          | <ul style="list-style-type: none"> <li>Electric Vehicle Charging Station</li> <li>Renewable Energy System (Biomass, Biogas, Mini Hydro, Geothermal, Wind energy)</li> </ul> | 60  | 70                                                                                                                                | 5 years                                                                                              |

## GITA Assets (Own Consumption)

Verified by MGTC: 1/1/2027 – 31/12/2030

### Tier 1 100% GITA to be offset against 70% of Statutory Income

a. List of qualifying assets approved by Finance Minister:



Bus, Van, Panel MPV, Movers, Terminal Tractor, Forklift, Lorry/Light Truck, Lorry and Heavy Vehicle (including prime mover)



Electric vehicle infrastructure (locally produced)



Waste composting and recycling system (locally produced)



Wastewater recycling and rainwater harvesting system (locally produced)



b. Renewable Energy Integrated System (Biomass, Biogas, Mini Hydro, Solar, Geothermal, Wind Energy) + Battery Energy Storage System (BESS)/Energy Storage System (ESS)

### Tier 2 60% GITA to be offset against 70% of Statutory Income

a. List of qualifying assets approved by Finance Minister:



Electric vehicle infrastructure



Waste composting and recycling system



Wastewater recycling and rainwater harvesting system



b. Renewable Energy System (Biomass, Biogas, Mini Hydro, Geothermal, Wind Energy)



The company shall apply to **MGTC within 24 months** from the date of purchase of the qualifying GITA asset.

# Corporate Tax



## Reduction in MSME tax rate from **YA 2027**

**14%** | for first RM150,000

**16%** | for RM150,001 to RM600,000



Total savings up to **RM6,000**



**Disallowance** of Salary Expenses if not paid via banking system (example: **cash payments**)

Effective YA 2028, save for MSMEs



Tax deduction for employer making **PTPTN** repayment:

1st January 2027 to 31st December 2028



— **Local automotive vendors** relocating to **Automotive Hi-Tech Valley, Perak:**

Granted tax deduction on relocation costs up to **RM5 million** expenditure incurred from 1st January 2027 to 31st December 2030

# Accelerated Capital Allowances



| No | Qualifying Expenditure                                                              | Sourcing Requirement              | Rate of Accelerated Capital Allowance |
|----|-------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------|
| 1  | Heavy machinery                                                                     | Procured from local manufacturers | Initial allowance:<br><b>20%</b>      |
| 2  | Plant & general machinery                                                           |                                   |                                       |
| 3  | ICT equipment & computer software                                                   |                                   |                                       |
| 4  | Consultation, licensing and incidental fees related to customised computer software | Not specified                     | Annual allowance:<br><b>40%</b>       |



Effective from

**11 October 2025 to 31 December 2026**

→ extended to 2030

## Accelerated capital allowance of 100% for Small Value Assets

| Item                                                  | Current  | Proposed (YA 2027) |
|-------------------------------------------------------|----------|--------------------|
| Cap on value per item                                 | RM2,000  | RM3,000            |
| Overall claim per year (applicable to non-MSMEs only) | RM20,000 | RM30,000           |

# Liberalisation of donations to school funds

School's public contribution fund:  
Scope of **section 44(6)** exemption



| Type of expenses                                                                                                        | At Present                                                                            | From YA 2027                                                                          |
|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|  Administrative & Operating Expenses |  |  |
|  Repair & Maintenance Expenses       |  |  |
|  Specific Projects                   |  |  |



Effective from  
**YA 2027**

Operational efficiency from single fund.  
Time to review present structures.

**Administrated by:**

School | Parent-Teacher Association (PIBG) | Alumni

**Endorsed by:**

MOE

**Section 44(6) Approval by:**

LHDN

# Sales Tax Refund for Traders



**Service Tax rate reduced from 8% to 6%**

Effective from **1st January 2027**

**Annual fee up to RM96,000 per person:**

**Exempt from Service Tax**

# Personal Tax



**Multi-Family Office (MFO)  
tax incentive:**

**Tax exemption  
up to 20 years**



**Increase in personal tax rate  
for RM1 million to RM2 million  
income:**

**Maximum RM19,200  
in additional taxes**



**Reduction in tax rates for income RM70,001 to RM150,000:**

| Chargeable income      | Current tax rate | Proposed tax rate |
|------------------------|------------------|-------------------|
| RM70,001 to RM100,000  | 19%              | <b>18%</b>        |
| RM100,001 to RM150,000 | 25%              | <b>24%</b>        |



**1% rate reduction on both bands**

**Overall savings up to RM800**



**Deduction up to RM50,000  
for investment in  
Equity Crowd Funding**

**Extended until 31/12/2030**



**Deduction for Angel Investor  
(pre-seed & seed)**

**Extended until 31/12/2030**

# Personal Relief

## Self Relief

| Current | Proposed<br>(YA 2027 onwards) | Tax Savings               |
|---------|-------------------------------|---------------------------|
| RM9,000 | <b>RM12,000</b>               | <i>Up to <u>RM900</u></i> |

## Expenses for Parents and Grandparents

| Currently Allowed                                                        | Proposed (YA 2027 onwards)                                                                                |
|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Full medical examination and/or vaccination (max RM1,000)                | -Maintained-                                                                                              |
| Medical treatment, dental treatment                                      | -Maintained-                                                                                              |
| Special needs and carer – with doctors' verification on health condition | Care expenses at home, day care centres and residential care centres<br><i><u>beyond medical care</u></i> |

Overall limit maintained at **RM8,000**

# Personal Relief

## Health and Well-being (Medical Expenses for Self/Spouse/Child)

| Currently Allowed                                                                                                                                                                             | Proposed (YA 2027 onwards)                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Serious diseases                                                                                                                                                                              | -Maintained-                                                                                                                                                       |
| Fertility treatment                                                                                                                                                                           | -Maintained-                                                                                                                                                       |
| Assessment for diagnosis, early intervention programmes or rehabilitation treatment for children with learning disabilities aged 18 years and below.                                          | -Maintained-                                                                                                                                                       |
| Vaccination (max RM1,000)                                                                                                                                                                     | -Maintained-                                                                                                                                                       |
| Dental examination and treatment (max RM1,000)                                                                                                                                                | -Maintained-                                                                                                                                                       |
| Full medical examination, mental health examination or consultation, disease diagnostic test and purchase of self-health monitoring equipment (max RM1,000)                                   | -Maintained-                                                                                                                                                       |
| <b>N/A</b>                                                                                                                                                                                    | Postnatal care service expenses provided by a confinement centre or qualified individual (max RM3,000)                                                             |
| Purchase of breastfeeding equipment for personal use for children aged 2 years and below paid by <b>women taxpayer</b> (max RM1,000) (separate relief from the RM10,000 for medical expenses) | Breastfeeding equipment for personal use for children aged 2 years and below paid by <b>self or spouse</b> (max RM1,000) (now part of the RM10,000 combined limit) |

**Overall limit maintained at RM10,000**

# Personal Relief

## Lifestyle Relief

Expenses for the use / benefit of self, spouse or child

| Currently Allowed                                                                         | Proposed (YA 2027 onwards)                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Purchase or subscription of books/journals/magazines/newspaper/other similar publications | -Maintained-                                                                                                                                                                                       |
| Purchase of personal computer, smartphone or tablet                                       | -Maintained-                                                                                                                                                                                       |
| Payment of monthly bill for internet subscription                                         | -Maintained-                                                                                                                                                                                       |
| Payment of any course for the purpose of upskilling or self-enhancement                   | Merged into individual income tax relief for Education and Skills Training Fees                                                                                                                    |
| N/A                                                                                       | Subscription to AI software and applications for personal use, spouse or child                                                                                                                     |
| N/A                                                                                       | <ul style="list-style-type: none"> <li>Cost of pet adoption from registered animal shelters</li> <li>Registered veterinary services for vaccination and spaying or neutering procedures</li> </ul> |

Overall limit maintained at **RM2,500**

# Personal Relief

## Lifestyle Relief (Sports related)

Additional expenses for the use/benefit of self, spouse, child or parent  
(The parent must be resident in Malaysia)

| Currently Allowed                                                                                                                                                                            | Proposed (YA 2027 onwards)           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Purchase of sports equipment for sports activity defined under the Sports Development Act 1997                                                                                               | -Maintained-                         |
| Payment of rental or entrance fee to any sports facility                                                                                                                                     | -Maintained-                         |
| Payment of registration fee for any sports competition where the organizer is approved and licensed by the Commissioner of Sports under Sports Development Act 1997                          | -Maintained-                         |
| Payment of fees for gym membership or sports training which is provided by a sports club/societies/companies for carrying out sports activities listed under the Sports Development Act 1997 | -Maintained-                         |
| N/A                                                                                                                                                                                          | Purchase of sports shoes (max RM300) |

**Overall limit maintained at RM1,000**

## Other personal relief extensions and expansions

- Relief for Education Fees and Skills Training to include courses, training, classes and tuition for self, spouse and children.
- A specific relief is introduced for TVET programmes – for self/spouse (max RM3,000).
- Domestic tourism related relief (max RM1,000) is extended to YA 2027.
- SOCSO relief increased from RM350 to RM500 with expanded scope.

# Stamp Duty

Financing agreement for borrowing  
in foreign currency from Malaysian banks



## Other Stamp Duty Exemption

| No. | Category                                                | Proposed Stamp Duty Treatment                                                                                                                    | Effective Period                      |
|-----|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| 1   | <b>First-Time Homebuyers</b><br>(Homes up to RM500,000) | Full exemption on loan agreements and instruments of transfer                                                                                    | SPA date:<br>1 Jan 2027 – 31 Dec 2030 |
| 2   | <b>First-Time Homebuyers</b><br>(Homes up to RM750,000) | Full exemption on loan agreements and instruments of transfer on the first RM500,000 and 50% exemption on the remaining amount                   | SPA date:<br>1 Jan 2027 – 31 Dec 2030 |
| 3   | <b>Abandoned Housing Projects</b>                       | Re-introduction of full exemption on loan agreements and instruments of transfer involving rescue contractors/developers and original purchasers | 1 Jan 2027 – 31 Dec 2030              |
| 4   | <b>Savings and Current Accounts</b>                     | Full exemption on instruments for the opening of accounts                                                                                        | From 1 Jan 2027                       |
| 5   | <b>Global Services Hub (GSH)</b>                        | Exemption on intercompany loan agreements for treasury and fund management activities, including under the JS-SEZ package                        | Subject to applicable incentive terms |

# Stamp Duty

## Remission of Duty in Excess of RM10



### Other Remissions of Duty in Excess of RM10

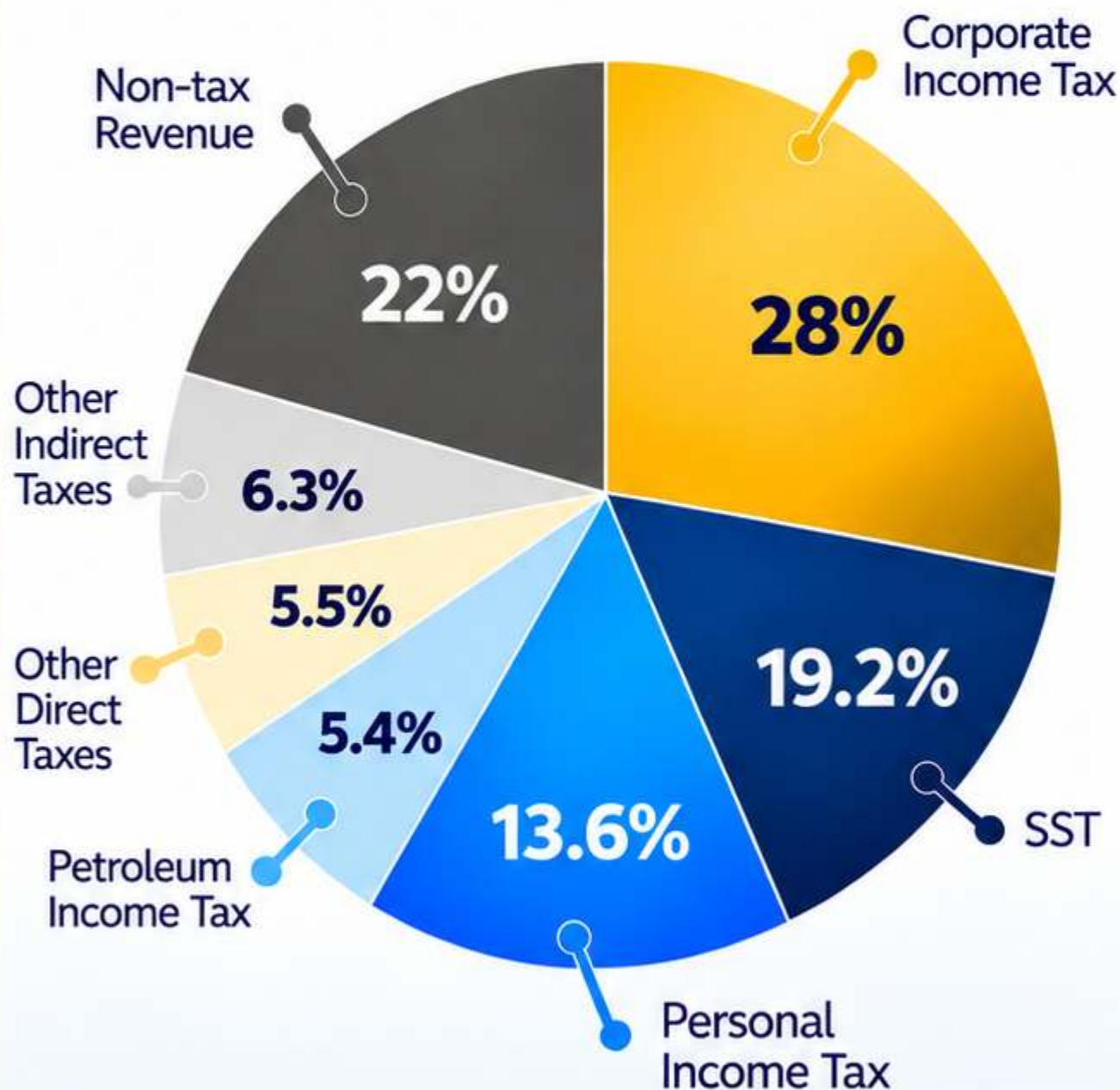
| No. | Category                     | Proposed Stamp Duty Treatment                            | Effective Period                                                        |
|-----|------------------------------|----------------------------------------------------------|-------------------------------------------------------------------------|
| 1   | Peer-to-Peer (P2P) Financing | RM10 on loan agreements through P2P financing platforms  | Extended to loan / financing agreements executed by 31 Dec 2030         |
| 2   | CAKNA I Scheme               | RM10 on loan and financing agreements                    | Extended to loan / financing agreements executed by 31 Dec 2030         |
| 3   | CAKNA II Scheme              | Re-introduction of RM10 on loan and financing agreements | For loan or financing agreements executed from 1 Jan 2027 – 31 Dec 2030 |

### Stamp Duty on Loans for Purchase or Construction of Malaysian Ships

| No. | Loan Amount             | Proposed Stamp Duty Cap |
|-----|-------------------------|-------------------------|
| 1   | Up to RM100 million     | <b>RM2,000</b>          |
| 2   | Exceeding RM100 million | <b>RM5,000</b>          |



# Sources of 2027 Fiscal Revenue



# Tax Revenue Trend



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# Decoding Tax Measures in BUDGET 2027

Join our TRATAX professionals as we unpack the key tax measures in Budget 2027 and what they mean for businesses.



**30 OCTOBER 2026**

9:30 AM – 11:30 AM (GMT +8)



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