

## INCOME TAX

### LLP PROFIT DISTRIBUTIONS

Introduction of a 2% income tax on profit distributions from Limited Liability Partnerships (LLPs) received by individual partners (both resident and non-resident), effective from the year of assessment 2026.

## SUKUK

### REVIEW OF INCOME TAX EXEMPTION ON GREEN SUSTAINABLE AND RESPONSIBLE INVESTMENT (SRI) SUKUK AND BOND SCHEME

- The grant allocation for external review expenses has been increased from 90% to 100%, subject to a maximum grant amount of RM300,000.
- The scope of eligible financial instruments under the SRI Sukuk and Bond Grant Scheme has been expanded to include sukuk and bonds that conform to the ASEAN Taxonomy for Sustainable Finance.
- The income tax exemption period has been extended for three years and applies to applications received by the Securities Commission Malaysia (SC) from 1 January 2026 to 31 December 2028.

### FOREIGN-SOURCED INCOME

- Effective 1 January 2022, income tax is imposed on Malaysian residents in respect of foreign-sourced income (FSI), with tax exemptions applicable to:
  - Resident companies & LLPs (for dividends & capital gains);
  - Individuals (for non-partnership income); and unit trusts.
- The scope of the current FSI tax exemptions will be expanded to include cooperative societies and trust bodies, effective from 1 January 2027 to 31 December 2030.

### BURSA MALAYSIA LISTING

- Currently, an income tax deduction of up to RM1.5 million is available to technology-based companies and Micro, Small and Medium Enterprises (MSMEs) listed on Bursa Malaysia's Main, ACE, and LEAP Markets, in respect of fees paid to Bursa Malaysia and the Securities Commission (SC), professional fees, as well as underwriting, placement, and brokerage fees.
- The scope of this tax deduction will be expanded to include MSMEs in the energy and utility sectors, and will apply for a five-year period, covering the Years of Assessment 2026 to 2030.

### ARTIFICIAL INTELLIGENCE

- An income tax deduction of 50%, claimable once every two years, will be granted to Micro, Small and Medium Enterprises (MSMEs) for expenses incurred on AI training programmes recognised by the MyMahir National AI Council for Industry (NAICI).
- The incentive applies to applications received from 1 January 2026 to 31 December 2027.

### ACCELERATED CAPITAL ALLOWANCE

- An Accelerated Capital Allowance (ACA) is introduced for qualifying capital expenditures, which can be fully claimed within two (2) years, as follows:
  - Procurement of heavy machinery from local manufacturers;
  - Procurement of plant and general machinery acquired from local manufacturers;
  - Purchase of ICT equipment and computer software; and
  - Consultation, licensing, and incidental fees related to customised computer software development.
- The ACA provides for an initial allowance of 20% and an annual allowance of 40%.
- This incentive applies to qualifying capital expenditure incurred from 11 October 2025 to 31 December 2026.

## CARBON TAX

- Carbon tax to be introduced in 2026 for the iron, steel, and energy sectors.

## STAMP DUTY

### EMPLOYMENT CONTRACT

- Currently, employment contracts with monthly wages not exceeding RM300 are exempt from stamp duty.
- The wage threshold for this exemption will be increased from RM300 to RM3,000, applicable to employment contracts executed from 1 January 2026.

### PROPERTY OWNERSHIP

#### Stamp Duty on Property Ownership by Non-Citizens

- The fixed stamp duty rate on instruments of transfer for residential properties executed by non-citizen individuals and foreign companies (excluding Malaysian permanent residents) will be increased from 4% to 8% for instruments of transfer executed from 1 January 2026.

#### Stamp Duty Exemption for First Residential Home Purchase

- The 100% stamp duty exemption on instruments of transfer and loan agreements for the purchase of a first residential home priced up to RM500,000 will be extended for two (2) years.
- This applies to sale and purchase agreements executed from 1 January 2026 to 31 December 2027.

### EXTENSION OF STAMP DUTY EXEMPTIONS

#### Stamp Duty Exemption for Perlindungan Tenang Products

- A 3-year extension of the 100% stamp duty exemption is granted for insurance policies and takaful certificates issued under Perlindungan Tenang products.
- This exemption applies to Perlindungan Tenang insurance policies and takaful certificates issued from 1 January 2026 to 31 December 2028.

#### Stamp Duty Exemption on Insurance Policies or Takaful Certificates

- A 3-year extension of 100% stamp duty exemption is provided for insurance policies and takaful certificates with low annual premiums or contributions.
- This applies to policies and certificates issued from 1 January 2026 to 31 December 2028.

#### Stamp Duty Exemption on Contract Notes for Structured Warrants

- Currently, contract notes for the sale and purchase of structured warrants are subject to stamp duty at the rate of 0.1% under Item 31(b), First Schedule, Stamp Act 1949.
- Structured warrants are investment instruments issued by eligible financial institutions and listed on Bursa Malaysia.
- A 3-year stamp duty exemption will be granted for contract notes relating to buy-side structured warrant transactions, applicable to transactions executed from 1 January 2026 to 31 December 2028.

#### Stamp Duty Exemption on Contract Notes for ETFs listed on Bursa Malaysia

- The stamp duty exemption for contract notes relating to Exchange Traded Funds (ETFs) listed on Bursa Malaysia is extended for 3 years, for transactions from 1 January 2026 to 31 December 2028.

## SALES TAX

- The import duty & sales tax exemption on nicotine gum and nicotine patches is extended until 31 December 2027.
- The scope of exemption for Nicotine Replacement Therapy (NRT) products is expanded to include nicotine mist and nicotine lozenges, effective from 11 October 2025 to 31 December 2027.

## EXCISE DUTY

Effective 1 November 2025, phased excise duty increases will be implemented on tobacco and alcoholic products as follows:

- **Cigarettes:** Increase of 2 sen per stick (equivalent to RM0.40 per packet)
- **Cigars, Cheroots, and Cigarillos:** Increase of RM40 per kilogram
- **Heated Tobacco Products:** Increase of RM20 per kilogram, based on tobacco content
- **Alcoholic Beverage Products:** Increase of 10% excise duty rate

 **Have any Inquiries? Please email us at: [tax@lh-ag.com](mailto:tax@lh-ag.com)**