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SPECIAL ALERT: STAMP DUTY TREATMENT FOR EMPLOYMENT CONTRACTS

by Jason Tan Jia Xin, Chris Toh Pei Roo, Jay Fong Jia Sheng & Yee Xin Yi

On 6 June 2025, the Inland Revenue Board of Malaysia issued a media statement clarifying the stamp duty treatment for employment contracts, following a policy decision by the Ministry of Finance.

Ministry of Finance's Decision

Pursuant to the media statement, the Ministry of Finance has made the following decision:

No.	Date of Execution	Status	Description
(a)	Before 1 January 2025	Exempted	Employment contracts signed before 2025 are exempt from stamp duty. No penalty will apply for late stamping.

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(b)	1 January to 31 December 2025	Stamp duty of RM10.00 applies. Late stamping penalty may be remitted.	Stamp duty of RM10.00 applies. The penalty is remitted if stamped on or before 31 December 2025, at the Collector's discretion pursuant to Section 47A(2) of the Stamp Act 1949.
(c)	On or after 1 January 2026	Stamp duty of RM10.00 applies, with penalties for late stamping.	Stamp duty of RM10.00 applies. No remission of penalty is available. Contracts must be stamped within the prescribed timeframe to avoid penalties.

Key Takeaway for Employers

Employers should review and update all existing and future employment contracts to ensure compliance with the Stamp Act 1949. While employment contracts generally attract a nominal stamp duty of RM10.00, failure to stamp within the prescribed timeframe may result in penalties, particularly for contracts executed from 2026 onwards.

The appropriate stamp duty treatment may vary depending on the content and nature of each employment contract. It may therefore be prudent to seek legal advice to determine the correct stamp duty implications and to mitigate any potential exposure.

The IRB's media statement can be read [here](#).

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