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BUDGET WEBINAR

DECODING TAX MEASURES IN 2027 BUDGET

30th October 2026

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Our Speakers

TraTax® Your Trusted Tax Advisors



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Agenda

01 Overview	02 Corporate Tax	03 e-Invoicing	04 Stamp Duty & RPGT
05 Tax Incentives	06 International Tax	07 Transfer Pricing	08 Indirect Tax
09 Not-For-Profit Activities	10 Managing Tax Audits and Appeals	11 Personal Tax	12 Q&A

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01

Overview

Presented by



Thenesh Kannaa
Executive Director, TRATAX

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Thenesh Kannaa

Executive Director, TRATAX

Thenesh Kannaa is an Executive Director at TRATAX Sdn Bhd , a consulting firm specialised in taxation, transfer pricing & SST. He is best described as a strategic tax advisor with extensive experience supporting Fortune 500 companies, multinationals, GLCs, listed companies and SMEs. He has successfully represented various clients on applications and appeals to the Ministry of Finance (MOF), Inland Revenue Board (LHDN), Customs and MIDA, and advised multiple multi billion-dollar investments, deals and restructurings.

Affiliations

- Asia Pacific (APAC) Leader International Tax Practice of WTS Global
- Exco member, International Fiscal Association (IFA)'s Malaysian branch.
- Trustee, Malaysian Tax Research Foundation (MTRF)
- Member, Fiscal Committee, Malaysian Institute of Economic Research (MIER)
- Immediate Past Chair of Tax Policy Committee, Chartered Tax Institute of Malaysia (CTIM)
- Member, CTIM's Technical Committees on Indirect Taxation and Transfer Pricing
- Author of published books, chapter in books and articles on taxation
- Frequent speaker in tax conferences; Malaysia and regional
- Frequently interviewed by the mainstream media on tax topics

Service Lines

- International Tax & Transfer Pricing
- Indirect Tax



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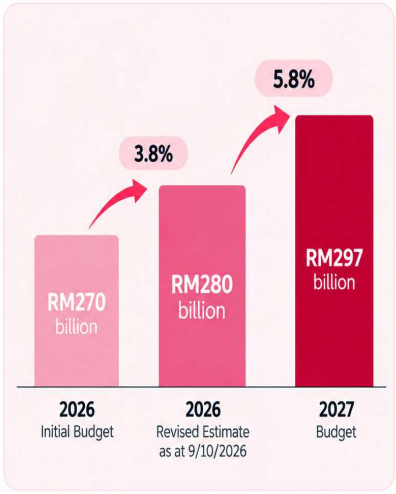
Fiscal Revenue Estimates

COMPONENT	RM MILLION			CHANGE (%)			SHARE (%)		
	2025	2026[1]	2027[2]	2025	2026[1]	2027[2]	2025	2026[1]	2027[2]
Tax revenue	**259,826**	**280,762**	**297,060**	***8.2***	***8.1***	***5.8***	***77.3***	***77.2***	***78.0***
Direct tax	180,558	191,025	199,898	*5.2*	*5.8*	*4.6*	*53.7*	*52.5*	*52.5*
of which:									
CITA	97,816	101,688	106,614	*5.4*	*4.0*	*4.8*	*29.1*	*28.0*	*28.0*
Individual	45,570	48,829	51,837	*10.9*	*7.2*	*6.2*	*13.5*	*13.4*	*13.6*
PITA	18,063	20,528	20,528	*-12.0*	*13.7*	*0.0*	*5.4*	*5.6*	*5.4*
Indirect tax	79,268	89,737	97,162	*15.7*	*13.2*	*8.3*	*23.6*	*24.7*	*25.5*
of which:									
SST	55,874	66,999	73,341	*24.8*	*19.9*	*9.5*	*16.6*	*18.4*	*19.2*
Excise duties	12,789	11,746	11,784	*-4.4*	*-8.2*	*0.3*	*3.8*	*3.2*	*3.1*
Import duty	3,064	3,203	3,323	*-0.3*	*4.6*	*3.7*	*0.9*	*0.9*	*0.9*
Export duty	1,808	1,845	1,914	*-13.5*	*2.0*	*3.7*	*0.6*	*0.5*	*0.5*
Non-tax revenue	**76,243**	**82,878**	**83,757**	***-9.7***	***8.7***	***1.1***	***22.7***	***22.8***	***22.0***
of which:									
Licences and permits	15,526	15,544	17,229	*-8.9*	*0.1*	*10.8*	*4.6*	*4.3*	*4.5*
Investment income	43,982	46,108	46,656	*-3.9*	*4.8*	*1.2*	*13.1*	*12.7*	*12.3*
Total revenue	**336,069**	**363,640**	**380,817**	***3.5***	***8.2***	***4.7***	***100.0***	***100.0***	***100.0***
Share of GDP (%)	***16.6***	***16.6***	***16.4***						

Source: 2027 Fiscal Outlook and Federal Government Revenue Estimates Booklet



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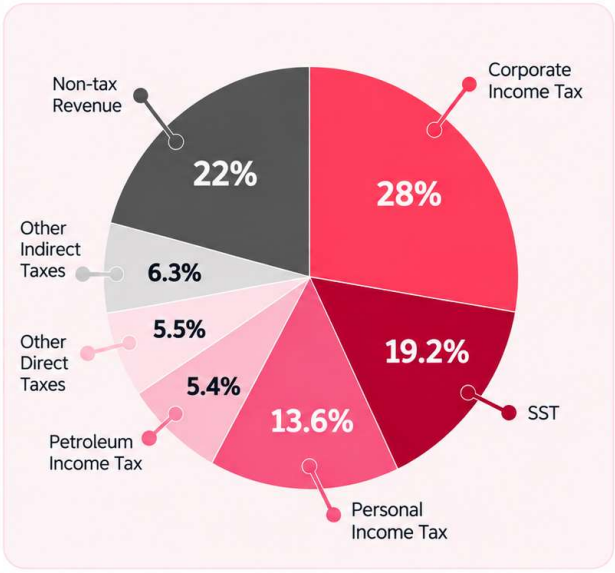
Sources of 2027 Fiscal Revenue



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Timeline of Budget-related Tax Developments

1
Budget 2027 Announced
9 October 2026
Tax proposals tabled in Parliament with the Budget speech

2
Finance Bill
Gives legal effect to the tax proposals once passed by Parliament

3
Ministerial Orders
Exemptions, incentives and rules gazetted as P.U.(A) orders

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02

Corporate Tax

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Executive Director, TRATAX

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CORPORATE TAX

Accelerated Capital Allowances

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Accelerated Capital Allowance Extended to 2030

Current *(2026 Budget Announcement pending legislation)*
11 October 2025 to 31 December 2026

+ 4 years

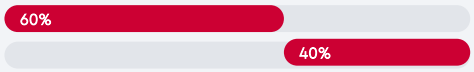
Proposed Extension cover the period
1 January 2027 to 31 December 2030

Qualifying Expenditure

- **Heavy machinery**
  From local manufacturers
- **Plant & general machinery**
  From local manufacturers
- **ICT equipment & computer software package**
  No express sourcing requirement
- **Customised software development**
  Consultation, licensing & incidental fees
  No express sourcing requirement

Initial Allowance	Annual Allowance
20%	40%

Fully claimed within 2 years



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Capital Allowance for Small Value Assets

Proposal:
Effective from YA 2027

Value per item

~~RM2,000~~ → RM3,000

Total claim per year

~~RM20,000~~ → RM30,000

Applicable to non-MSMEs only

For Micro, Small and Medium Enterprises "MSMEs" small value assets remain fully claimable with no overall annual limit

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CORPORATE TAX

Other Corporate Tax Proposals



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Reduction in MSME Tax Rates

Micro, Small, and Medium Enterprises (MSMEs)

- Paid-up capital or LLP capital contribution of RM2.5 million and below, and
- Annual sales not exceeding RM50 million

Chargeable Income Band Effective From YA 2027

First RM150,000	~~15%~~ → 14%
RM150,001 – RM600,000	~~17%~~ → 16%
Exceeding RM600,000	24% (unchanged)

Tax savings of up to
RM6,000
a year
(RM150,000 × 1% + RM450,000 × 1%)

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Employer Repayment of PTPTN Loans

Tax deduction for employer making repayment of National Higher Education Fund Corporation (PTPTN) loan on behalf of employee.

Previously
1 January 2019 to 31 December 2021

→

Proposal
1 January 2027 to 31 December 2028

Conditions:

1

No payment from employee

The employer must not impose any payment on the employee in return for the repayment

2

Full-time employees only

The employee must be a full-time employee

3

No owners or family

The employee must not be the business owner or have family ties with the employer

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Issuance Costs of Sukuk Prisma

Sukuk SRI

Current: Deduction on issuance costs from YA 2016 until YA 2027

No change, remains until YA 2027

Sukuk Prisma NEW

Tax deduction on issuance costs from YA 2027 until YA 2030

Approved or authorised by Securities Commission Malaysia ("SC"), or lodged with SC.

SC target
RM100bn
of sustainable investment over 5 years via Sukuk Prisma (from 2027)

PROJECTS FINANCED

- Climate change adaptation
- Water & food security
- Biodiversity resilience
- Blue economy

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Relocation to Automotive Hi-Tech Valley

Tax deduction of up to
RM5 million
on eligible relocation expenses

Who qualifies
Wholly Malaysian-owned automotive vendor companies

Where
Relocating operations to the Automotive Hi-Tech Valley in Tanjung Malim, Perak

When
Eligible relocation expenses incurred from 1 January 2027 to 31 December 2030

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Reinvestment Allowance: How It Has Evolved

YA 1998	YA 2009	YA 2015 - 16	YA 2016 - 18	YA 2019	YA 2020 - 24	YA 2025 - 26	Budget 2027
1	2	3	4	5	6	7	8
15-year qualifying period RA claimable for 15 consecutive YAs from the first claim	**Scope narrowed** Manufacturing defined; processing no longer qualifies	**Tighter clawback** Asset disposed of within 5 years: RA withdrawn and taxed	**Additional RA** Further claims for up to 3 YAs (YA 2016 – 2018)	**NO RA** Limit for Unabsorbed RA introduced: Carried forward for 7 YAs	**PENJANA Special RA** Further claims for YA 2020-2022 (Finance Act 2020), extended to YA 2023-2024 (Finance Act 2021)	**NO RA**	Eligibility criteria and mechanism under review

RA available

No RA for companies whose 15 YAs have ended (companies still within their 15 YAs can claim throughout)

What to watch
The scope of the review has not been announced. Capital intense businesses should monitor this space.

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Salary Deduction Only for Cashless Payments

CURRENT

Salary payments to employees, are **allowable as tax deduction** under **Section 33 of ITA**.

The tax deduction are **eligible regardless** the expenses are **paid in cash, non-cash or through any other method of payment.**

PROPOSED FROM YA 2028

Paid via financial institutions or cashless instruments
Deductible

Paid in cash
Not deductible

Exception: salary payments by MSMEs

Other expenses remain deductible regardless of payment method

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Other Corporate Tax Proposals

Dapur Siswa MADANI

Tax deduction for contributions of food and equipment to the programme

1 Jan 2027 – 31 Dec 2030

Bakat MADANI training

Tax deduction for companies implementing Bakat MADANI training programmes

29 Jun 2026 – 31 Dec 2030

Donations to public universities

Deduction for donations (up to 10% of aggregate income) expanded to public universities to upgrade lecture halls, student accommodation and replacing obsolete equipment

Budget 2027

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Anticipated Finance Bill Updates

1. Disallowance on cost of issuance of new shares, inclusive of any amount paid to holding company subject to rules prescribed by Minister
2. Adoption of PN PRACTICE NOTE NO. 2/2026 on taxation of REIT distribution into ITA.

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e-Invoicing

Presented by



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e-Invoicing

Implementation timeline (based on FY2022 Revenue)

1

1 August 2024

Taxpayers with an annual turnover or revenue of more than RM100 million

2

1 January 2025

Taxpayers with an annual turnover or revenue of more than RM25 million and up to RM100 million

3

1 July 2025

Taxpayers with an annual turnover or revenue of more than RM5 million and up to RM25 million

4

1 January 2026

Taxpayers with an annual turnover or revenue of up to RM5 million

Exempt

Annual turnover or revenue of less than RM3 million

Not available if a shareholder, holding, related or JV company has turnover of RM3 million or more

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Anticipated Finance Bill Updates

1. Expansion of requirement to issue self billed e-invoice by e-commerce platform outside Malaysia with effect from 1st January 2027

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Stamp Duty & RPGT

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Renganathan Kannan

Executive Director, TRATAX

Education

› Association of Chartered Certified Accountants (ACCA, UK) (fellow)

Professional Background

› Council Member, Chartered Tax Institute of Malaysia ("CTIM")
› Member, Tax Practice Committee, Malaysian Institute of Accountants ("MIA")
› Honorary Secretary General of ASEAN-INDIA of Business Council (2022 - 2024)
› Member of Industry Advisory Panel for School of Accounting & Finance of Taylors' University
› Member of ACCA Malaysian Advisory Committee (2018 - 2021)
› Council Member of Malaysian Institute of Accountants (2016-2019)
› Elected Council Member of Malaysian Institute of Accountants (2016-2019)
› Member of Corporate Governance Task Force (MIA) (2018-2019)
› Member of Monitoring Committee (MIA-ASEAN) (2016-2019)
› Frequent speaker in tax conferences

Service Line

› Tax Certainty & Controversy



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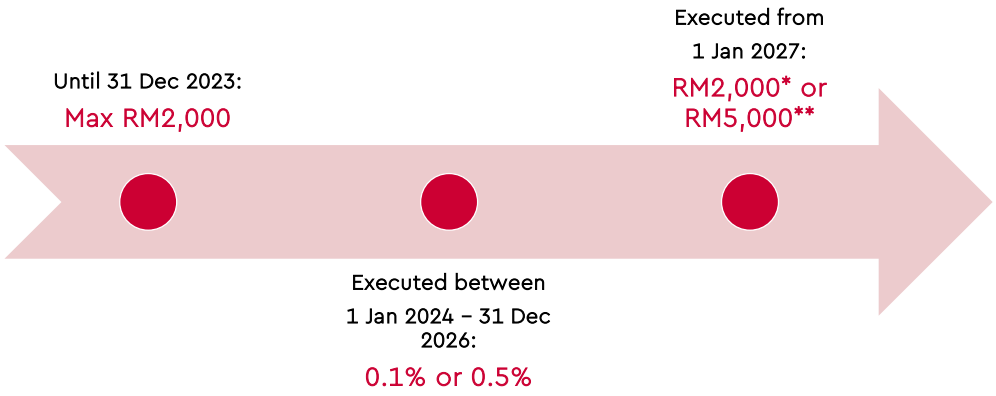
Financing Agreement for Borrowing in Foreign Currency from Malaysian Banks



* RM2,000 – for loan or financing up to RM100 million

** RM5,000 – for loan or financing exceeding RM100 million

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Purchase of First Residential Home

CURRENT

Existing stamp duty exemption:
1 Jan 21 – 31 Dec 27

Home prices up to RM500,000:

100%

stamp duty exemption given on
(i) loan agreements and
(ii) instruments of transfer

PROPOSED

Home prices up to RM500,000:

Extension of 100% stamp duty exemption on
(i) loan agreements &
(ii) instruments of transfer involving SPA executed from 1 Jan 27 to 31 Dec 2030

Home prices up to RM750,000 :

- 100% exemption on the first RM500,000 of the home price;
- 50% exemption on the remaining home price exceeding RM500,000 up to RM750,000



For loan agreement & instruments of transfer involving SPA executed from 1 January 2027 until 31 December 2030

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Revival of Abandoned Housing Projects

Reintroduction of 100% stamp duty exemption on :

- Loan agreements; and
- Instruments of transfer,

Executed by

- Rescue contractors
- Developers
- Original buyers

in relation to the revival of abandoned housing projects certified by the Ministry of Housing and Local Government

For loan agreements and instruments of transfer executed from

1 January 2027

until

31 December 2030

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Other Stamp Duty Exemptions

1 Savings and current account

Proposed Stamp Duty Treatment

Full exemption on instruments for the opening of accounts

Effective Period: From 1 Jan 2027

2 Global Services Hub (GSH)

Proposed Stamp Duty Treatment

Exemption on intercompany loan agreements for treasury and fund management activities, including under the JS-SEZ package

Effective Period: Subject to applicable incentive terms

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Other Remissions for Stamp Duty

1

Peer-to-Peer (P2P) financing

Proposed Stamp Duty Treatment

RM10 on loan agreements through P2P financing platforms

Effective Period
Extended to loan / financing agreements executed by 31 Dec 2030

2

CAKNA I Scheme

Proposed Stamp Duty Treatment

RM10 on loan and financing agreements

Effective Period
Extended to loan / financing agreements executed by 31 Dec 2030

3

CAKNA II Scheme

Proposed Stamp Duty Treatment

Re-introduction of RM10 on loan and financing agreements

Effective Period
For loan or financing agreements executed from 1 Jan 2027 - 31 Dec 2030

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Loans for Purchase or Construction of Malaysian Ships

Purchase or Construction of Malaysian Ships

1 Loan Amount
Up to RM100 million

Proposed Stamp Duty Cap
RM2,000

2 Loan Amount
Exceeding RM100 million

Proposed Stamp Duty Cap
RM5,000

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Anticipated Finance Bill Updates

1. Restructuring of schedules to the Stamp Act
2. Introduction of new statutory definitions
3. New/simplified method for imposing/computing stamp duty
4. Statutory periods to be counted in days rather than in months
5. 100% stamp duty exemption on instruments for education loans with effect from 1 January 2027 (regardless of secured or unsecured)

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Tax Incentives

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Special Advisor – Incentives, TRATAX



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Executive Director, TRATAX

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Special Advisor – Investment & Incentives, TRATAX

Professional Background

- Former Deputy Chief Executive Office (Investment Development) of the Malaysian Investment Development Authority (MIDA) before he retired in 2022, having served MIDA for more than 31 years.
- Last portfolio in MIDA on investment development, covered 11 divisions, namely: Business Services and Regional Operations; Chemical & Advanced Materials; Electrical and Electronics: Food Technology & Resources; Life Sciences & Medical Technology; Lifestyle; Machinery and Metal; Oil & Gas, Maritime & Logistics; Green Technology; Healthcare, Education & Hospitality; Transport Technology; and one unit, i.e., BioCircular Economy.
- Involved in policy formulation of several industrial developments in Malaysia by chairing or attending as committee members in several industrial studies and discussions with specific reference to investment.
- Involved in the strategic development of other wings of MIDA, including investment promotion, policy advocacy, handholding of approved projects, and talent management.
- Participated in Trade and Investment Missions and leading Specific Project Mission overseas
- Observed the domestic industrial development and had proposed ideas for industrial development to the relevant authorities

Service Line

- Corporate & International Tax



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Global Services Hub (GSH) - Revised Tax Rates

CURRENT

Current:

5% or 10% (outcome-based) and

15% individual tax for 3 consecutive YAs for 3 non-citizen individuals holding key posts or C-Suites for applications

from **14 Oct 2023 until 31 Dec 2027**

PROPOSED For applications received by MIDA from 1 January 2027

Category	Rate	Applies to
New company	5%	on GSH income
Existing company	15%	on income up to base income
	5%	on income above base income

- **New company:** Has not carried out GSH or Principal Hub (PH) activities
- **Existing company:** Previously approved for GSH or PH, and undertaking additional new services (extension application)
- **Base income:** Average income of the existing company for the last 3 years

Incentive period: every 5 years, up to 30 years

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GSH - Services and Treasury Management

Qualifying services

- Regional P&L / business management unit
- Strategic business planning
- Corporate development

Additional services

Minimum two (2) qualifying activities from:

- Strategic services
- Business services (incl. Treasury Fund Management, TFM)
- Shared services

Exempted income

- Service income; or
- Service and trading income; and
- TFM activity income as prescribed by the Minister of Finance

TFM cash pooling via onshore intermediaries are given additional incentives:

- Withholding tax exemption on interest paid to non-residents
- 100% stamp duty exemption on foreign-currency loan agreements between companies
- Both also extended to the Johor-Singapore Special Economic Zone (JS-SEZ) incentive package

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Shariah-Compliant Fund Management Services

Income tax exemption for resident companies providing Shariah-compliant fund management services approved by SC

EXEMPTION RATE

~~60%~~ → 40%

of statutory income from managing Shariah-compliant funds

Proposal: Extended for 3 years

YA 2028 to YA 2030

CURRENT EXEMPTION PERIODS (ALL END YA 2027)

Foreign investors
YA 2007 to YA 2027

Local investors
YA 2008 to YA 2027

Business trust & REIT investors
YA 2014 to YA 2027

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International Business Events Incentive

100% income tax exemption on statutory income companies, associations or organisations that organise international incentive trips, conferences or trade exhibitions and certified by the Ministry of Tourism, Arts and Culture (MOTAC)

MINIMUM FOREIGN PARTICIPANTS PER YEAR (ANY ONE)

Incentive groups	Conferences	Trade exhibitions
1,500 Foreign Participants	2,000 Foreign Participants	3,000 Foreign Participants

INCENTIVE PERIOD

Current: **YA 2026 and YA 2027**

Proposal: YA 2028 to YA 2030 + 3 YA

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Tax Incentive for Equity Crowdfunding (ECF)

Income tax exemption equal to **50%** of the amount invested, up to RM50,000 per YA

CONDITIONS

- Deduction limited to 10% of aggregate income (excess disregarded)
- Investors, investee companies and amount verified by SC
- No family ties with the investee company
- Invested through an SC-approved ECF platform
- Not disposed of within 2 years
- Includes investments via an LLP nominee

INVESTMENT PERIOD

Current: **1 January 2021 to 31 December 2026**

Proposal: **1 January 2027 to 31 December 2030** + 4 years

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Tax Incentive for Angel Investors

Tax exemption on individual aggregate income equal to

100%

of the amount invested

Who
Angel investors (individuals)

Investment
Ordinary shares of technology start-ups

Stage
Pre-seed and seed stage

INVESTMENT PERIOD

Current: **1 January 2013 to 31 December 2026**

+ 4 years

Proposal: **1 January 2027 to 31 December 2030**

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GITA Project: Current vs Proposed

Tier	CURRENT MIDA applications from 1 January 2024 until 31 December 2026				PROPOSED MIDA applications from 1 January 2027 until 31 December 2030			
	Qualifying activity	GITA	Statutory income to be set-off	Period	Qualifying activity	GITA	Statutory income to be set-off	Period
Tier 1	Green Hydrogen	100%	100% or 70%	5 + 5 years	• Green Hydrogen • Ocean Thermal Energy Conversion **(new)**	100%	100% or 70%	5 + 5 years
Tier 2	• Integrated Waste Management • Electric Vehicle Charging Station	100%	100%	5 years	• Electric Vehicle Charging Station • Renewable Energy System (Biomass, Biogas, Mini Hydro, Geothermal, Wind energy)	60%	70%	5 years
Tier 3	Biomass, Biogas, Mini Hydro, Geothermal, Solar, Wind energy	100%	70%	5 years	NA			

Key changes: Ocean Thermal Energy Conversion added, EV charging station and renewable energy GITA 100% → 60%, Integrated Waste Management and Solar no longer listed

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GITA Assets (Own Use): Current vs Proposed

Tier	CURRENT Purchases verified by MGTC from 1 January 2024 until 31 December 2026			PROPOSED Purchases verified by MGTC from 1 January 2027 until 31 December 2030 The company shall apply to MGTC within 24 months from the date of purchase of the qualifying GITA asset		
	Qualifying assets	GITA	Statutory income to be set-off	Qualifying assets	GITA	Statutory income to be set-off
Tier 1	• List of qualifying assets approved by the Finance Minister • Battery Energy Storage System (BESS) • Green Building	100%	70%	• Assets approved by the 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) • Renewable Energy Integrated System (Biomass, Biogas, Mini Hydro, Solar, Geothermal, Wind Energy) + Battery Energy Storage System (BESS)/Energy Storage System (ESS) **(new)**	100%	70%
Tier 2	• List of qualifying assets approved by the Finance Minister • Renewable Energy System • Energy efficiency	60%	70%	• Assets approved by the Finance Minister: Electric vehicle infrastructure, Waste composting and recycling system, Wastewater recycling and rainwater harvesting system • Renewable Energy System (Biomass, Biogas, Mini Hydro, Geothermal, Wind Energy)	60%	70%

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GITE for Solar Leasing

Current Incentive: Green Income Tax Exemption (Gite) For Solar Leasing

Capacity	Tax exemption on statutory income	Period
> 3MW – ≤ 10MW	70%	5 years
> 10MW – ≤ 30MW	70%	10 years

For applications received by MIDA from 1 January 2024 until 31 December 2026

STATUS

EXTENSION NOT ANNOUNCED IN BUDGET 2027

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Tax Incentive for Malaysian Shipping Companies

Currently:
70% income tax exemption under Section 54 of ITA since YA 2012
Full tax exemption until YA2026 subject to conditions

Proposal:
100% income tax exemption
YA 2027 to YA 2036

CONDITIONS	CURRENT	PROPOSED
Strategic management & control	Not Specified	In Malaysia
Annual operating expenditure	≥ RM250,000	≥ RM250,000 for each Malaysian ship
Malaysian employees	4 onshore (CEO, admin/finance, ops, HSE)	≥ 4 citizens, avg. RM15,000/month for each Malaysian ship

Stamp duty on loans to buy or build Malaysian ships

Maximum stamp duty (agreements from 1 Jan 2027):

RM2,000
loan up to RM100 million

RM5,000
loan above RM100 million

Labuan entities
Full stamp duty exemption on instruments for Labuan business activity [P.U.(A) 268/2012] is maintained

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06

International Tax

Presented by



Thenesh Kannaa
Executive Director, TRATAX

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Pillar Two; Top-Up Tax

Who is in scope?

MNE groups with consolidated revenue of **EUR750 million** or more

Entities with financial years beginning on or after **1 January 2025**

When are the GIR & TTR due?

FIRST YEAR IN SCOPE
18 months
after financial year end

FYE 31/12/25 → **30/6/27**
FYE 30/6/26 → **31/12/27**

SUBSEQUENT YEARS
15 months
after financial year end

FYE 31/12/26 → **31/3/28**
FYE 30/6/27 → **30/9/28**

Who files?

GIR — **GloBE Information Return ("GIR")**
Filed by each Malaysian constituent entity, unless the parent / designated entity files it in a country that exchanges GIRs with Malaysia.

TTR — **Top-up Tax Return ("TTR")**
Filed by each Malaysian constituent entity to report and pay Malaysian top-up tax Domestic Top-up Tax (DTT).

Transitional CbCR Safe Harbour Tests

Top-up tax deemed nil if any one test is met

1. **De minimis** — revenue < EUR10m and profit before tax < EUR1m
2. **Simplified ETR** — ≥ 15% (2024), 16% (2025), 17% (2026)
3. **Routine profits** — profit ≤ substance-based income exclusion

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Anticipated Finance Bill Updates

1. Failure to comply with EOI / CbCR requirements: DG's power extended to impose penalties without prosecution
2. Unilateral tax credit allowed, with effect from YA 2027, for Malaysian tax residents who are subject to Malaysian tax and have borne foreign tax on the same income in a jurisdiction that has a limited DTAA with Malaysia (e.g. United States)
3. Clarification that Chapters 11 to 19 of the ITA apply to joint ventures and their subsidiaries in relation to Global Minimum Tax
4. Clarification on the use of local financial accounting standards for GMT purposes
5. Clarification on the TTR due date for constituent entities (CEs) owned by two or more MNE groups
6. Labuan companies that elect to be taxed under the ITA: Specific Capital allowance rules on deemed Qualifying Plant Expenditure (QPE)

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07

Transfer Pricing

Presented by



Nasha Raina Rahim
Manager – Transfer Pricing, TRATAX

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Nasha Raina Rahim

Manager – Transfer Pricing, TRATAX

Education

- Bachelor of Accounting and Finance

Professional Background

- Overseeing a team of experienced transfer pricing professionals in preparation of transfer pricing documentations for multinationals and groups headquartered in Malaysia. Sectors covered include manufacturing, distribution, services, technology, shipping and automotive.
- Successfully represented taxpayers on various transfer pricing audits. Recent success include reversal of transfer pricing findings amounting over RM1.3 billion.
- Represented taxpayers in Mutual Agreement Procedure (MAP) matters.
- Involved in various transfer pricing policy and advisory works.
- Presented in numerous technical workshops and conferences on transfer pricing organised by TRATAX as well as various professional bodies including the Chartered Tax Institute of Malaysia (CTIM) and the Association of Chartered Certified Accountants (ACCA).



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What is a Controlled Financial Transaction?

MFTIL covers financing between associated persons, whatever form it takes and whether or not it carries a charge. [MFTIL Glossary; para 1.7]

01 | What it is	02 | Forms of financial assistance	03 | With or without a charge	04 | Tested at arm's length
Financial dealings between **associated persons** in which a taxpayer **provides or receives financial assistance**, directly or indirectly.	The definition includes: • **Loans** • **Advances** • **Debt** • **Interest-bearing trade credit** • **Security or guarantees provided**	The definition applies **with or without consideration**. An interest-free or non-commercial advance is still within the scope of transfer pricing. [Glossary: Controlled Financial Transactions]	The rate and terms are compared with what **independent persons** would agree under the same or similar economic circumstances. [Glossary: Arm's Length Interest Rate; para 1.4]

Substance over label: how an arrangement is described does not restrict the TP analysis. The DGIR may disregard and re-characterise arrangements that are commercially irrational.

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'Form' is not Enough

Notwithstanding presence of a formal loan agreement, stated interest rates and fixed repayment schedule, the financial assistance must be **accurately delineated** by examining its economic substance and underlying commercial or financial relationship between parties.

It is crucial to ascertain not only whether the interest rate stated in a loan agreement is at an arm's length rate, but also whether a prima facie loan should be classified as a loan or regarded as a different form of payment, particularly as a contribution to equity capital.

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Debt versus Equity Characteristics (Pg 1/2)

Malaysian TP Guidelines on Intra-Group Loans dated 30 July 2026	OECD TP Guidelines 2022
Existence of a legal obligation to repay	The failure of the purported debtor to repay on the due date or to seek a postponement
Fixed maturity date	Presence or absence of a fixed repayment date
Expectation of return	Obligation to pay interest
Ranking upon liquidation or dissolution	Status of the funder in comparison to regular corporate creditors
Right to enforce payment	Right to enforce payment of principal and interest

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Debt versus Equity Characteristics (Pg 2/2)

Malaysian TP Guidelines on Intra-Group Loans dated 30 July 2026	OECD TP Guidelines 2022
Participation in management or control	Existence of financial covenants and security
Treatment in accounting and financial reports	Source of interest payments
Tax treatment under the relevant tax laws	The extent to which the advance is used to acquire capital assets
Intent of the parties	Ability of the recipient of the funds to obtain loans from unrelated lending institutions

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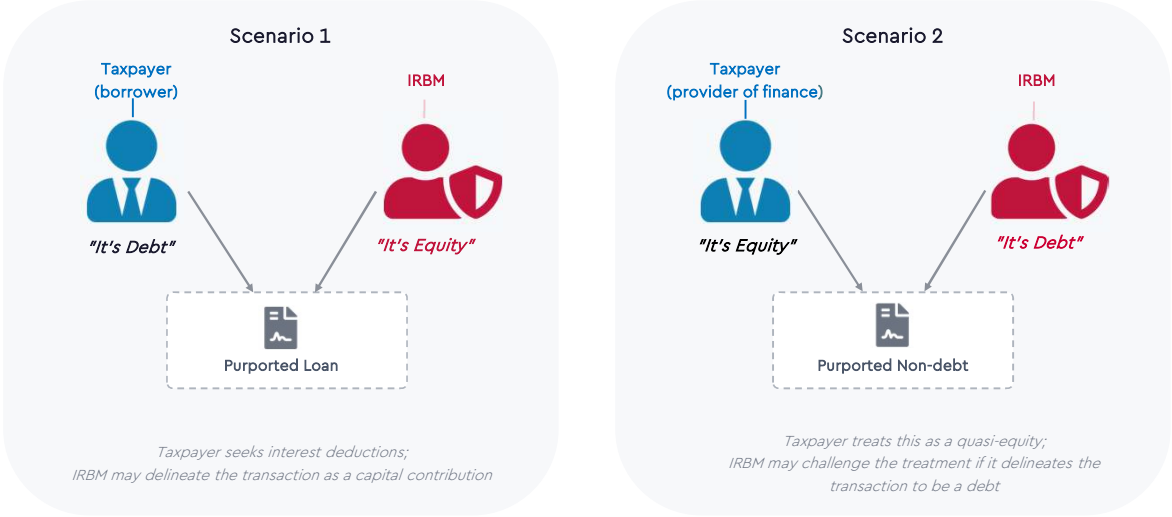
Debt vs Equity: Divergence in Characterisation

The same purported loan/non-debt could be characterised differently by taxpayer & IRBM



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Delineating Controlled Financial Transactions

- DEF Malaysia Sdn Bhd provides interest free advances to its related companies in and outside of Malaysia.

- No interest charged on the advance
- Booked as a loan/liability in the accounts
- No fixed maturity date
- No formal agreement

Malaysia TP Guidelines dated 30th July 2026	Remarks
Existence of a legal obligation to repay	No
Fixed maturity date	No
Expectation of return	No
Ranking upon liquidation or dissolution	Unsecured
Participation in management or control	Due to shareholding relationship and not due to intercompany loan
Right to enforce payment	Doubtful, given the absence of intercompany loan
Treatment in accounting and financial reports	Liability/asset
Tax treatment under the relevant tax laws	Circular factor
Intent of the parties	Repayable with liquidity of DEF Malaysia Sdn Bhd

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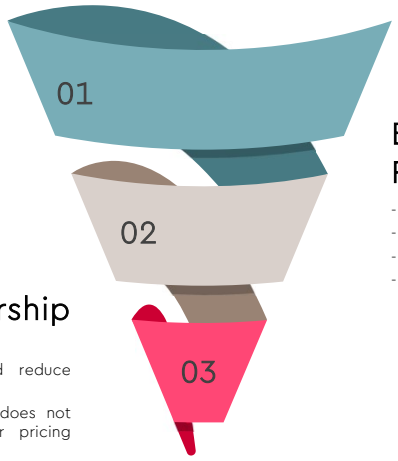
Intragroup Loans – What is to be considered?

Lender's Perspective

- Lending decision
- Credit assessment
- Security & collateral
- Credit & economic risks



Borrower's Perspective

- Financing needs & objectives
- Cost-effective financing alternatives
- Economic & business risks
- Future funding & renegotiation options

Group membership

- Implicit support may exist
- Improve credit rating and reduce borrowing costs
- Passive association benefit does not trigger a separate transfer pricing charge
- Depending on the role & importance within the group

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Effective Date of MFTIL

› The Malaysia Transfer Pricing Guidelines Controlled Financial Transactions: Intra-Group Loans ("MFTIL") **does not** expressly state an effective date

Discussion Topics

1. New financing arrangement from 1 September 2026
2. Financing arrangement since, say, year 2021. What's the impact of this financing arrangement in respect of:
   a) Tax computation for YA2021 to YA2022
   b) Tax computation for YA2023 to YA2025/YA2026
   c) Tax computation for YA2026/YA2027 onwards

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Pricing Approach Overview

CUP Method	Borrower's + Lender's Perspective
Cost of Fund Method	Borrowing Cost + Operating Cost + Risk Premium + Profit Margin
Simplified Method	Deposit Rate or Average Lending Rate

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Pricing Approaches for Intra-Group Loans

The pricing approach must follow the loan **as accurately delineated**, and must be the most appropriate method for arriving at an arm's length interest rate.

Comparable Uncontrolled Price (CUP) Method

How it works: compare the tested loan with loans between independent parties, by reference to the borrower's credit rating (or issue rating) and the loan's terms.

What moves the rate

- **Upwards:** longer tenor, no security, subordination, high-risk use of funds
- **Downwards:** strong collateral, quality guarantee, restrictive covenants

Where to find comparables

- External: third-party loans, including loans to or between entities of other MNE groups
- Realistic alternatives: bonds, deposits, convertible debentures, commercial paper, with adjustments for liquidity, maturity, collateral or currency
- Internal CUPs: the taxpayer's or group's own independent loans; a group-wide average external borrowing rate generally does not qualify

Expect a range of rates rather than a single "market rate".

Cost of Funds Method

When: where no comparable uncontrolled transactions are available.

Build-up: lender's cost of borrowing + arranging & servicing costs + risk premium + profit margin (incl. incremental cost of equity).

Checks the rate must pass

- Lender side: cost of funds benchmarked against observable market rates; above-market costs need a full comparability analysis
- Borrower side: the borrower would not accept the rate if cheaper funding was realistically available

Particular situations

- On-lending via intermediaries: reward only the agency/intermediary function, not a full financing margin
- Internal funds (e.g. retained earnings): recognise the opportunity cost, such as forgone fixed deposit interest
- Also relevant to SPV-based structures such as sukuk

Loan fees & charges: arrangement fees, commitment fees on undrawn facilities and similar charges are tested like any other intra-group transaction.

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Simplified Method

Eligible taxpayers may adopt a BNM-published rate as the arm's length interest rate, **without carrying out a detailed comparability analysis.**

Eligibility condition	Deposit Rate	Average Lending Rate (ALR)
Taxpayer does not carry on a business of borrowing and lending	✓	✓
Interest income is taxed under para 4(c) ITA	✓	✓
Loan is denominated in Ringgit Malaysia	✓	✓
Loan is funded from the taxpayer's internal funds	✓	Not required
Taxpayer lends only to associated persons resident in Malaysia	✓	Not required
RM50 million cap per year of assessment	All intra-group loans	Cross-border intra-group loans only

All conditions in the relevant column must be met. Source: MFTIL para 3.24(a)–(f) and (a)–(d).

Points to note

Not for on-lent funds: unavailable where the loan capital was borrowed from another party and passed on to the ultimate borrower (back-to-back).

Tested every year: the election can continue only while every condition is met; once a condition fails, a comparability analysis is required.

Keep the evidence: eligibility must be supported by documents (see slide 65).

IRBM can still step in: the DGIR may substitute or impute the rate if it is not arm's length; adjustments may attract surcharges.

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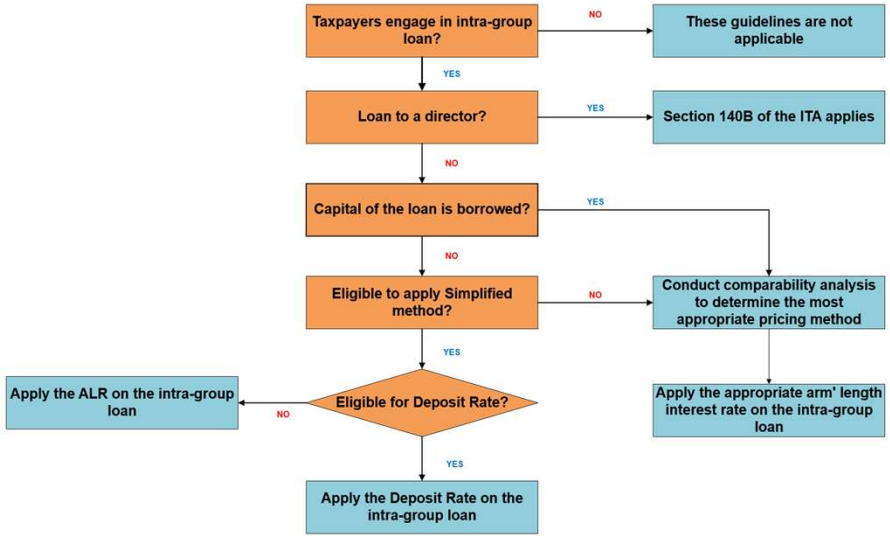
The Application of Simplified Method (extracted from MFTIL)



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Documenting the Credit Rating Evaluation

Taxpayers must maintain clear and comprehensive documentation of the credit rating evaluation in their Contemporaneous Transfer Pricing Documentation ("CTPD").

The documentation should include the rationale for the credit rating used, any changes made to make the data more comparable, and proof that the chosen market data is reliable.

Adequate documentation not only supports the arm's-length nature of the intra-group interest rate but also mitigates the risk of disputes with the tax authority.

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Exempted From CTPD ≠ Exempted From Compliance to Arm's Length principle

MFTIL – 30 July 2026

MFTIL 30 July 2026 – Taxpayers who are not required to prepare CTPD as outlined in paragraph 1.5 of the MTPG 2024 or who are eligible to prepare a minimum CTPD, **may use the simplified method** to demonstrate compliance with the arm's length principle of the intra-group loans.

MTPG 2024

MTPG 2024 Para 1.6 – Persons who are **exempted** in paragraph 1.5 of the Guidelines **must still comply with the arm's length principle** for all controlled transactions entered into and must ensure to keep all relevant documents that are related to the controlled transactions, including documentation to support and prove the determination of the arms' length price.

No CTPD ≠ no documentation.

Exempted taxpayers still need enough of a paper trail to substantiate that their intra-group loan pricing is at arm's length.

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Documentation Requirements

Where a CTPD is required, it must follow the TP Rules and the MTPG 2024. Taxpayers outside the CTPD requirement must still keep documents supporting an arm's length interest rate. [MFTIL para 4.1]

01 | General documentation

Records supporting the loan and its pricing [4.2]

- Loan agreements and credit assessments
- Comparability analysis and evidence for the interest rate applied
- Accurate delineation of the financing transaction
- Evidence that existing loan terms are reviewed for arm's length consistency

02 | Loan agreement contents

Key terms the agreement should set out [4.3]

- Lender and borrower; date of financing; amount
- Interest rate and the policy for charging interest
- The CTPD should also explain the loan's economically relevant characteristics

03 | Simplified method: supporting evidence

Evidence of eligibility to retain [4.4]

- Copy of the loan agreement; currency, amount and terms
- Confirmation that the loan is funded internally and that the company is not in the business of lending
- Proof the loan is in RM and, where relevant, within the RM50m threshold
- Proof the deposit rate / ALR used is the rate published by BNM or on the IRBM website

04 | Compliance obligations

- CTPD is not filed with the tax return, but must be furnished within 14 days of a written notice from the DGIR; failure may be an offence under s.113B ITA [4.5]
- CTPD in Bahasa Malaysia or English; translate other supporting documents [4.7]
- Keep records, including the CTPD, in Malaysia for 7 years [4.8]
- Failure to keep records may be an offence under s.119A ITA; on conviction, a fine of RM300–RM10,000, up to 1 year's imprisonment, or both [4.9]

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Anticipated Finance Bill Updates

1. With effect from 1st Jan 2027, the term control is defined to include both direct and indirect shareholding

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08

Indirect Tax

Presented by



Dato' Sri Subromaniam Tholasy
Special Advisor – Indirect Tax, TRATAX



Ng Ka Heng
Manager – Indirect Tax, TRATAX

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Dato' Sri Subromaniam Tholasy

Special Advisor - Customs, TRATAX

Professional Background

- As special advisor at TRATAX since 2020, participated in various knowledge development and technical works pertaining to SST, GST (post repeal matters), excise duty and import duty matters.
- Prior to that, he had a distinguished career in Royal Malaysian Customs Department (RMCD) spanning 35 years. He was the Director General of Customs from 2017 to 2019.
- Currently he also serves as an advisor to Sunway Group and acts as a non-resident senior research fellow with Malaysian Institute of Economic Research ("MIER").
- He has also served as the Chairman MOF's special Committee on Customs Oversight.
- His service in RMCD encompassed various roles in Sales Tax, Service Tax, Excise, Import, Valuation, Post Clearance Audit, Enforcement and GST.
- Chairman of ASEAN's Customs 2018-2019 session.
- Chairman of ASEAN's Customs Enforcement and Compliance Committee from 2011 to 2013
- Presented numerous papers at an international level on topics such as Customs Enforcement on contraband smuggling, Customs Valuation, Excise taxation policies, Anti Money Laundering enforcement, Commercial Fraud and GST Fraud.
- He established the 'ASEAN' level information sharing network for Customs Enforcement
- In 2024, Dato' Sri Subromaniam received the highly regarded ***'Tokoh Kastam'*** from the Prime Minister/Finance Minister of Malaysia.

Service Line

- Indirect Tax (SST & Custom Duties)



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Ng Ka Heng

Manager– Indirect Tax, TRATAX

Education

› Association of Chartered Certified Accountants (ACCA, UK)

Professional Background

› Represented clients in applications and appeals to Royal Malaysian Customs Department ("RMCD") and Ministry of Finance ("MoF") in mattes involving SST ("Sales and Service Tax") and Customs classification (import duty). This includes representation in Customs audit, appeals and also AViP matters.

› Provide SST advisory services for multiple clients including Fortune 500 companies.

› Assisted clients from various sectors in implementing SST expansion, which includes education, constructions, financial services, rental / leasing, repair & maintenance, among others.

› Assisted clients on product HS Code classification engagements, including customs ruling application to RMCD.



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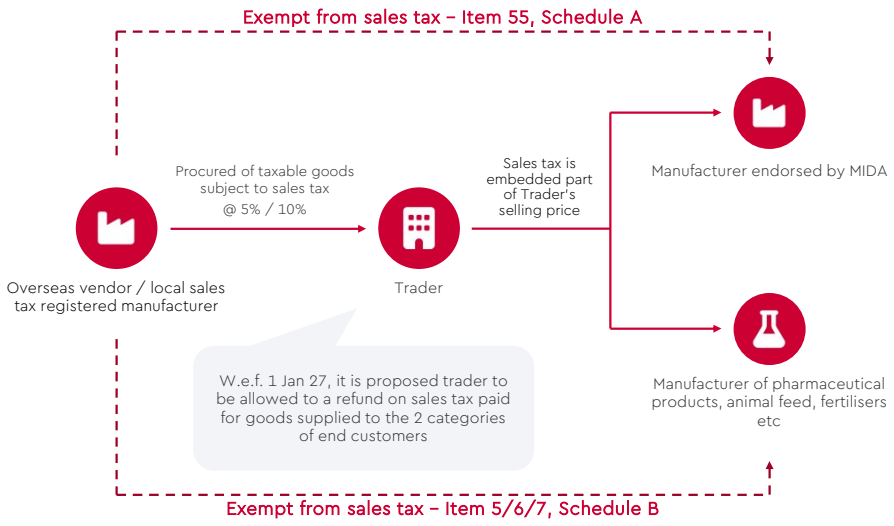
Sales Tax Refund for Traders / Distributors



Key considerations:

› Would the manufacturer be required to maintain capital equipment for 10 years? Enforcement mechanism?

› Whether the benefit of the refund must be passed on to manufacturers remains unclear

› Documentary and evidential requirements for refund claims yet to be clarified

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Service Tax Treatment for Elderly Care Services

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Existing service tax treatment of elderly care services

- Elderly care services are currently taxable under Group C (Health and Wellness Services) at 8% service tax.
- Service tax is generally applicable regardless of the annual care fee charged.

Key Implications:

- No service tax burden for lower & middle-cost packages.
- High-end elderly care facilities charging above RM96,000 p.a. remain subject to service tax but at reduced rate of 6%.

Proposed amendments w.e.f. 2027

- Elderly care services to be removed from Group C and reclassified under **Group I**.
- Service tax rate to be reduced from 8% to **6%**.
- Service tax to apply only where the annual care fee **exceeds RM96,000 per person**.
- Service tax exemption available where the annual care fee does not exceed RM96,000 per person, provided the service provider is registered under Care Centres Act 1993 or Private Aged Healthcare Facilities and Services Act 2018.

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Import Duty and Sales Tax Exemption Treatment for Goods Transported Out of Duty-Free Islands

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EXISTING

No.	Goods Category	Goods Value/ Quantity Limit	Duration of Visit
	Langkawi, Tioman, Pangkor and Labuan		
1.	New apparels	3 pairs	48 hours (Langkawi and Tioman)
2.	New footwear	1 pair	
3.	Food preparation items	RM150	
4.	New portable electrical or battery-operated appliances for personal care and hygiene	1 unit	24 hours (Pangkor and Labuan)
5.	All other goods, except alcoholic beverages, tyres and tubes as well as smoking products	RM1,000	
	Pulau 1, Forest City		
1.	Chocolates, perfumes and cosmetics	RM1,000	48 hours

Duty/sales tax free goods to be brought out from **Tioman, Pangkor & Pulau 1** remains the same

W.e.f. 1 Jan 27, revision have been made to:

- Value limit for goods eligible for import duty and sales tax exemption to be brought out from Langkawi & Labuan
- Duration of visit in **Labuan** is increased from 24 hours to 48 hours

Langkawi and Labuan

Goods Value Limit **RM10,000**

Duration of Visit **48 hours**

All goods (new), **except:**

1. Tyres and tubes
2. Alcoholic beverages
3. Cigarettes
4. Tobacco products
5. Smoking pipes
6. Electronic cigarettes and vapes including liquids or gels

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Import Duty Exemption For Langkawi Origin Goods

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› It is proposed w.e.f. 1 Jan 2027, the import duty exemption on goods originating from Langkawi brought into PCA are being revised and expanded, as follows:

Existing list of goods exempted from import duty

1 Sea cucumber extract	13 Sea cucumber herbal paste
2 Whetstones	14 Sea cucumber herbal pills
3 Fruits	15 Anchovy based products
4 Anchovies	16 Dried stingray products
5 ~~Copra~~	17 Vegetables
6 Wood charcoal	18 Coffee powder
7 ~~Mangrove wood~~	19 Cement
8 ~~Sawn rubberwood~~	20 Sugar cane
9 Coconuts	21 ~~Eggs~~
10 Handicraft	22 Bird's eggs
11 ~~Honey~~	23 Poultry
12 Marble	

~~Struck through~~ = not expressly listed in the revised list

Proposed revised & expanded list of goods exempted from import duty

Agriculture and Agro-food

1. Bird's eggs
2. Coconuts
3. Fruits
4. Sugarcanes
5. Vegetables
6. Poultry
7. **Virgin coconut oil**

Food and Beverage Products

1. Coffee products
2. **Mineral water**
3. **Pineapple tarts**
4. **Coconut cookies**
5. **Chocolate made in Langkawi**
6. **Curry puff**
7. **Chips**
8. **Buffalo milk ice cream**
9. **Retort products**

Fisheries and Marine Products

1. Anchovies
2. Anchovy based products
3. Dried stingray products
4. Downstream sea cucumber products

Minerals and Ornament

1. Handicraft products
2. **Crystal products**
3. **Tiffin carrier**

Consumer Goods and Home Appliances

1. **Homemade soap**
2. **Virgin coconut oil soap**
3. Whetstones

Forestry and Construction

1. Wood charcoal
2. Cement
3. Marble

Red bold = new item compared with the existing list

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Increased Regulatory Scrutiny & Enforcement Activity

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Extract from Budget 2027 speech:

"Enforcement agencies, including the Malaysian Anti-Corruption Commission (MACC), Royal Malaysia Police (RMP), Ministry Of Domestic Trade And Cost Of Living (KPDN), Royal Malaysian Customs Department (RMCD) and Malaysia Competition Commission (MyCC), will strengthen their operational capabilities with an allocation of 1.1 billion ringgit."

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Entertainment Duty Exemption In Federal Territories

Existing treatment (w.e.f. 1 Jan 24 – 31 Dec 28)

- Entertainment duty is imposed at **25%** on admission fees to entertainment venues and events.
- Entertainment duty exemption is given for selected categories of entertainment held in Federal Territories, as follows

No.	Categories of Entertainment	Entertainment Duty Rates After Exemption
1.	Stage performances by international artists/ Light Shows/Circuses	10%
2.	Film Screenings (Cinemas)/Theatres	
3.	Exhibitions/Zoos/Aquariums	
4.	Sports Events/e-Sports/Bowling/Snooker/Pool/ Billiards/Karaoke	
5.	Theme Parks/Family Recreation Centres/ Indoor Amusement Centres/Simulators	5%
6.	Stage performances by local artists	0%

It is proposed that:

Entertainment duty exemption (per table) be **extended** until 31 December 2030 (i.e., additional 2 years)

100% entertainment duty **exemption** given on tickets for local film screenings (cinema) and local theatre performances held in Federal Territories for 4 years (i.e. for application received by MOF from 1 Jan 2027 – 31 Dec 2030)

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Entertainment Duty Exemption For Selected Facilities In Federal Territory

Existing treatment

Entertainment duty **exemption** on admission fees for the activities and events held at the following facilities :

- i. Bukit Jalil National Sports Complex
  - a) TM National Stadium
  - b) Unifi Arena
  - c) National Hockey Stadium
- ii. Juara Stadium (Bukit Kiara Sports Complex)
- iii. Istana Budaya
- iv. National Art Gallery
- v. Dewan Filharmonik PETRONAS

Effective 1st January 2027

It is proposed that entertainment duty exemption be given on arts and cultural events, entertainment and sports activities held at:

- Stadium Merdeka
- Stadium Negara

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Not-For-Profit Activities

Presented by



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Executive Director, TRATAX

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NOT-FOR-PROFIT ACTIVITIES

Liberalisation of Donations to School Funds

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School Public Contribution Fund (TSUWAS)

Tabung Sumbangan Wang Awam Sekolah ("TSUWAS") is a fund approved under subsection 44(6) of the Income Tax Act 1967 ("ITA") subject to approval by the Ministry of Education Malaysia ("MOE").

SCOPE OF THE FUND	CURRENT	FROM YA 2027
Student development & welfare programmes	✓	✓
Administrative & operating expenses	✗	✓
Repairs & maintenance	✗	✓
Procurement of equipment	✗	✓

- Submitted to IRB with MOE endorsement
- Administered jointly by the school, PTA or Alumni Association with monitoring by MOE based on guidelines to be determined
- Tax deduction limited to 10% of aggregate income. In-kind contributions are not eligible for a tax deduction.

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Managing Tax Audits and Appeals

Presented by



Renganathan Kannan
Executive Director, TRATAX

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Anticipated Finance Bill Updates

1. e-NOTICE
2. Expansion of DG's power to request information orally
3. DG discretionary power extended to include power to remit "10% increase /penalty" imposed under Section 77B in respect of amended tax return under ITA and Section 21(4) for RPGT act
4. Stamp Duty notice remain valid despite technical error
5. Room for amendment and cancelation of stamp duty return

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Personal Tax

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Executive Director, TRATAX

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Personal Tax Rates for Resident Individuals

CHARGEABLE INCOME (RM)	CURRENT	YA 2027	
0 – 5,000	0%	0%	
5,001 – 20,000	1%	1%	
20,001 – 35,000	3%	3%	
35,001 – 50,000	6%	6%	
50,001 – 70,000	11%	11%	
70,001 – 100,000	19%	18%	↓
100,001 – 150,000	25%	24%	↓
150,001 – 400,000	25%	25%	
400,001 – 600,000	26%	26%	
600,001 – 1,000,000	28%	28%	
1,000,001 – 2,000,000	28%	30%	↑
Exceeding 2,000,000	30%	30%	

Effective from YA 2027

- 1% rate reduction on bands
- Overall savings up to RM800

- Income of RM1m to RM2m taxed at 30% instead of 28%
- Maximum RM19,200 in additional taxes

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Individual and Dependent Relatives

PROPOSED RELIEF LIMIT

RM12,000

From RM9,000

CURRENTLY COVERS

- Every resident individual (self) and dependent relatives
- Unchanged from RM9,000 since YA 2010

PROPOSAL

Effective from YA 2027

Relief raised by RM3,000 to RM12,000

Tax savings of up to RM900 a year (at the 30% top rate)

Aim: increase disposable income amid rising cost of living

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Expenses for Parents and Grandparents

RELIEF LIMIT
RM8,000
unchanged

CURRENTLY COVERS

- Medical treatment at clinics and hospitals
- Treatment and care at home, day care and residential care centres
- Dental treatment (excluding cosmetic)
- Full medical exam and vaccinations (max RM1,000)

PROPOSAL

Effective from YA 2027

Care at home, day care and residential care centres expanded to cover all caregiving expenses, **not limited to medical expenses**

Verification by a registered medical practitioner **no longer required**

Claim supported by the carer's written declaration (or work permit) and receipts

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Health and Well-being Relief

RELIEF LIMIT
RM10,000
unchanged

CURRENTLY COVERS

- Serious disease
- Fertility treatment
- Assessment for diagnosis, early intervention programmes or rehabilitation treatment for children with learning disabilities aged 18 years and below
- Vaccination (max RM1,000)
- Dental examination, mental examination or consultation, disease diagnostic test and purchase of self- health monitoring equipment (max RM1,000)
- Purchase of breastfeeding equipment for personal use for children aged 2years and below paid by women taxpayer (max RM1,000) (separate relief from the RM10,000 for medical expenses)

PROPOSAL

Effective from YA 2027

Medical treatment relief renamed to **"Health and Well-being"**

Postnatal care service expenses provided by a confinement centre or qualified individual limited to **RM3,000**

Breastfeeding equipment for children aged 2 and below paid by self or spouse limited to **RM1,000**
Separate relief included under "Health and Well Being"

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Lifestyle Relief

RELIEF LIMIT
RM2,500
unchanged

CURRENTLY COVERS

- Books, journals, magazines, newspaper, other similar publications
- Personal computer, smartphone or tablet
- Payment of monthly bill for internet subscription
- Payment of any course for the purpose of upskilling or self-enhancement

PROPOSAL

Effective from YA 2027

AI software and application subscriptions for self, spouse or child

Cost of pet adoption from registered animal shelters

Registered veterinary services for vaccination and spaying or neutering

Upskilling courses move to the Education and Skills Training Fees relief

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Sports-Related Lifestyle Relief

RELIEF LIMIT
RM1,000
unchanged

CURRENTLY COVERS

- Purchase of sports equipment for sports activity (excluding motorised two-wheel bicyles)
- Payment of rental or entrance fee to any sports facility
- Payment of registration fee for sports competition
- Payment of fees for gym membership or sports training which is provided by a sports club/societies/companies

PROPOSAL

Effective from YA 2027

Expanded to include the purchase of **sports shoes limited to RM300**

Aim: promote a healthy lifestyle among the rakyat

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Education and Skills Training Fees

RELIEF LIMIT

RM7,000

unchanged

CURRENTLY COVERS

- Educational courses up to tertiary level in specified fields at a qualifying local institution or professional body
- Master's or Doctor of Philosophy programmes at any local institution or professional body in Malaysia recognised by the Government of Malaysia or approved by the Minister of Finance
- Upskilling or self-enhancement courses recognised by the Director General of Skills Development under the National Skills Development Act 2006

PROPOSAL

Effective from YA 2027

Renamed **"Education and Skills Training Fees"**

Self: Courses or studies recognised by regulatory agency at the Certificate, Diploma, Bachelors, Masters or Doctor of Philosophy level in any field at local institution or professional body in Malaysia recognised by the Government of Malaysia or approved by the Minister of Finance

Self or Spouse: Upskilling or self-enhancement courses or studies in the field of Technical and Vocational Education and Training (TVET)
Limited to **RM3,000**

Self or Spouse: Courses, training, skills and self-enhancement classes unrelated to employment
Children: Courses, training, classes or tuition in the field of STEM, arts, languages and religion
Limited to **RM2,000**

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SOCSO Contributions

PROPOSED RELIEF LIMIT

RM350 + RM150

From RM350

CURRENTLY COVERS

- Private sector employees contributing to contribute to social security protection schemes regulated by the Social Security Organisation ("SOCSO") under the Employees' Social Security Act 1969 and the Employment Insurance System under the Employment Insurance System Act 2017 for income protection due to loss of employment.

PROPOSAL

Effective from YA 2027

RM350 relief expanded to cover contributions to **mandatory LINDUNG KENDIRI** for 3 mandatory sectors namely passenger transport, goods or food transport and hawkers

Additional RM150 for voluntary contributions to LINDUNG 24 and 17 non-mandatory LINDUNG KENDIRI sectors

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Domestic Tourism Tax Relief

TraTax Your Trusted Tax Advisors

RELIEF LIMIT
RM1,000
unchanged

CURRENTLY COVERS

- Entrance fees to museums, zoos, theme parks, national parks, marine parks and geoparks
- Cultural and arts programmes
- Available for YA 2026 only

PROPOSAL

Effective from YA 2027

Extended for **one year until YA 2027**

In conjunction with Visit Malaysia Year 2026, extended to 2027

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