Budget 2027 Highlights



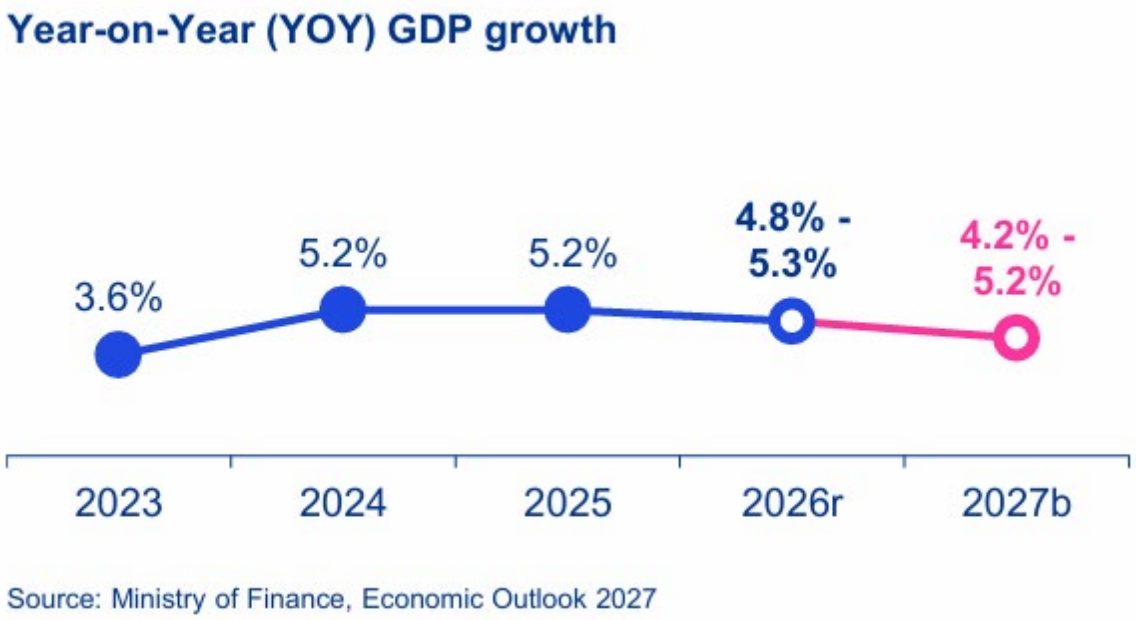
Chin Xin Yee
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Moderated by:
Ng Fie Lih
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Tax Summit 2026 - Johor | 29 October 2026

GDP growth



Malaysia's economy is projected to grow **4.8% to 5.3% in 2026** and to **moderate between 4.2% to 5.2% in 2027**, driven by sustained domestic demand, favorable labor market conditions, continued income growth, and robust investment activity.

Private consumption, a key driver of growth, is supported by sustained household purchasing power and continued expansion in tourism, retail, transportation, and other services.

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GDP growth by sectors

Most economic sectors are expected to expand.

Services sector's growth is driven by high-value digital services, resilient private consumption, and stronger tourist arrivals under Visit Malaysia 2026–2027.

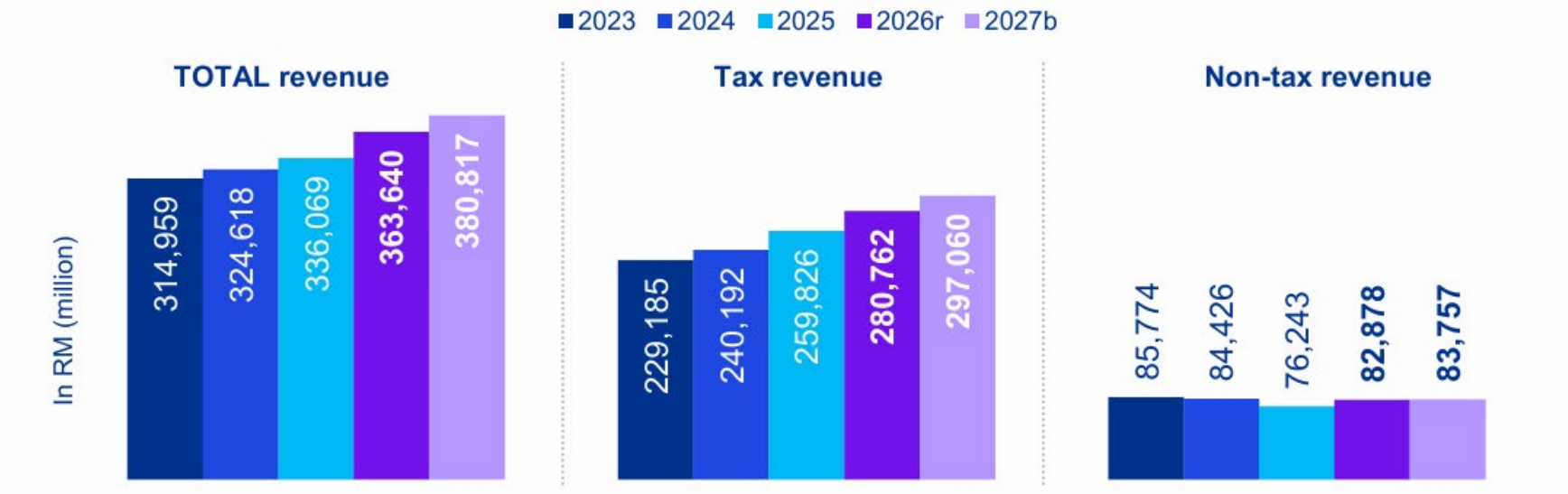
The Manufacturing sector is expected to expand, supported by moderate expansion in export-oriented industries, while the construction sector is projected to maintain steady growth, driven by sustained activity in non-residential buildings and specialized construction

Year-on-Year (YOY) GDP growth (%)	2023	2024	2025	2026r	2027b
Manufacturing	0.7	4.2	4.5	**6.2**	**4.1**
Agriculture	0.4	3.4	2.2	**-2.1**	**0.5**
Services	5.2	5.4	5.4	**5.5**	**5.2**
Mining	0.5	1.2	0.6	**2.6**	**1.2**
Construction	5.9	17.6	12.2	**6.4**	**5.7**

Source: Ministry of Finance, Economic Outlook **2027**

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Federal government revenue



The federal government revenue in **2026** is projected to **rise 6.0% to RM363.6 billion**. Tax revenue remains the largest contributor (RM280.7 billion, 77.2% of total revenue, 12.8% of GDP), while non-tax revenue contributes RM82.9 billion (represents 22.8% of total revenue).

The federal government revenue is estimated to **reach RM380.8 billion** in **2027.**

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Federal government revenue

In RM million	2023	2024	2025	2026r	2027b
Tax revenue					
Direct Tax	171,336	171,693	180,558	**191,025**	**199,898**
of which: CITA	*91,743*	*92,776*	*97,816*	***101,688***	***106,614***
Individuals	*37,770*	*41,099*	*45,570*	***48,829***	***51,837***
PITA	*26,096*	*20,528*	*18,063*	***20,528***	***20,528***
Stamp duty	*10,097*	*9,956*	*11,219*	***11,712***	***12,370***
Indirect Tax	57,849	68,499	79,268	**89,737**	**97,162**
Of which: SST	*35,463*	*44,758*	*55,874*	***66,999***	***73,341***
Excise duties	*13,144*	*13,383*	*12,789*	***11,746***	***11,784***
Import duty	*3,037*	*3,072*	*3,064*	***3,203***	***3,323***
Export duty	*2,039*	*2,092*	*1,808*	***1,845***	***1,914***
Non-tax revenue					
Of which: Licences & permits	*16,659*	*17,041*	*15,526*	***15,544***	***17,229***
Investment income	*48,213*	*45,782*	*43,982*	***46,108***	***46,656***

Source: Ministry of Finance, 2027 and 2026 Fiscal Outlook and Federal Government Revenue Estimates

Note: r - Revised estimate b – Budget estimate, excluding 2027 Budget measures

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Corporate Tax



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Budget 2027: Overview

No major new tax. A clearer link between relief, value creation and compliance.

Invest Smarter	Create Value	Stay Compliant	Build Future-Ready Talent
Lower business costs and encourage productive investment.	Target strategic activities, sustainability and economic substance.	Embed tax into business processes and digital systems.	Support workforce capability and long-term competitiveness.

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Invest Smarter: Lowering the Cost of Growth

Immediate support for MSMEs and productive capital expenditure

Reduced Income Tax rates for Micro, Small and Medium Enterprises (MSMEs)

- Effective from YA 2027, the corporate income tax rates for MSMEs will be as follows:
  - First RM150,000 of chargeable income: 15% → **14%**
  - RM150,001 to RM600,000 of chargeable income: 17% → **16%**.
- Chargeable income exceeding RM600,000: 24%.

Extended Accelerated Capital Allowance (ACA)

- Qualifying capital expenditure for Plant, Machinery and Information Communication Technology (ICT) Equipment
  - ✓ Initial allowance: 20%
  - ✓ Annual allowance: 40%
- Extended to **31 December 2030**.

Capital Allowance (CA) on Small Value Assets (SVA)

- Effective from YA 2027 –
  - 100% annual allowance per-asset threshold: RM2,000 → **RM3,000**
  - Annual claim limit: RM20,000 → **RM30,000**
- Unrestricted claims for MSMEs.

Also extended Angel investor • Equity crowdfunding • International event organiser incentives

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Create Value: Strengthening Malaysia as a Regional Hub

Review of Global Services Hub (GSH) Incentive

For applications received by MIDA from 1 January 2027.

	New Company	Existing Company	
Tax Rate	**5%** on GSH income	**15%** (≤ base income)	**5%** (> base income)
Incentive period	Every 5 years up to a maximum of 30 years*		
Qualifying Activities	• Regional P&L / Business Management Unit • Strategic Business Planning • Corporate Development		
Additional Services	Must undertake a minimum of two (2) qualifying activities under the following service categories: a) Strategic services; or b) Business services (including Treasury Fund Management – TFM); or c) Shared services.		
Exempted Income	• Service income; or • Service and trading income; and • TFM activity income as prescribed by the Minister of Finance.		
Treasury Fund Management (TFM)	Additional incentives for GSH company undertaking TFM activities specifically for cash pooling via onshore intermediaries**: a) Withholding tax exemption on interest paid to non-residents; and b) Stamp duty exemption of 100% on loan agreements between companies in foreign currencies.		

* *subject to the company's performance/commitment during the preceding and subsequent incentive periods*
** *expanded to GSH companies under the Johor-Singapore Special Economic Zone (JS-SEZ) package*

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Create Value: Attracting Higher-value Activities

Review of Reinvestment Allowance

- The Reinvestment Allowance incentive will be reviewed including its eligibility criteria and mechanism

Introduction of Multi-Family Office Model

- The Single-Family Office (SFO) scheme introduced by the Securities Commission (SC) operating in Forest City enables investment by high-net worth families in Malaysia through a concessionary 0% tax rate on eligible investment income for 20 years by SFO Vehicles (SFOV).
- Budget 2027 introduces the MFO model, allowing a licensed fund manager to offer services to multiple families including existing approved SFOVs, increasing opportunities for licensed fund managers.



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Create Value: Sustainability as a Core Tax Theme

Revised Framework for Green Investment Tax Allowance (GITA)

GITA Project (Business Purposes)

Tier structure streamlined from 3 tiers to 2 tiers with corresponding revision to qualifying activities.

Tier 1 i. Green hydrogen ii. Ocean thermal energy conversion	100% GITA qualifying capital expenditure (QCE), set-off against 100% or 70% of statutory income (SI) for 5 + 5 years (unchanged)
Tier 2 i. EV charging station ii. Renewable Energy systems	60% of GITA on QCE, set-off against 70% of SI for 5 years (reduced from 100% GITA with 100% SI set-off previously available)

For applications received by MIDA from 1 January 2027 to 31 December 2030.

GITA Asset (Own Consumption)

Tier 1 100% GITA on QCE set-off against 70% of SI (unchanged)

Qualifying assets:

- (−) electric motorcycle / scooter and green building
- (+) locally produced electric vehicle infrastructure, waste composting and recycling system, wastewater recycling and rainwater harvesting system as well as renewable energy integrated system

Tier 2 60% of GITA on QCE set-off against 70% of SI (unchanged)

Qualifying assets:

- (−) energy efficiency assets and solar renewable energy system
- (+) electric vehicle infrastructure

For qualifying assets purchased from 1 January 2027 to 31 December 2030 as verified by the Malaysian Green Technology and Climate Change Corporation.

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Create Value: Strategic Sector Support

Sustainable Financing

Tax Deduction for Sukuk Prisma Issuance Costs

- An income **tax deduction** for the issuance cost of Sukuk Prisma to finance sustainable projects approved or authorized by the SC, or lodged with the SC, from YA 2027 to YA 2030.

Centre for Islamic fund management

Extension of Shariah-Compliant Fund Management Tax Incentive

- **40%** income tax exemption on statutory income derived from managing Shariah-compliant funds for resident companies providing SC-approved shariah-compliant fund management services (reduced from 60% previously).
- The exemption will be extended for 3 years from **YA 2028 to YA 2030**.

Ecosystem support

Extension of Tax Exemption for Malaysian Shipping Company

- Malaysian shipping companies can enjoy 100% income tax exemption provided that the –
  - Strategic management and effective control are implemented in Malaysia;
  - Annual operating expenditure in Malaysia of at least RM250,000 for each Malaysian ship; and
  - Employ at least 4 Malaysian citizens with an average monthly salary of RM15,000 for each Malaysian ship.
- The exemption will be extended from **YA 2027 to YA 2036**.

Tax Deduction on Relocation Costs

- A tax deduction of up to RM5 million on qualifying cost of relocation to the Automotive Hi-Tech Valley in Tanjong Malim incurred by Malaysian-owned automotive vendors from 1 January 2027 to 31 December 2030.

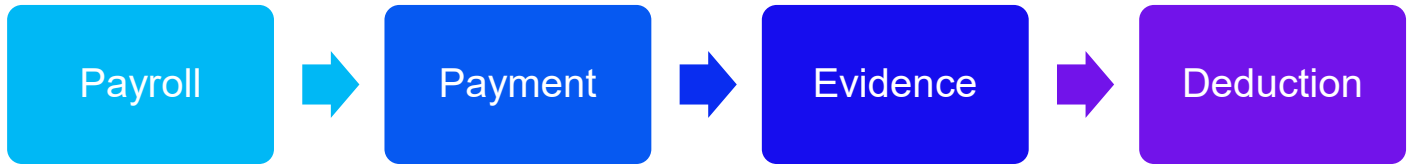
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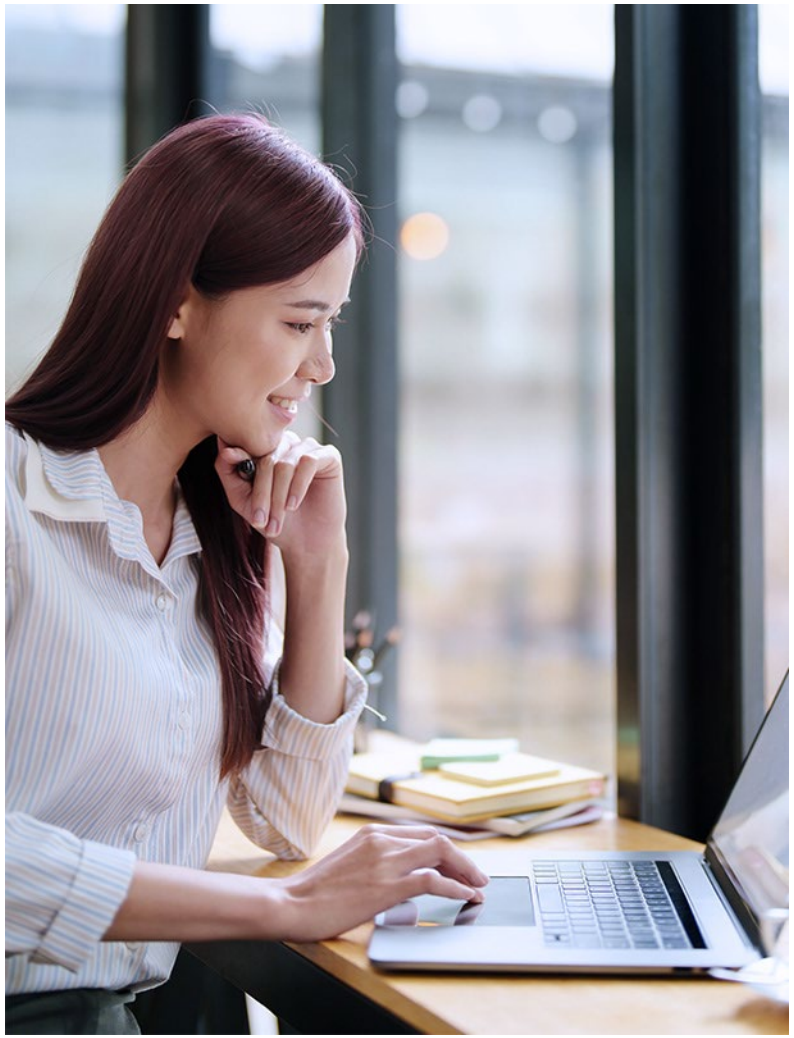
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Stay Compliant: Tax Is Moving into Business Processes

Tax Deduction for Cashless Salary Payments

- Effective YA 2028, tax deduction for salary expenses will be allowed only for payments made through financial institutions or prescribed cashless payment instruments.
- Not applicable for MSMEs.





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Stay Compliant: Digital Administration and E-Invoicing

Clear ownership of data, portals and electronic notices is now essential



E-commerce e-Invoicing

Expanded self-billing obligations for platform providers across specified transaction models.



MyTax submissions

Electronic submission of original and revised estimates under the relevant tax regimes.



Electronic notices

E-notices extended across income tax, stamp duty, RPGT, Labuan and petroleum tax.

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Stay Compliant: Stronger Enforcement and Governance

Compliance-led revenue collection without higher headline corporate tax rates

Transfer pricing	"Control" clarified to expressly include direct and indirect shareholding for transactions between associated persons. w.e.f. YA 2027
Global Minimum Tax	For financial years beginning on or after 1 January 2025, the GMT framework is expanded for JVs and subsidiaries and clarifies the use of local financial accounting standards. From 1 January 2027, the filing obligation for CE owned by two or more MNE Groups shall follow the latter MNE's financial year.
Information reporting	From 1 January 2027, for EOI / CbCR non-compliance, DGIR may impose an administrative penalty of RM20,000 to RM100,000 where no prosecution is instituted.
Withholding Tax on distributions by REITs	From 1 January 2027, 30% final tax applies to non-resident individuals and foreign institutional investors. Final tax for non-resident companies remains 24%.

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Build Future-Ready Talent

Tax policy supporting workforce capability and targeted social outcomes

Implementation of BAKAT MADANI training program

Tax deduction for participating companies in implementing BAKAT MADANI training program from 29 June 2026 to 31 December 2030.

Repayment of PTPTN loan

Tax deduction for employers repaying PTPTN loan on behalf of employees, subject to the following conditions:

- The employer shall not impose any payment to the employee as a consideration for the PTPTN loan repaid by the employer;
- The employee must be a full-time employee; and
- The employee must not be the owner of the business or relatives of the employer.

For PTPTN loan repayment made by employer from 1 January 2027 until 31 December 2028.

School Public Contribution Fund

Effective YA 2027, the scope of School Public Contribution Fund (TSUWAS) under subsection 44(6) of the MITA 1967 will be expanded to cover administrative and operating expenses, repairs and maintenance, equipment procurement and implementation of student programs.

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Personal Tax



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Changes to income tax rate for resident individual

↓ 1%

- 19% to 18% for the chargeable income band of RM70,001 to RM100,000
- 25% to 24% for the chargeable income band of RM100,001 to RM150,000

↑ 2%

- 28% to 30% for the chargeable income band of RM1,000,001 to RM2,000,000

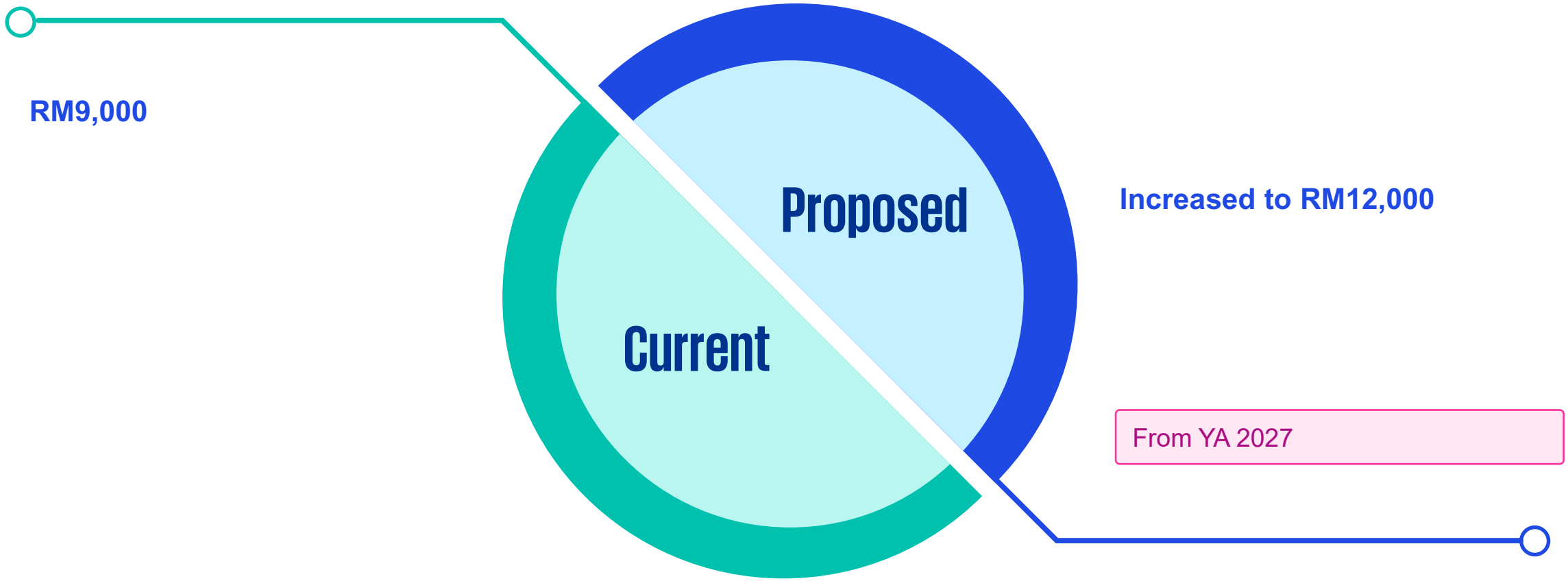
From YA 2027



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Revised or extension tax reliefs from YA 2027

Basic individual relief



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Revised or extension tax reliefs from YA 2027

Review of personal relief on medical treatment expenses

Current

Relief on medical treatment expenses limited to RM10,000:

- Serious illness for self, spouse or child
- Fertility treatment for self or spouse
- Vaccinations for self, spouse or child limited to RM1,000
- Dental examination and treatment limited to RM1,000
- Full medical examination, mental health examination or consultation, disease diagnostic test and purchase of self-health monitoring equipment for self, spouse or child limited to RM1,000
- Assessment for diagnosis, early intervention programmes or rehabilitation treatment for children with learning disabilities aged 18 years and below

Relief on purchase of breastfeeding equipment

- For personal use for children aged 2 years and below, limited to RM1,000

Proposed

Relief on medical treatment expenses be reclassified as relief on **health and well-being**, with relief on breastfeeding equipment merged into it

Scope of relief on health and well-being be expanded to include:

- **Postnatal care service expenses** provided by a confinement centre or qualified individual limited to RM3,000
- **Breastfeeding equipment** for children aged 2 years and below paid **by self or spouse** limited to RM1,000

From YA 2027

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Revised or extension tax reliefs from YA 2027

Review of personal relief on expenses for parents and grandparents

Current

Relief on expenses for parents and grandparents limited to RM8,000:

- Medical treatment at clinics and hospitals
- Treatment and care at home, day care centres and residential care centres
- Dental treatment excluding cosmetic dental treatment
- Full medical examination and vaccinations limited to RM1,000

Tax relief claim to be supported by a medical practitioner registered with the Malaysian Medical Council verifying the health condition of the parents or grandparents in need of medical care services

For carers (excluding self, spouse or children), a written declaration by the carer or a copy of the carer's work permit is required and supported by receipts

Proposed

Scope of relief be expanded:

- Expenses for the care of parents and grandparents at home, day care centres and residential care centres be revised to **cover all types of care expenses and not limited to medical care**

Tax relief claim to be supported with a written declaration from the carer (excluding self, spouse or children) or a copy of the carer's work permit together with receipts without requiring any verification from a registered medical practitioner

From YA 2027

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Revised or extension tax reliefs from YA 2027

Review of personal relief on lifestyle

Current

Relief on expenses for lifestyle limited to RM2,500:

- Purchase of reading materials including e-books, printed/electronic daily newspapers
- Purchase of personal computers, smartphones or tablets
- Internet subscriptions

Proposed

Scope of relief be expanded to include:

- **Subscription expenditure for AI software and applications** for personal use, spouse or child
- Pet care expenditures as follows:
  - Cost of pet adoption from registered animal shelters
  - Registered veterinary services for vaccination and spaying or neutering procedures

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Revised or extension tax reliefs from YA 2027

Review of personal relief on sports-related lifestyle

Current

Relief on expenses for sports-related lifestyle for self, spouse, child or parents limited to RM1,000:

- Purchase of sports equipment for sports activities listed under the Sports Development Act 1997 [Act 576] (excluding motorised two-wheel bicycles)
- Payment of rental or entrance fees to any sports facility
- Payment of registration fees for participation in any sports competition held by any organiser approved and licensed by the Commissioner of Sports under Act 576
- Payment of gymnasium membership fees or sports training fees charged by sports club or societies registered with the Commissioner of Sports or company incorporated under the Companies Act 2016 to carry out sports activities listed under Act 576

Proposed

Scope of relief be expanded to include:

- **Purchase of sports shoes** limited to RM300

From YA 2027

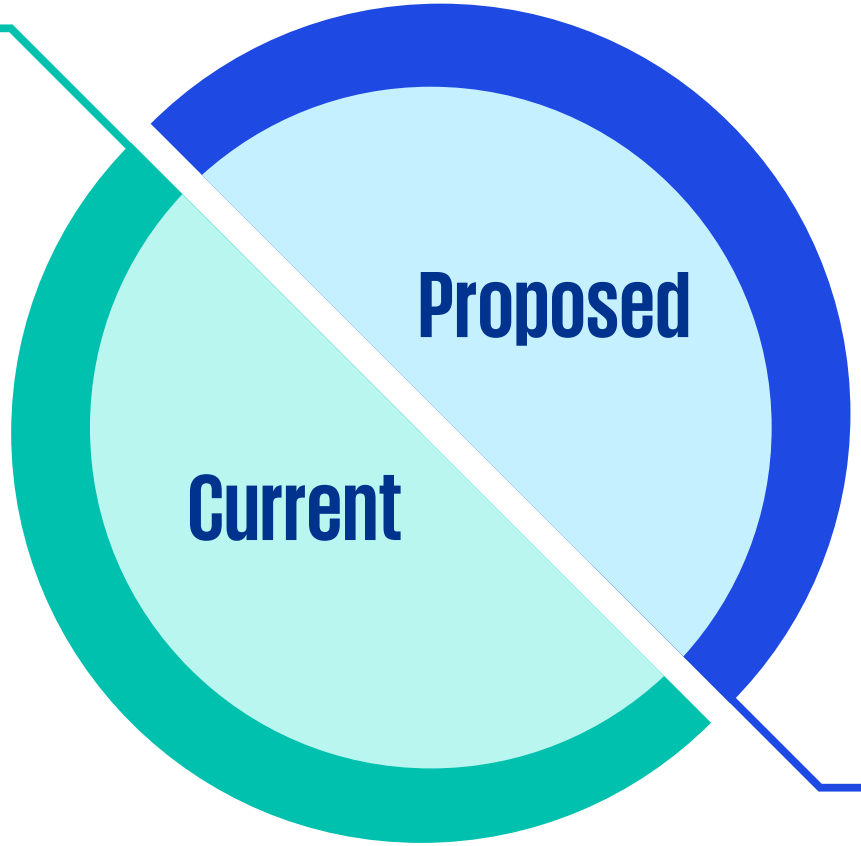
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Revised or extension tax reliefs from YA 2027

Review of personal relief on Social Security Organisation ("SOCSO") contribution

Relief limited to RM350

- To private sector employees that contribute to social security protection schemes regulated by the SOCSO under the Employees' Social Security Act 1969 and the Employment Insurance System under the Employment Insurance System Act 2017



Relief limited to RM350

- Expanded to cover mandatory employee contributions to the Self-Employment Social Security Scheme (LINDUNG KENDIRI) for 3 mandatory sectors namely passenger transport, goods or food transport and hawkers

Additional relief limited to RM150

- On voluntary employee contributions to the Non-Employment Injury Scheme (LINDUNG 24) and 17 non-mandatory sectors under LINDUNG KENDIRI

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Revised or extension tax reliefs from YA 2027

Review of personal relief on education fees and lifestyle

Current

Relief on education fees limited to RM7,000 on courses or fields of study:

- Other than Masters or Doctor of Philosophy

  Educational courses up to tertiary level to acquire skills or qualifications in the fields of law, accounting, Islamic finance approved by Bank Negara Malaysia or Securities Commission, technical, vocational, industrial, scientific or technology at any local institution or professional body in Malaysia recognised by the Government of Malaysia or approved by the Minister of Finance
- Masters or Doctor of Philosophy

  Educational courses undertaken to acquire skills or qualifications 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

  Upskilling or self-enhancement course recognised by the Director General of Skills Development under the National Skills Development Act 2006 limited to RM2,000. The relief is effective until the YA 2026



Relief on lifestyle limited to RM2,500 for any upskilling or self-enhancement courses:

- Courses that encourage individuals to acquire skills unrelated to employment such as courses related to hobbies, languages and religion

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Revised or extension tax reliefs from YA 2027

Review of personal relief on education fees and lifestyle

Proposed

Relief on education fees and skill courses under lifestyle be **reclassified as Education and Skills Training Fees with relief limit at RM7,000** with relief on upskilling or self-enhancement courses merged into it

Scope of relief be revised:

- Fees incurred for self to undertake courses or studies recognised by any regulatory agency at the Certificate, Diploma, Bachelors, Masters or Doctor of Philosophy level in any field at any local institution or professional body in Malaysia recognised by the Government of Malaysia or approved by the Minister of Finance
- Fees incurred for self or spouse limited to RM3,000 to undertake upskilling or self-enhancement courses or studies in the field of Technical and Vocational Education and Training (TVET) recognised by the Director General of Skills Development
- Fees incurred limited to RM2,000 for undertaking:
  - Courses, training and skills and self-enhancement classes unrelated to employment for self or spouse
  - Courses, training, classes or tuition in the field of Science, Technology, Engineering and Mathematics (STEM), arts, languages and religion for children

From YA 2027



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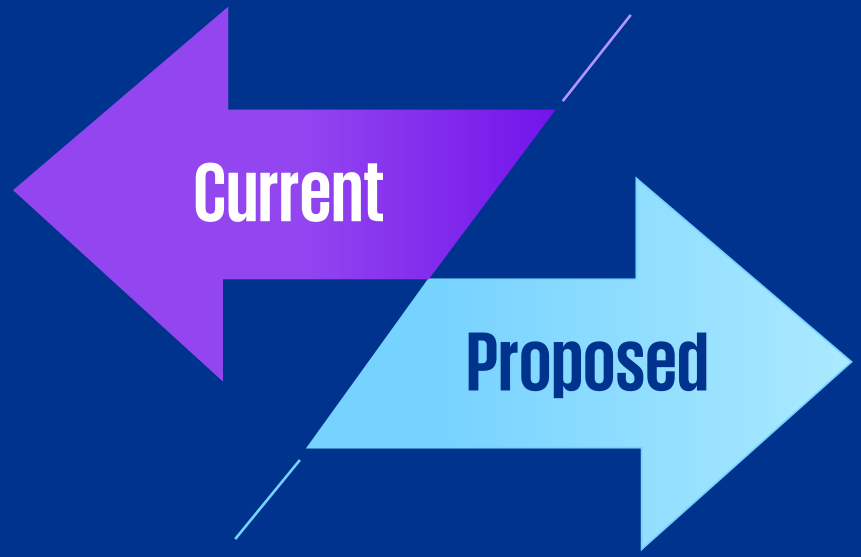
Revised or extension tax reliefs from YA 2027

Personal relief on entrance fees to local tourist attractions and cultural and art programs

Relief of up to RM1,000 for expenses on entrance fee to

- Tourist attractions
- Cultural and art programmes

For YA 2026



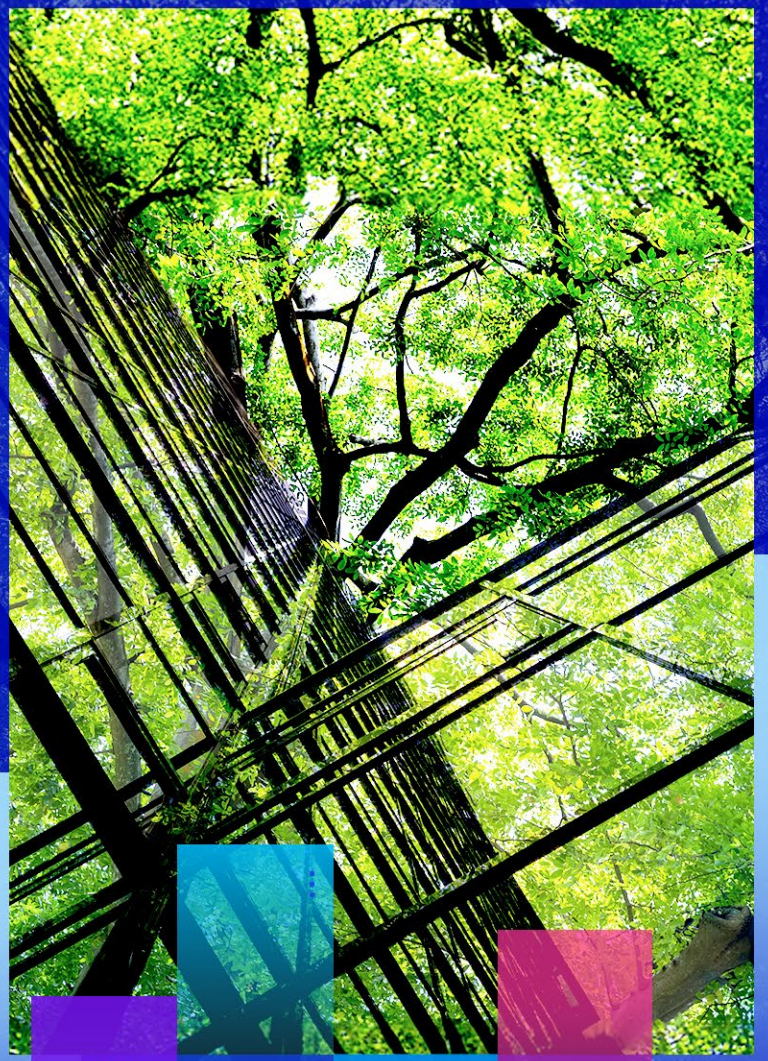
Extended for another 1 year

For YA 2027

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Stamp Duty



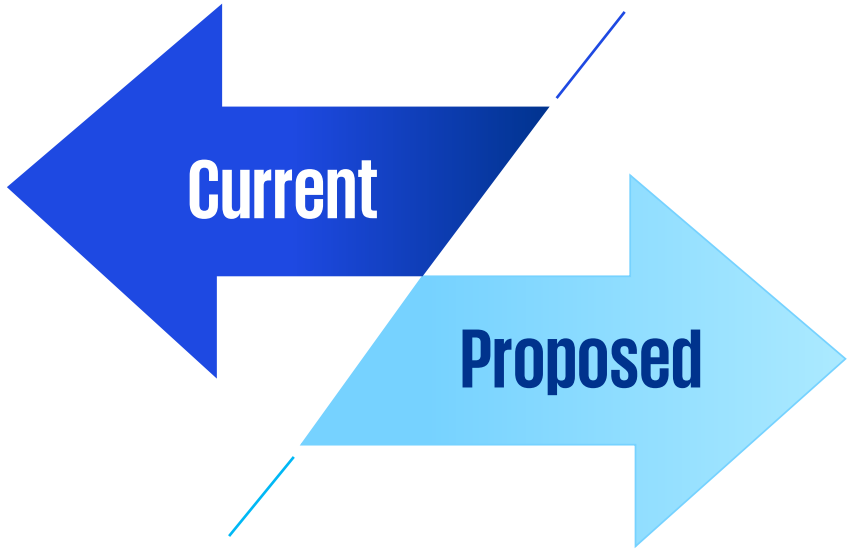
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Stamp Duty

Stamp duty exemption for first residential property

First home priced up to RM500,000

- 100% stamp duty exemption on loan agreements and instrument of transfer
- For loan agreements and instruments of transfer involving sale and purchase agreements executed from 1 January 2021 until 31 December 2027



First home priced up to RM500,000

- 100% stamp duty exemption

First home priced up to RM750,000

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

For loan agreements and instruments of transfer involving sale and purchase agreements executed from 1 January 2027 until 31 December 2030

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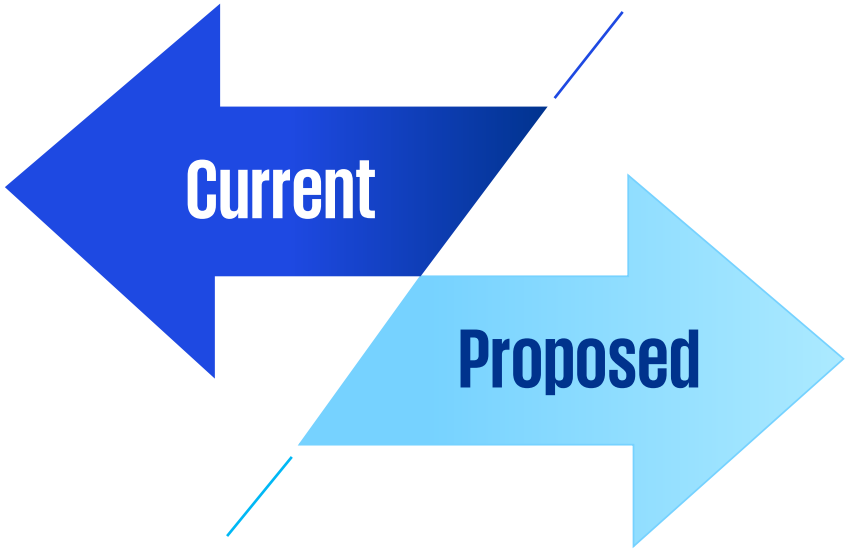
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Stamp Duty

Stamp duty exemption for revival of abandoned housing projects

100% stamp duty exemption

- On loan agreements and instruments of transfer executed by rescue contractor or developers and original buyers
- For loan agreements and instruments of transfer executed from 1 January 2013 until 31 December 2025



100% stamp duty exemption be re-introduced

For loan agreements and instruments of transfer executed from 1 January 2027 until 31 December 2030

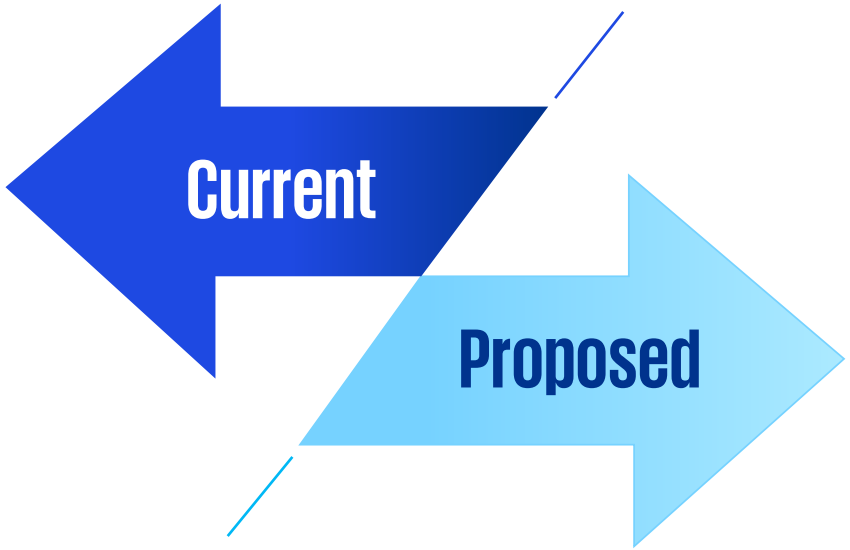
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Stamp Duty

Stamp duty exemption for opening savings and current accounts

RM10 nominal duty

- On instruments for the opening of savings and current accounts that contain an undertaking which creates a specific legal obligation, indemnity, guarantee or liability,



100% stamp duty exemption

- On instruments executed by individuals or businesses

From 1 January 2027

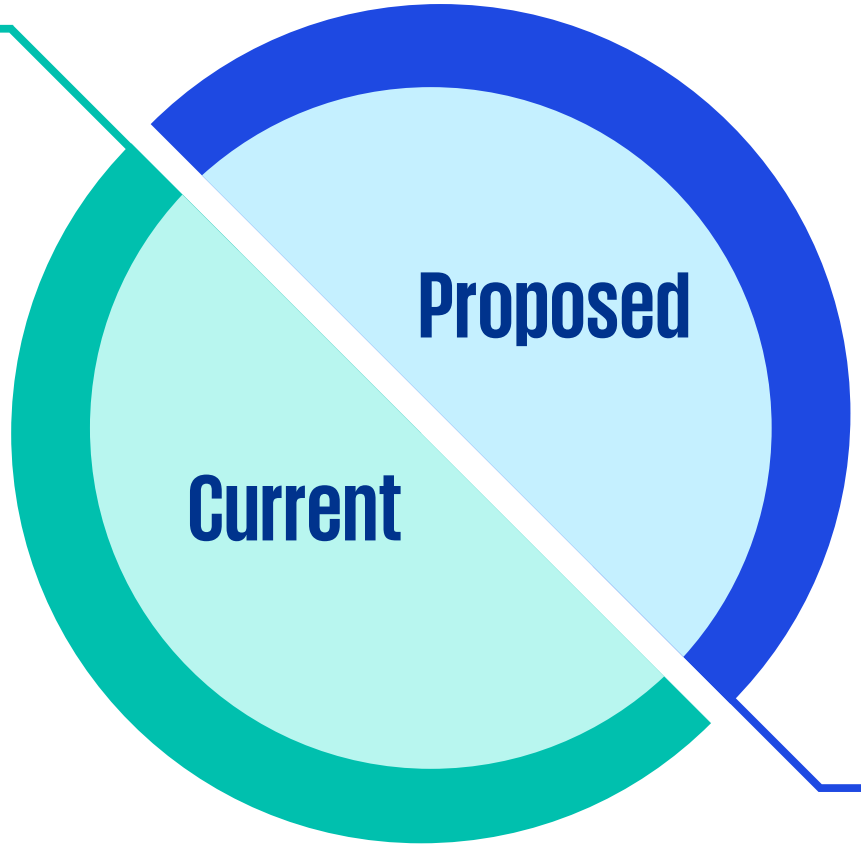
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Stamp Duty

Stamp duty remission on loan or financing agreements through Peer-to-Peer (“P2P”) platforms

100% stamp duty exemption

- On loan or financing agreements made through P2P platforms registered with and recognized by the Securities Commission
- For P2P loan or financing agreements between MSMEs and investors executed from 1 January 2022 until 31 December 2026



Remission of stamp duty

- Remission of stamp duty exceeding RM10

For P2P loan or financing agreements executed between MSMEs and Investors from 1 January 2027 until 31 December 2030

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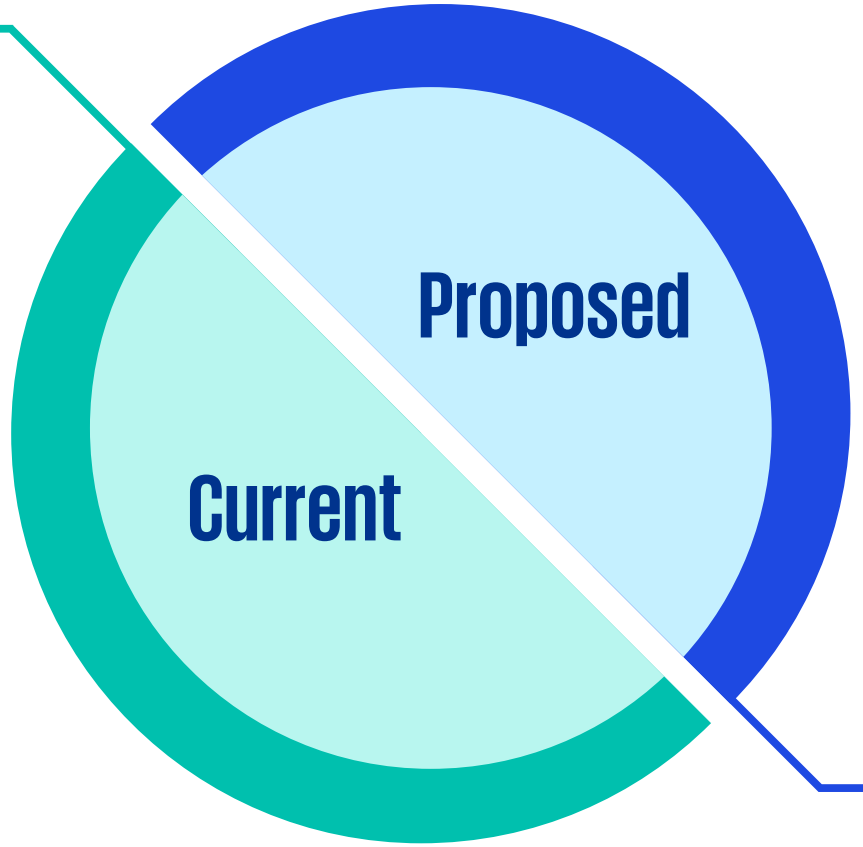
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Stamp Duty

Stamp duty remission on loan or financing agreements by Mid-Tier Companies (“MTCs”)

0.5% ad valorem duty

- On credit facility agreement (first tier) and agreement for utilization of the excess credit facility (second tier)



Remission of stamp duty exceeding RM10

- On second tier agreements between MTCs and financial institutions for excess credit facility given to MSMEs, subject to meeting conditions

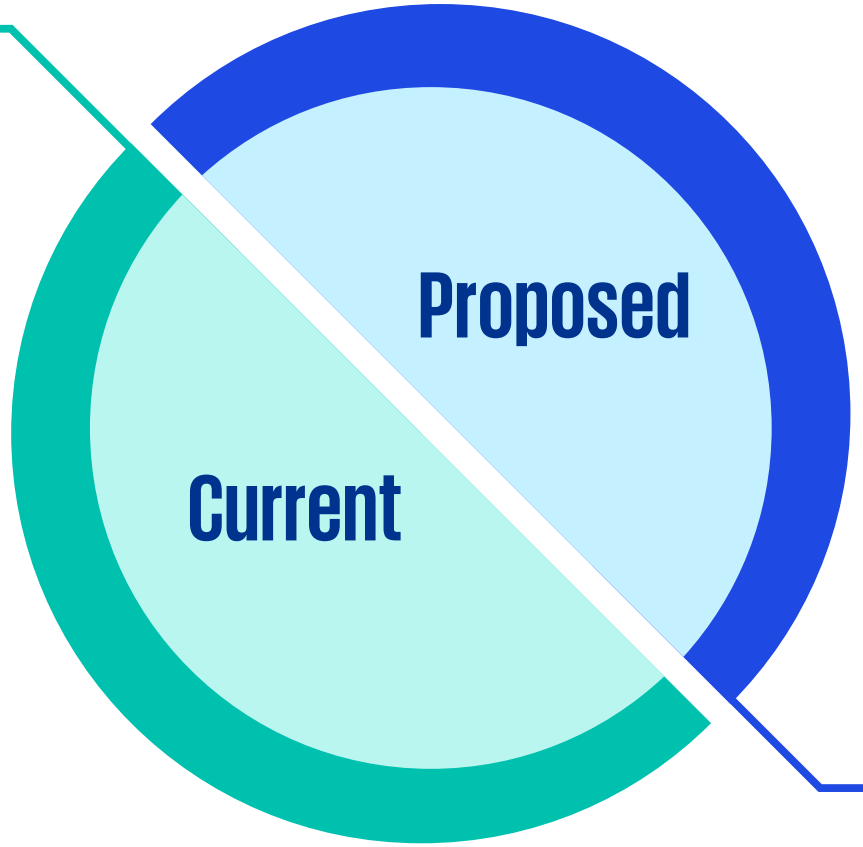
For agreements executed from 1 January 2027 until 31 December 2030

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Stamp Duty

Stamp duty on loan or financing agreements in foreign currency from banks in Malaysia

0.5% ad valorem duty for loan with definite period



Imposition of stamp duty cap

- RM2,000 for facilities up to RM100 million
- RM5,000 for facilities exceeding RM100million

For loan or financing agreements executed from 1 January 2027

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Stamp Duty

New definitions

1

Foreign company

- A company incorporated outside Malaysia or a local company with at least 50% of its issued share capital or voting shares held by foreign parties including direct or indirect control

2

Permanent resident

- An individual recognized as a permanent resident under immigration law

3

Assessment

- Includes original and additional assessments, including transactions conducted through the electronic system

From 1 January 2027

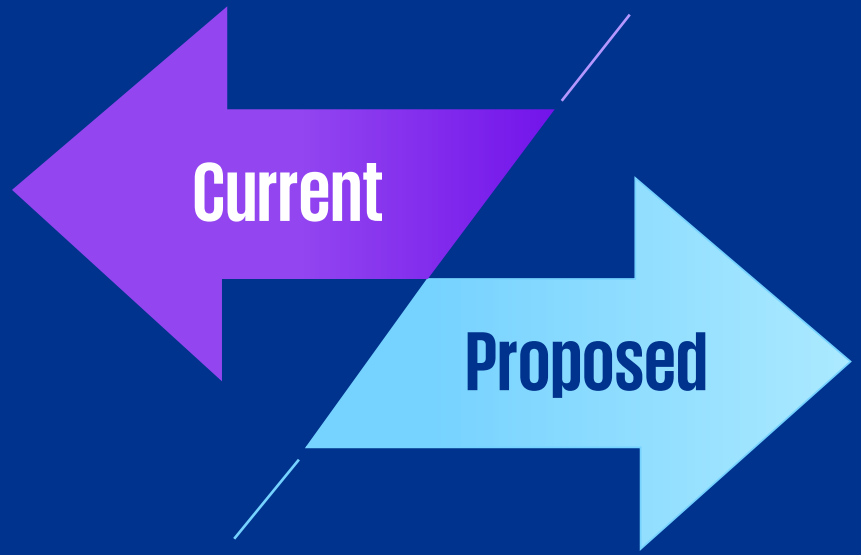
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Stamp Duty

Stamp duty rate on financing / loan

Ad valorem duty is imposed on fractional and rounding amount

- Example: duty payable for financing amount of RM650,100 is RM3,255 (at the rate of RM5.00 for every RM1,000 or part thereof)



Ad valorem duty is imposed on actual financing / loan amount

- Example: duty payable for financing amount of RM650,100 is RM3,250.50 (at 0.5%)

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Stamp Duty

Stamp duty rate on additional security

Current

One-fifth of the duty on the principal or primary security, but so as not to exceed RM10.00

Proposed

RM10 fixed duty

From 1 January 2027

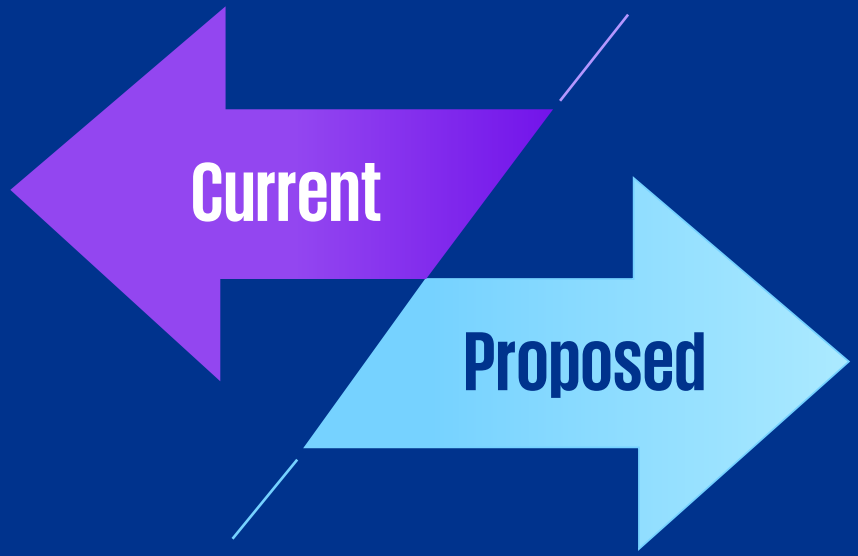
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Stamp Duty

Stamp duty rate on education loan

Unsecured education loan
- RM10

Secured education loan
- Ad valorem duty



100% exemption for all types of education loan

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Administrative matters

Miscellaneous

1

SA

Mandatory electronic submission (via e-Duti Setem) of:

- Endorsement of instruments under the General Exemption, First Schedule
- Amended Return
- Applications for appeal, extension of time and cancellation of duty
- Claims for refunds
- Replicate of an instrument and indorsement

Effective from 1 January 2027

2

SA

Restructuring of First Schedule and Third Schedule into **one main schedule** setting out:

- Five groups of instruments
  - Transfer
  - Charges / mortgages
  - Rights and contracts
  - Rental and leases
  - Miscellaneous
- Parties liable for duty

Effective from 1 January 2027

3

SA

Determination of statutory periods for penalty and refund:

Current	Proposed
3 months	90 days*
2 months	60 days*

* Including working days and public holidays

Effective from 1 January 2027

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Administrative matters

Miscellaneous

4

SA

Introduction of new provision to distinguish **technical defects** from dispute relating to substantive matters

- Technical error in notice:
  - Assessment and notice remains valid
  - Recovery action may proceed
  - Error does not invalidate notice
- Effective from 1 January 2027

5

SA

Introduction of a **clearer and structured process for amendment and cancellation** of stamp duty return

- Amendment:
  - General details may be amended without a time limit
  - Changes to duty requires application within 30 days
- Cancellation:
  - States reason and provides supporting documents
  - The Collector assess and records audit trails
- Effective from 1 January 2027

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