



Doing Business in Malaysia 2026



August 2026

Disclaimer

This guide includes information obtained or derived from a variety of publicly available sources. PwC has not sought to establish the reliability of these sources or verified such information. All such information is provided 'as is' and PwC does not give any representation or warranty of any kind (whether expressed or implied) about the suitability, reliability, timeliness, completeness, and accuracy of this publication.

This publication is for general guidance only and should not be construed as professional advice. Accordingly, it is not intended to form the basis of any decision and you are advised to seek specific professional advice on any transaction or matter that may be affected by this publication before making any decision or taking any action.

Contents

<u>Foreword</u>	04
<u>Chapter 1 - Investment environment</u>	05
<u>Chapter 2 - Business formation and the regulatory environment</u>	15
<u>Chapter 3 - Labour relations and social security</u>	23
<u>Chapter 4 - Audit and financial reporting requirements</u>	30
<u>Chapter 5 - Business Taxation</u>	40
<u>Chapter 6 - Personal Taxation</u>	56
<u>Chapter 7 - Taxes on Capital</u>	62
<u>Chapter 8 - Other Taxes</u>	66
<u>About PwC</u>	85
<u>Glossary</u>	91

Foreword

Malaysia, reinforcing its investment edge

Against a backdrop of global uncertainty, Malaysia continues to strengthen its position as a competitive and resilient investment destination.

Policy reforms are reinforcing Malaysia's competitiveness, with tax incentives linked to outcomes such as high-value job creation, innovation, and balanced regional development.

Sustainability will continue to be a key consideration for businesses. The announcement of carbon tax is expected to shift capital towards lower-emission technologies, in line with Malaysia's transition to a low-carbon economy.

Positive rankings in global indices send a strong signal on Malaysia's economic performance, ease of doing business, and infrastructure, bolstering the country's appeal as an investor-friendly economy.

Growth sentiments remain cautiously optimistic, with an **economic expansion** of 5.4% in Q1 2026, according to Bank Negara Malaysia, supported by resilient domestic demand, investment activity, and favourable labour market conditions.

Headline inflation increased to 1.6%, reflected in the increase in electricity charges and fuel prices, primarily RON97 and diesel. Targeted policy measures have been a welcome reprieve for vulnerable groups during this period.

Positive labour market conditions are expected to support household spending, along with the continued low unemployment rate.

Despite supply chain disruptions, strong trade momentum is expected in the coming months, following Malaysia's record trade performance for the first four months of 2026.

The increase in global spending on artificial intelligence (AI) is expected to present opportunities for strong trade in the electrical and electronics (E&E) sector.

The services sector continues to be the largest contributor to approved investments in the first quarter of 2026, reflecting the country's strong economic fundamentals.

Increased investor appetite is evident from Malaysia's overall investment performance and creation of new job opportunities from approved projects across sectors. The nation's skilled, multilingual workforce remains a key competitive advantage.

As global businesses continue to diversify their operations and supply chains, Malaysia is well positioned to capture emerging opportunities and sustain its role as a regional investment destination.

This guide has been prepared to assist those interested in entering or expanding in the Malaysian market. The coverage of the subjects is not exhaustive but is intended to deal with some of the more important and/or broad questions that may arise. The material contained in the guide is based on legislation as of June 2026, unless otherwise indicated.

1

Investment environment

Investment environment

About Malaysia

Located in Southeast Asia, Malaysia is a federal constitutional monarchy that shares its borders with Singapore, Thailand, Indonesia, and Brunei. It spans a total land area of about 330,000 km², comparable to that of Japan, Germany, Finland, and Norway.

The country has a diverse and multicultural population of approximately 34.4 million, comprising primarily Bumiputera (Malays and other indigenous peoples), followed by Chinese and Indian communities.

As a former British colony, English is widely spoken, especially in business settings. The national language is Malay, or Bahasa Malaysia. Consequently, Malaysia's political and legal frameworks are largely based on British systems.

Malaysia is regarded as one of the more developed among developing countries and is classified as an upper-middle-income country, with a GNI per capita of USD 14,053*. Other countries in this category include China, Brazil, Mexico, South Africa, and Türkiye.

Over the past five years, Malaysia has experienced an average GDP growth rate of 5.1% annually. It has also maintained a consistently low inflation rate, averaging 2.3% during the same period.

Sources: DOSM, BNM (Malaysia's Central Bank); MOF

* Converted from RM57,070 using BNM rate as at 31 Dec 2025 (4.0610)

Malaysia Country Snapshot



330,411 km²
total **land size**



Average **GDP growth**
5.1% per year
over the last 5 years



Population
34.4 million



GNI per capita*
USD14,053



Majority race is **Bumiputera**,
accounting for
70.6%
of the population



Average **inflation**
2.3% per year
over the last 5 years



Source: ASEAN Key Figures 2025

Investment environment

Conducive business environment

15th

most competitive country globally,
based on IMD World Competitiveness Ranking 2026

Upper-middle income economy,
as classified by The World Bank
GNI per capita of MYR57,070 (USD14,053)*

Sixth in Southeast Asia
on Numbeo's Cost of Living Index 2026

1st

among emerging Southeast Asian markets;
23rd globally as a **leading investment destination**
in The Milken Institute's Global Opportunity Index 2026

Open to foreign investments
A large presence of foreign companies (5,000+) from
more than 50 countries in Malaysia, with a cumulative
investment (FDI stock) of MYR1,113.8 billion, as at Q1
of 2026

Multiracial (multicultural) population,
and a young workforce to support your regional
operations. Its three main races comprise Bumiputera
(including Malays), Chinese, and Indians

English is widely used to conduct business

An established legal system—the Malaysian
Constitution sets out the legal framework of the
country. Malaysian law largely adopts the United
Kingdom's legal system

Source: DOSM, World Bank, IMD World Competitiveness Ranking 2026, Numbeo's Cost of Living Index 2026, The Milken Institute's Global Opportunity Index 2026, MIDA

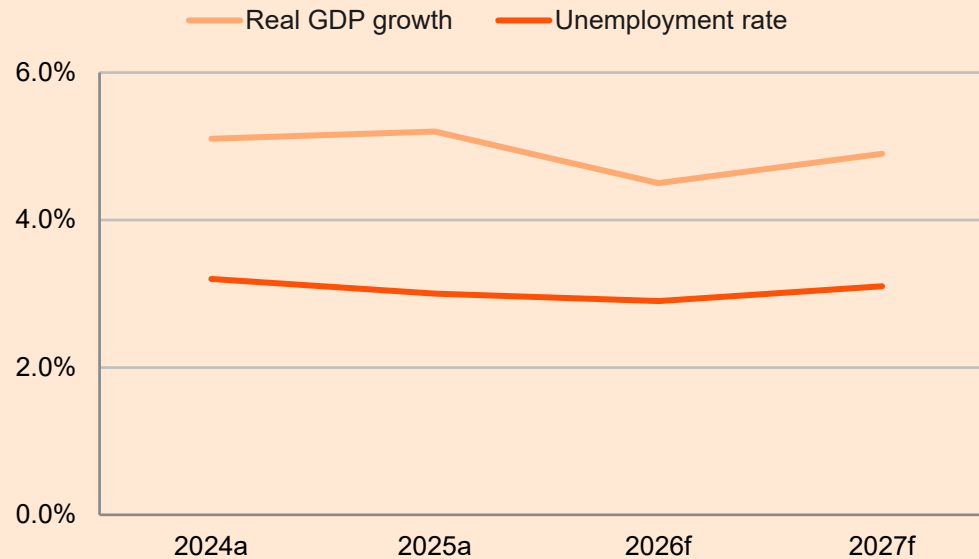
* Converted from RM57,070 using BNM rate as at 31 Dec 2025 (4.0610)

Investment environment

Sustainable economic environment

Growth is expected to remain robust despite global uncertainties and trade tensions, while unemployment is projected to stay stable at around 3%.

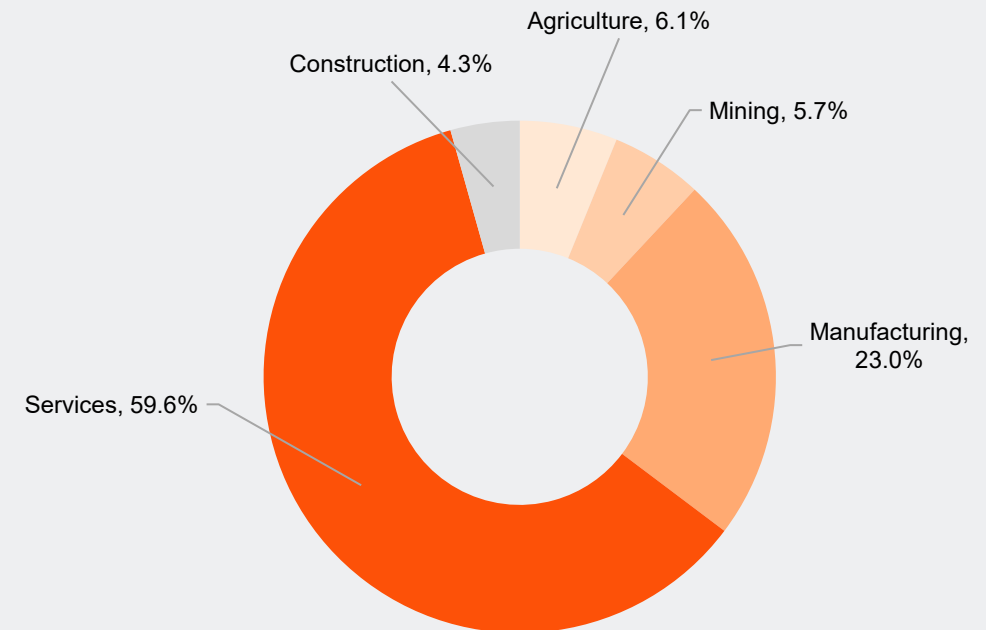
Real GDP growth and unemployment rate



(a) actual (f) forecast Source: EIU Viewswire, Jun 2026

The economy is led by the services and manufacturing sectors, similar to advanced economies.

GDP by sector



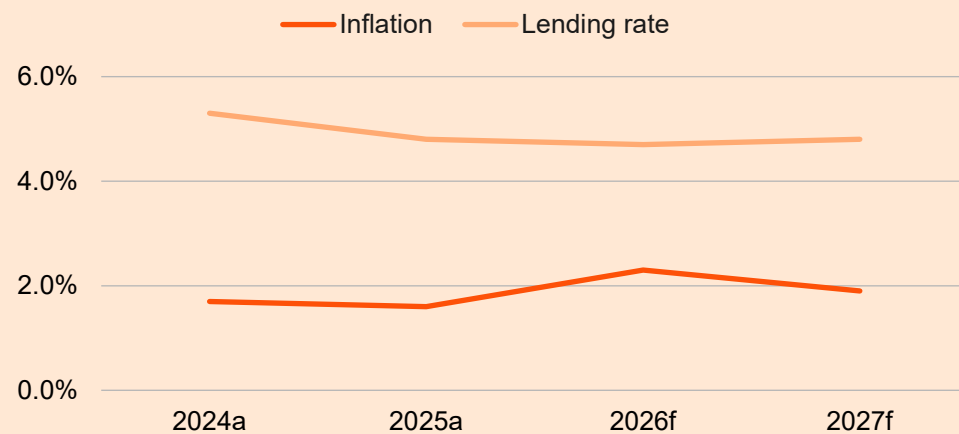
Source: BNM, Economic and Monetary Review 2025

Investment environment

Sustainable economic environment

Inflation is expected to remain stable, underpinned by prudent fiscal and monetary policies, alongside resilient domestic demand—despite a series of incremental subsidy reforms.

Inflation and lending rate

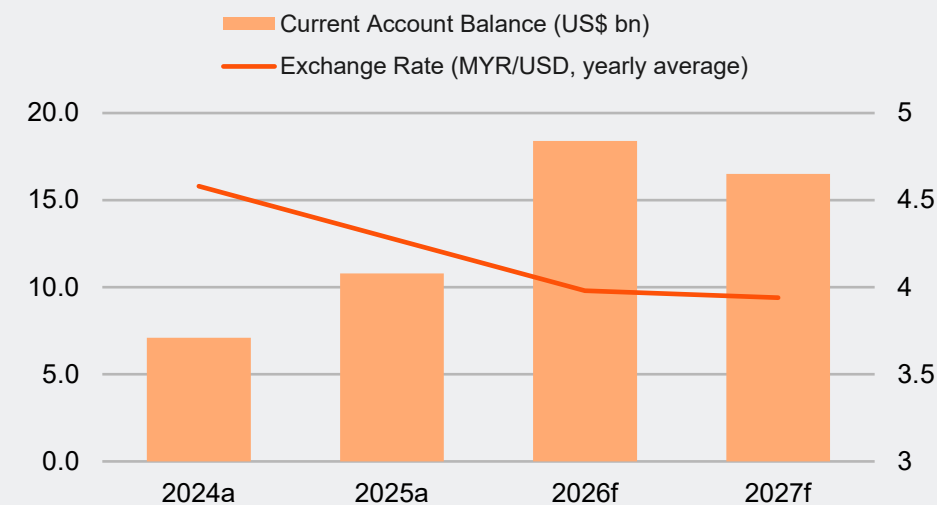


(a) actual (f) forecast

Source: EIU Viewswire, Jun 2026

High current account balance and trade surplus enhance the economy's capabilities to withstand external forex shocks.

Current account balance and exchange rate (MYR/USD)



(a) actual (f) forecast

Source: EIU Viewswire, Jun 2026

Investment environment

Digital economy driving Malaysia's development

Following the achievements of the 2025 digital economy targets, Malaysia has entered a new phase of digital growth under Malaysia Digital 2030 (MD2030).

The Ministry of Digital continues to spearhead this transformation, through the National Digital Department (JDN) and agencies like the MDEC, focusing on developing capabilities in emerging technologies such as big data analytics, artificial intelligence (AI), the Internet of Things (IoT), financial technology (FinTech), data centres, cloud services, and robotics.

To position Malaysia as a leading digital hub in ASEAN, the government has embarked on several key digital initiatives, such as:

- Establishing the National AI Office (NAIO) to drive progress through applied AI in various sectors, including healthcare, transportation, agriculture, public services, education, and MSMEs.
- Advancing AI, blockchain, Web3, 5G networks, and cybersecurity, including initiatives like IP360 Metaverse to develop digital content ecosystems.

- Development of data centres, including partnerships with global tech companies like Google, Amazon Web Services and Microsoft.
- Programmes to train students and professionals, ensuring a digitally skilled workforce.

Budget 2026 also introduced several digital initiatives:

- MYR5.9 billion allocated for research, development, commercialisation and innovation (R&D&C&I) across ministries to support high-value, knowledge-based economic growth, including on AI.
- MYR2 billion invested through the Malaysian Communications and Multimedia Commission (MCMC) to develop a secure and sovereign national AI infrastructure.
- MYR53 million provided under the Malaysia Digital Acceleration Grant to drive adoption of emerging technologies, including AI, blockchain, and quantum computing.
- MYR18.1 million dedicated to the National AI Office (NAIO) to support AI policy development and cross-sector collaboration.

Malaysia's digital position

Digital readiness²

97.1%

households have internet access as of 2025

99.5%

households have access to mobile phones as of 2025

Ranked 34th globally and second in Southeast Asia on IMD World Digital Competitiveness Ranking 2025

Strong digital economy market, with a target of 30% digital economy contribution to GDP by 2030³

¹ MDEC ² DOSM ³ Malaysia Digital 2030

Momentum builds for environmental, social, and governance (ESG) investment

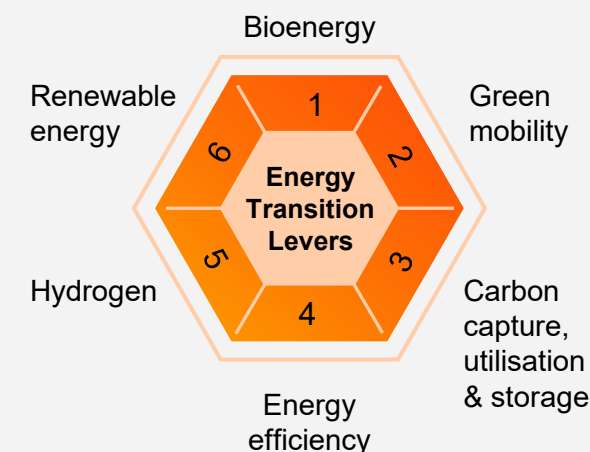
Investor focus on ESG is accelerating Malaysia's climate and sustainability agenda:

- Under the **13th Malaysia Plan**, Malaysia reaffirms its commitment to achieving **net-zero emissions by 2050**. The commitment is supported by various initiatives, including the **National Energy Transition Roadmap (NETR)**.
- The government has updated its targets to increase the share of **renewable energy in installed power capacity to 70% by 2050**.
- **Budget 2026** continues to prioritise the transition to a low-carbon economy, integrating sustainable finance and green incentives as core components of SME development.
- The **New Industrial Master Plan (NIMP) 2030** includes initiatives that drive green manufacturing practices, such as developing the EV ecosystem, carbon capture, utilisation and storage (CCUS), and a circular economy framework.

Regulators play a crucial role in advancing the ESG agenda in Corporate Malaysia. Efforts include:

- **Securities Commission Malaysia (SC)** has established a national-level advisory committee, with endorsement from the Ministry of Finance, to support the implementation of the International Financial Reporting Standards Sustainability Disclosure Standards in Malaysia.
- **Bank Negara Malaysia** and SC formed the Joint Committee on Climate Change (JC3) to facilitate collaboration within the Malaysian financial sector to promote a transition towards a low-carbon economy. JC3's milestones include driving the adoption of the Task Force on Climate-related Financial Disclosure (TCFD) reporting framework by financial institutions by 2024.
- **Bursa Malaysia** launched Malaysia's first voluntary carbon market exchange, "The Bursa Carbon Exchange", along with its Sustainability Reporting Guide and Toolkit (third edition).

Malaysia's energy transition levers



Source: National Energy Transition Roadmap

Investment environment

Diversified international trade

Malaysia is a highly open trading economy, with China, Singapore, and the United States among its largest partners by trade value.

In May 2026, total trade surged 29.8% year-on-year to RM327.63 billion, while exports rose by 45.3%, the strongest growth since August 2022.

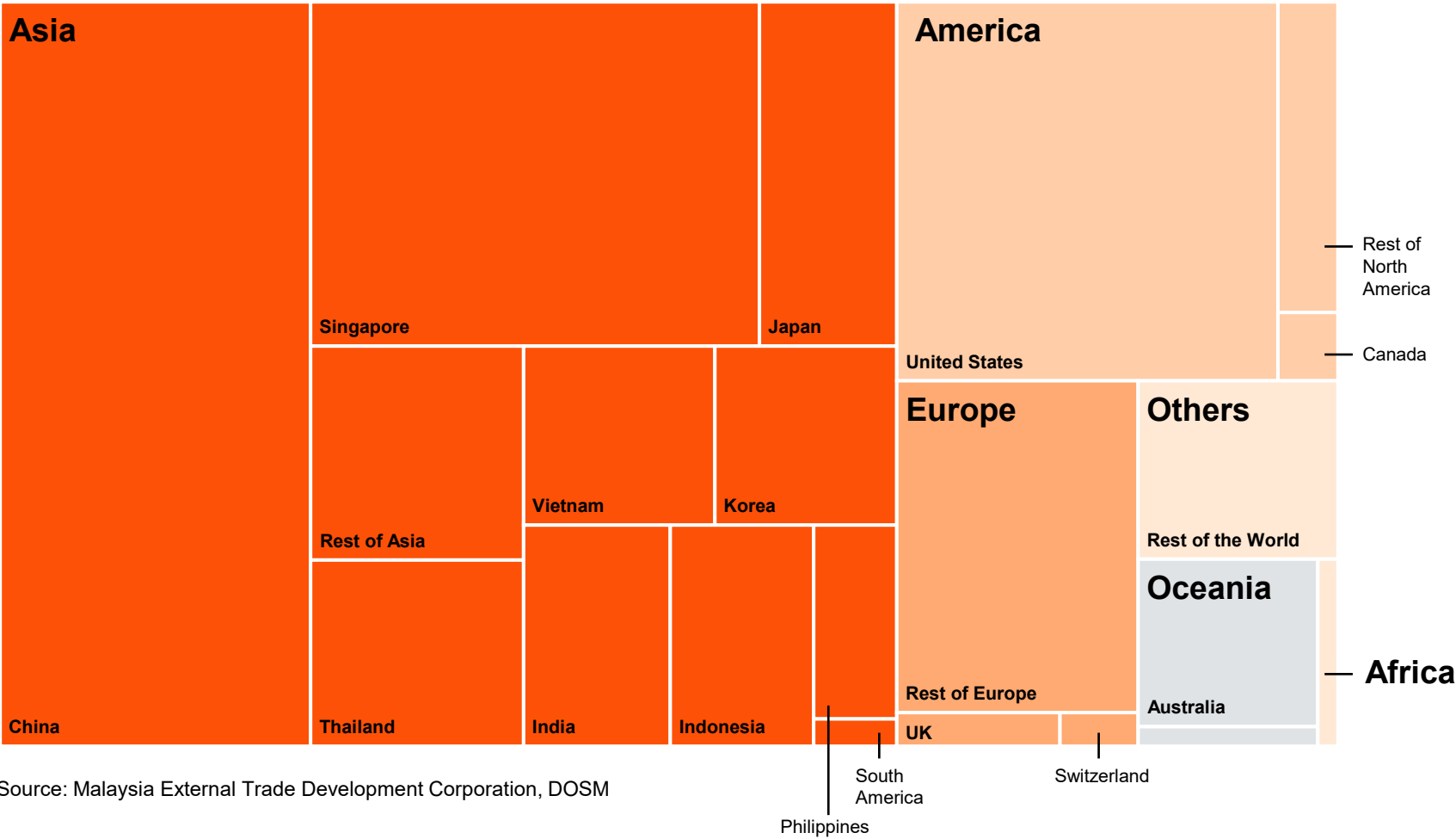
Malaysia's trade openness remains strong, with trade-to-GDP averaging above 130% since 2010, despite a COVID-19 dip (123% in 2019; 117% in 2020).

ASEAN	Australia	Chile
China	India	Japan
Korea	New Zealand	Pakistan
Turkey	RCEP	CPTPP
Iran*	EFTA*	EU*

* Under negotiation / pending ratification

Sources: DOSM, World Bank

Malaysia's trading partners - Exports by relative size 2025



Source: Malaysia External Trade Development Corporation, DOSM

Investment environment

Key investment-related agencies

The following agencies support foreign investors in company registration, investment facilitation, trade, and regional development.

Malaysian Investment Development Authority (MIDA)

MIDA assists and facilitates companies intending to invest in the manufacturing and services sectors.

Website: mida.gov.my

Companies Commission of Malaysia (CCM)

An agency for incorporating companies and registering businesses. It also provides the public with company and business information.

Website: ssm.com.my

Ministry of Investment Trade and Industry (MITI)

MITI holds overall responsibility for all aspects of international trade and industrial development.

Website: miti.gov.my

Iskandar Regional Development Authority (IRDA)

Government agency responsible for planning and coordinating development in Iskandar Malaysia, ensuring alignment between public and private sector initiatives.

Website: irda.com.my

Eastern Corridor Economic Region Development Council (ECERDC)

Lead agency driving growth in the East Coast Economic Region through strategic projects, investment facilitation, and sustainable development.

Website: ecerdc.com.my

Northern Corridor Implementation Authority (NCIA)

Statutory body spearheading development in the Northern Corridor Economic Region (NCER) via policy direction, investment promotion, and strategic initiatives.

Website: ncer.com.my

2

Business formation and the regulatory environment

Business formation and the regulatory environment

Controls on foreign exchange

Malaysia maintains a liberal foreign exchange policy (FEP), which is part of a broad prudential toolkit to maintain monetary and financial stability. The FEP Notices are issued by the Central Bank of Malaysia, i.e. Bank Negara Malaysia (BNM) under the Financial Services Act 2013 and the Islamic Financial Services Act 2013. Key policies that have been put into place include:

Remittances abroad by residents

Residents are permitted:

- To pay in Ringgit to non-residents for settlement of goods and services. Payment must be made into the non-resident's external account or the non-resident financial institution acting on the non-resident's behalf.
- To pay in foreign currency to non-residents for any purpose (other than derivatives), including settlement of goods and services.

Investments abroad by residents

Investment in foreign currency assets is subject to the following:

- Resident entities without domestic Ringgit borrowing are free to invest onshore and abroad.
- Resident entities with domestic Ringgit borrowing are permitted to invest using foreign currency funds sourced from conversion of Ringgit or using funds in Trade Foreign Currency Account, up to MYR50 million per annum (based on aggregate investments of entities within a group of entities with parent-subsidiary relationship).

Eligible resident corporates may apply for the Qualified Resident Investor (QRI) Programme, which runs until 30 June 2028, to undertake future direct investments abroad without prior approval after one-off registration with BNM.

Borrowings in foreign currency by residents

Resident entities are generally allowed to borrow in foreign currency as follows:

- Any amount from licensed onshore banks, entities within a group other than a bank (excluding a non-resident company set up solely to obtain foreign currency borrowings from non-resident financial institutions), direct shareholders and issuance of foreign currency debt securities to other residents, or
- Up to a maximum of MYR100 million equivalent in aggregate from other non-residents. The aggregate of MYR100 million is shared with other resident entities within the resident's group of entities with parent-subsidiary relationship.

Borrowings in Ringgit By non-residents

Non-residents other than a financial institution are generally free to borrow ringgit in any amount from any resident, including a licensed onshore bank, to finance or refinance real sector activities in Malaysia.

Real sector activities include:

- the production or consumption of goods or services in Malaysia, excluding financial services, and
- the construction or purchase of residential or commercial property, excluding the purchase of land only.

Non-residents may also obtain ringgit trade financing from a licensed onshore bank for settlement of trade in goods or services with a resident up to any amount.

Types of accounts

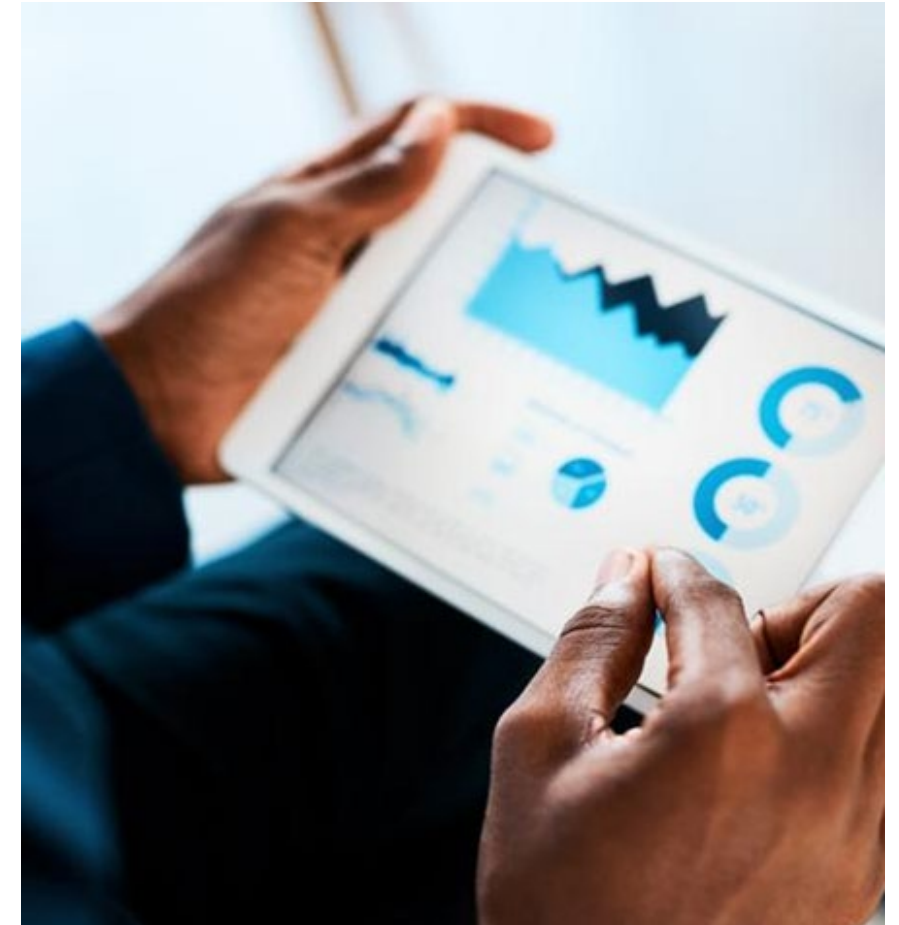
1 Foreign currency accounts (FCA)

Residents are generally allowed to open FCAs with licensed onshore banks or non-resident financial institutions. Resident exporters can retain any amount of export proceeds in foreign currency in its Trade FCA maintained with a licensed onshore bank or convert to Ringgit according to its foreign currency and Ringgit cash flow needs.

Export proceeds must generally be repatriated to Malaysia within six months from the date of shipment, subject to permitted extensions of up to 24 months in specified circumstances. Once repatriated and credited into the Trade FCA, there is no time limit on retention.

2 External accounts

Non-residents are allowed to maintain an external account (i.e. account in Ringgit) with any financial institution in Malaysia. There is no restriction on the amount of Ringgit funds to be retained in the external accounts.



Business formation and the regulatory environment

Business formation: types of business entities

The following are the forms of business organisations available in Malaysia.

Company

Malaysian companies are governed by the Companies Act 2016 and may be:

1. limited by shares;
2. limited by guarantee; or
3. unlimited.

Most are companies limited by shares. Members' liability is generally limited to unpaid amounts on their shares. Companies may be private or public.

A private company is one that is prohibited by its Constitution (formerly referred to as the memorandum and articles of association) from issuing any invitation to the public to subscribe for shares or debentures of the company or to deposit money with the company.

The shareholders / members of a private company shall not exceed 50 and are also restricted in their right to transfer their shares in the company, as provided in CA 2016. A public company is used when the intention is to invite the public to subscribe for shares or debentures in the company or to deposit money with the company.

Limited Liability Partnership

An LLP is governed by the Limited Liability Partnerships Act 2012. It is a separate legal entity with perpetual succession, limited partner liability and capacity to own property and conduct business.

Two or more individuals or bodies corporate may form an LLP for any lawful business in accordance with the terms of the LLP Agreement. An LLP may also be formed for the purpose of carrying out professional services, with the partners being natural persons of the same professional practice and having in force professional indemnity insurance approved by the Registrar.

An LLP has perpetual succession, and any change in partners will not affect the existence, rights, or liabilities of the LLP.

Partnership or sole proprietorship

All sole proprietorships and partnerships (excluding LLPs) are unincorporated and must be registered with the Registrar of Businesses under the auspices of the CCM.

These are unincorporated businesses registered with SSM. Owners or partners have unlimited liability; partners are jointly and severally liable for partnership debts.

Business formation and the regulatory environment

The Federal Government of Malaysia

Malaysia is a federal constitutional monarchy based on the Westminster system, with legislative, executive and judicial branches.

Legislative

- Creates laws by passing bills through the Parliament.
- The Parliament consists of two houses, the House of Representatives (*Dewan Rakyat*) and the Senate (*Dewan Negara*).
- In most cases, bills are passed by both houses and assented to by the Supreme Head or King (Yang di-Pertuan Agong) to become law.

Executive

- Although the Monarch is the Head of State, the executive power is vested in the cabinet of ministers and is led by the Prime Minister.
- The cabinet formulates economic policies, sets the national budget, and proposes and amends laws.
- There are 28 ministries in total. Among the key ministries that are relevant to foreign investors are the Ministry of Finance, and Ministry of Investment, Trade and Industry.

Judiciary

- The Judiciary is empowered to interpret laws that are created by the Parliament by hearing criminal and civil cases in court.
- Headed by the Chief Justice of Malaysia.
- Court system is based on British common law principles.
- More information on the court system is on the next page.

The state governments

Malaysia is a federation comprising 13 states of which the federal territories are Kuala Lumpur, Putrajaya, and Labuan. Nine of these states are headed by hereditary rulers, the Sultans, who serve as constitutional heads of state. The remaining four states are headed by the Yang Di-Pertua Negeri (governors) who are appointed for fixed terms of office to serve as constitutional heads of state.

Each state has its own written constitution and an elected legislative assembly. Each state government is led by a Menteri Besar (Chief Minister) or Premier (only for Sarawak) who is appointed from among the members of the legislative assembly.

The division of powers between the various state governments and the Federal Government is defined by the Federal Constitution, which provides for a measure of autonomy for the 13 constituent states.

Business formation and the regulatory environment

Court system

Substantially based on the British legal system and principles of common law.

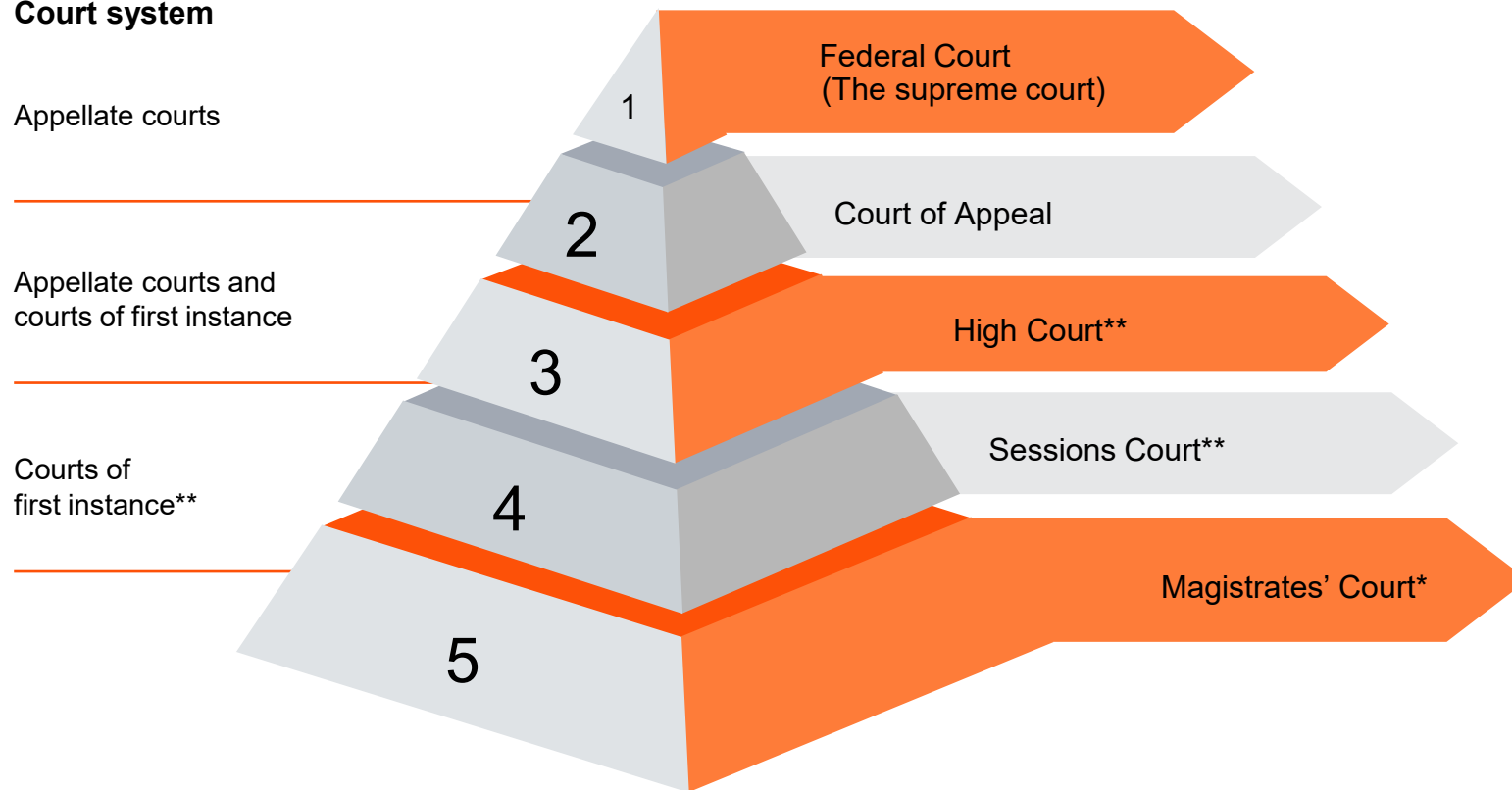
Specialised statutory tribunals

Besides the ordinary courts of law there are also specialised statutory tribunals - e.g. Industrial Court, Labour Court, Tribunal for Consumer Claims. These quasi-judicial bodies serve to provide an alternative, inexpensive and expedited means to settle disputes between parties within their specialised jurisdictions.

Syariah Courts

There is a parallel system of state Syariah Courts which has limited jurisdiction over matters of state Islamic law. The Syariah Courts have jurisdiction over Islamic law matters involving Muslims only.

Court system



* Generally, for cases with value of up to MYR100,000

** Generally, for cases with value between MYR100,001-MYR1 million

*** Unlimited civil jurisdiction, often for cases with claims above MYR1 million

Business formation and the regulatory environment

Regulatory environment for companies

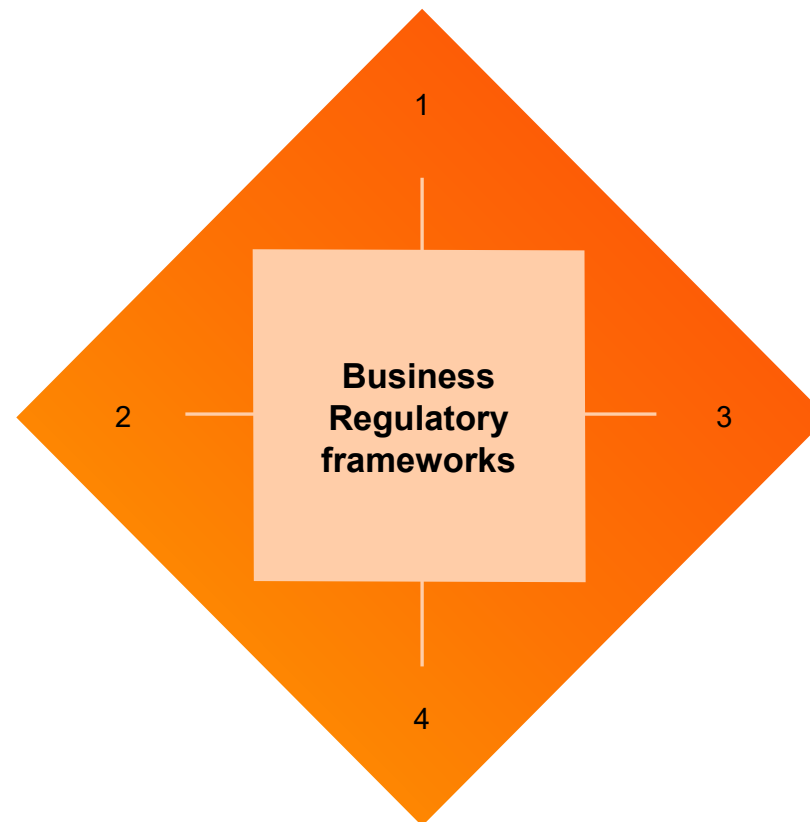
Malaysia's doing business environment is governed by a number of regulations to maintain an efficient and competitive private sector, as well as to protect public interests and various stakeholders.

1. Free and fair competition

The Malaysian Competition Commission investigates complaints on anti-competitive conduct, carries out market reviews and imposes penalties on offenders.

2. Conduct in take-overs and mergers

The Malaysian Code on Take-Overs and Mergers 2016¹ (issued by the SC and recently revised in 2021) aims to ensure that all shareholders are treated equally in a take-over and the acquisition of voting shares (or control of companies) takes place in an efficient, competitive and informed market.



3. Price control and anti-profiteering

The government can penalise businesses that make “unreasonably high profits” on any goods sold or services supplied.

4. Limits on foreign equity ownership

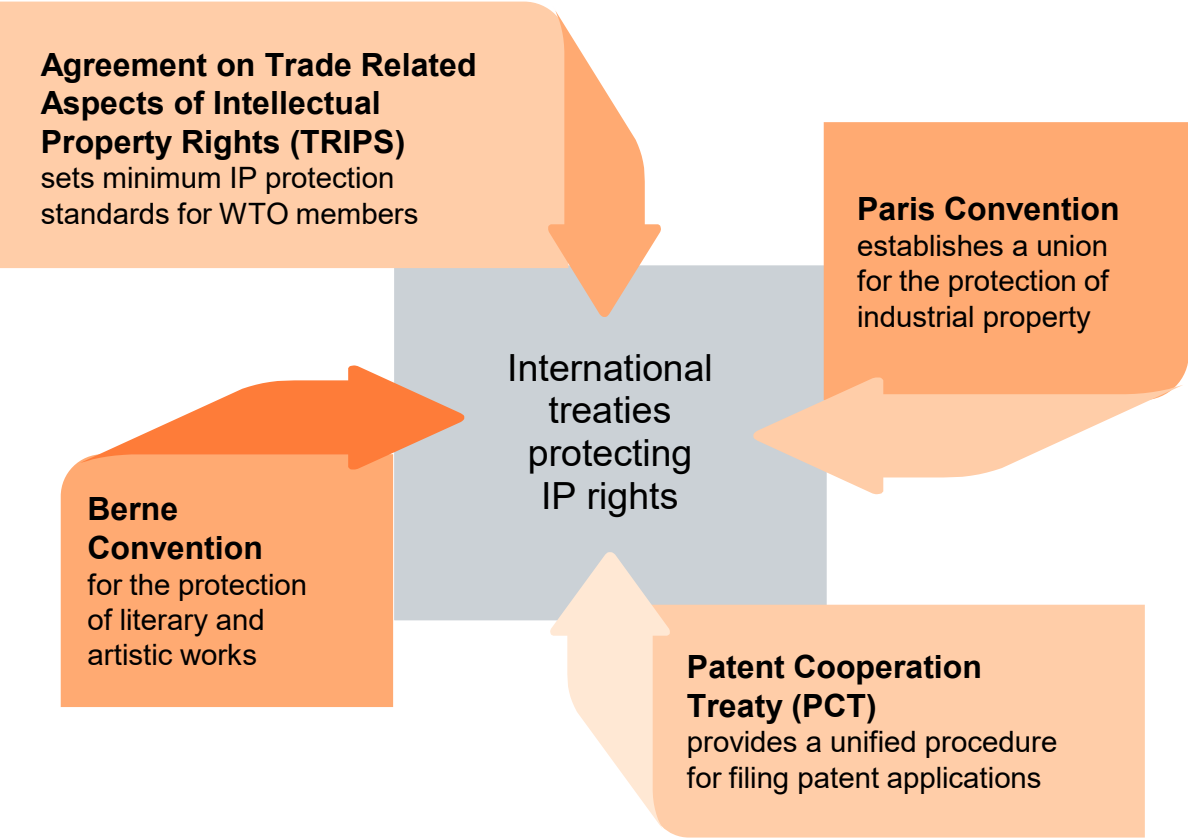
Regulations on specific ownership requirements apply depending on sector. Although the government has generally been relaxing these requirements, there are a number of key areas where foreign ownership limits remain, such as in telecommunications, oil and gas and financial services.

¹ The Code can be viewed in its entirety on the SC's website: www.sc.com.my/regulation/guidelines/take-overs-code

Business formation and the regulatory environment

Intellectual property (IP) rights

Malaysia conforms to international standards and provides protection to local and foreign investors - by being party to several international treaties, and through local legislation.



Malaysian Legislation	Protection for
Patents Act 1983 Patents (Amendment) Act 2022 Patents Regulations 1986	Patents
Trade Marks Act 2019 Trade Marks Regulations 1997 Trade Descriptions Act 2011	Trade Marks
Industrial Designs Act 1996 Industrial Designs Regulations 1999 Industrial Designs (Amendment) Act 2013	Industrial designs
Copyright Act 1987 Copyright (Amendment) Act 2022 Various regulations	Copyrights
Geographical Indications Act 2022 Geographical Indications Regulations 2001	(Upon registration) protection of goods following the name of the place where the goods are produced, where a given quality, reputation or other characteristic of the goods is essentially attributable to their geographical origin.
Layout-Designs of Integrated Circuits Act 2000	Layout designs of integrated circuits

Registration of IP rights can be done through the **Intellectual Property Corporation of Malaysia (MyIPO)** Website: myipo.gov.my

3

Labour relations and social security

Employment Act 1955 and Employment Act (Amendment) 2022

The provisions of the Employment Act 1955, along with the Employment Act (Amendment) 2022, apply to all individuals who have entered a contract of service; however, employees earning over MYR4,000 per month are not covered by certain excluded sections unless they qualify as Covered Employees, which relate to working on rest days, overtime payments, statutory entitlements to shift allowances, working on public holidays, and statutory entitlements related to termination and lay-off benefits.

The Sabah and Sarawak Labour Ordinances (Amendment) 2025 continue to regulate specific categories of employees who work under a contract of service with their employers in these regions, including foreign workers in designated occupations.

For individuals who are not covered by the Employment Act or the Ordinances, common law principles relating to employment will apply.

The Industrial Relations Act 1967 and Industrial Relations (Amendment) Act 2020

The Industrial Relations Act 1967 and the Industrial Relations Regulations 1980 form the legal framework within which the industrial relations system in Malaysia operates. These Acts aim to provide safeguards for the legitimate rights, prerogatives, and interests of employees, employers, and their trade unions, and to ensure that trade disputes are settled speedily and justly, so as not to prejudice public and national interests.

The Department of Industrial Relations Malaysia plays a vital role in ensuring harmony in the labour market by preventing industrial action through active interventions, consultations, and negotiations. In the case of disputes, the law allows for voluntary negotiations between trade unions and employers, with unresolved issues being reported to the Ministry of Human Resources for conciliation and potential referral to the Industrial Court. The Court's awards are final and legally binding, and strikes or lockouts are prohibited once a dispute has been referred to the Court.

The Industrial Relations (Amendment) Act 2020 introduced important changes aimed at strengthening employee rights and improving dispute resolution mechanisms.

Key enhancements include better collective bargaining processes and extended protections for gig economy workers.

The Employment (Part-Time Employees) Regulations 2010 (EPTER)

The EPTER provides protection for part-time employees who were previously not protected under any labour law. Some of the protections and benefits provided under the EPTER include payments for hours worked beyond normal hours, paid holidays, paid annual leave, sick leave and weekly rest days for part-time employees who fall within the regulations. This regulation will require employers to make contributions to the national EPF and SOCSO for most part-time employees who are eligible for such contributions.

Others

The following legislative enactments and codes are relevant in providing for the health, safety and general well-being of employees:

- Factories and Machinery Act 1967 - law relating to the safety of employees in the use of machinery.
- Occupational Safety and Health (Amendment) Act 2022 - imposes general duties upon employers, self-employed persons and employees to secure workplace health and safety.
- Code of Practice on the Prevention and Eradication of Sexual Harassment in the Workplace - provides guidelines for employers on the establishment of an in-house mechanism at the enterprise level to prevent and eradicate sexual harassment in the workplace.

Minimum Wage Order

The Minimum Wages Order 2024 revised the national minimum wage in Malaysia to RM1,700 per month, with effect from 1 February 2025 for employers with five or more employees and employers carrying out professional activities as classified under the Malaysian Standard Classification of Occupations (MASCO), regardless of the number of employees engaged.

A transitional period was provided for other employers until 31 July 2025. Effective 1 August 2025, the minimum wage rate of RM1,700 per month applies to all employees throughout Malaysia, subject to the exclusions prescribed under the Order.

Unions

Omnibus or general workers' unions are not permitted, but unions belonging to the same industry may apply to form a federation of trade unions or become affiliated with the Malaysian Trade Unions Congress or the Malaysian Labour Organisation.

All trade unions are required by law to be registered with the Registrar of Trade Unions and must comply with the requirements of the Trade Unions Act 1959. This Act sets out rules for the conduct of union business, such as the election of officers, strike ballots and the use of union funds.

Working conditions, wages / salaries and statutory contributions

MIDA publishes on its website at www.mida.gov.my a guide on the Cost of Doing Business in Malaysia which provides information on regulatory requirements relating to the following:

6. Statutory contributions in respect of employees to the following funds:

1. Paid leave
(annual leave, maternity leave, sick leave).

2. Paid holiday

3. Normal working hours
(not more than eight hours per day or 45 hours per week).

4. Payment for overtime work
(normal working days, rest days, public holidays).

5. Salaries (maximum and minimum)
for executives and non-executives
in the manufacturing sector.

Employees' Provident Fund

The Employees Provident Fund Act 1991 requires employers and employees to make monthly contributions to the EPF to secure lump sum payments to employees at the age of 60 or earlier in the case of incapacity or upon permanent departure from Malaysia.

Employers are required to make EPF contributions for their employees. Mandatory EPF contributions apply to Malaysian citizens and permanent residents. With effect from wages earned from October 2025 onwards, mandatory EPF contributions have also been extended to non-Malaysian employees holding a valid work pass in Malaysia, excluding domestic workers.

The standard contribution rates for employees who are Malaysian citizens or permanent residents require employers to contribute either 12% or 13%, depending on the income threshold, while employees contribute 11%. For non-Malaysian employees, the EPF contribution rate is 2% for the employer and 2% for the employee.

Social Security Organisation

SOCSCO is an insurance scheme that covers the Employment Injury and Invalidity Pension Scheme. All Malaysian citizens and permanent residents of Malaysia are covered by the Employment Injury Insurance Scheme (EIIS) and Invalidity Pension Schemes (IPS), which are administered by SOCSCO.

Effective 1 June 2026, SOCSCO also administers Lindung24, a 24-hour injury insurance scheme covering accidents that occur outside the course of employment. Contributions are borne by the employee only, and the scheme is mandatory for foreign workers but voluntary for Malaysian citizens.

All employers who hire foreign workers, including expatriates and foreign domestic workers, are required to register and contribute to EIIS and IPS (effective 1 July 2024) under SOCSCO. A monthly contribution must be made for each eligible employee.

Employment Insurance System (EIS)

EIS is a social security network aimed at providing financial assistance and helping workers who have lost their jobs seek new employment. EIS is administered by SOCSCO. It is mandatory for all private sector employers to make monthly contributions for each of their eligible employees.

Labour relations and social security

Human Resources Development Corporation (HRDC)

HRDC provides financial assistance for training by contributing employers under certain designated training schemes.

HRDC provides financial assistance for training by contributing employers under certain designated training schemes. Employers that fall under the industries listed by HRDC are required to register with the HRDC and contribute in respect of employees who are Malaysian citizens.

The coverage includes Malaysian employers across all industries (excluding the Federal and State Government, statutory bodies and Non-Governmental Organisations with social and welfare activities) with a minimum of ten local employees. The HRDC contribution rate is 1% of the employee's monthly wages.

Additionally, employers across all sectors (excluding those mentioned above) with five to nine local employees will be given the option to contribute to HRDC at 0.5% of the local employee's monthly wages.

The HRDC contribution rate is
1% of the local employee's
monthly wages.



Approval for expatriate posts and / or support letter

The application for expatriate employment pass is made through the **Xpats Gateway system**, a centralised Single Window Platform (SWP) for companies under the purview of respective approving agencies / regulatory bodies.

This system is accessible via the Expatriate Services Division online system at <https://esd.imi.gov.my/>. The estimated processing time is within ten working days upon submission of complete documents.

To date, a total of 28 approving agencies / regulatory bodies have been onboarded onto SWP, and among them are:

- MIDA – for manufacturing sector, selected services sector, Representative / Regional Office in Peninsular Malaysia.
- BNM – posts in banking, finance, and insurance sectors.
- SC – employment in securities and share market.
- Construction Industry Development Board (CIDB) – for expatriates in construction industry.
- Ministry of Education – for education sector.
- Ministry of Tourism, Arts & Culture – for tourism sector.

Employers not under the purview of the agencies / bodies can proceed to apply directly to the expatriate committee or Immigration Department Malaysia. Do note that different rules apply for employment of foreign personnel in East Malaysia.

The following minimum paid-up share capital requirements must be fulfilled before an application for an expatriate position can be processed by the expatriate committee:

MYR 250,000 100% Malaysian owned company	MYR 350,000 Malaysian and foreign owned company
MYR 500,000 100% foreign owned company	MYR 1,000,000 Company undertaking distributive trade and involved in the sub-sectors of unregulated services

Labour market testing for employment of foreign nationals

To ensure that the employment opportunities for Malaysians are protected, there is a job advertisement requirement for the hiring of expatriates under an employment pass.

However, the following categories are automatically exempted from the job advertisement requirement:

1. Important positions (C-Suite & Key Post).
2. Positions with basic salary of MYR15,000 and above
3. Representative Office/ Regional Office.
4. Investors / Shareholders / Owners of the business.
5. Corporate transfers / Placements / Trade Agreements.
6. International Organisation subjected to International Organisation Act (Privileges and Immunities) [Act 485].
7. Sports sector i.e. recruitment of athletes / professionals to join any sport organisation or club in Malaysia.
8. Renewal of employment pass (provided no changes in position name, academic qualifications, salary and job scope).

Companies are required to advertise the position on the MyFutureJobs portal for at least 7 days, conduct the screening and interviews, and thereafter to submit the Hiring Outcome Report to obtain the letter from SOCSO.

Prior approval from Department of Labour of Peninsular Malaysia (JTKSM)

An employer seeking to employ foreign personnel (non-citizens and non-permanent residents of Malaysia) is required under the Employment Act to obtain prior approval from JTKSM before employing the foreign personnel.

Companies applying for Employment Pass for their foreign expatriates would have to submit an application via the Xpats Gateway <https://xpatsgateway.com.my> to obtain the approval from JTKSM.

The validity period of the JTKSM approval is 12 months from the issuance date of the approval through the ePPAx system. This email notification serves as one of the documents required by the approving agencies / regulatory bodies. Please note that the application process to obtain approval from JTKSM for expatriates, other than those under the Employment Pass, would differ. Please refer to the JTKSM website for details <https://jtksm.mohr.gov.my/>

Revised EP salary policy

Effective 1 June 2026, Malaysia implemented a revised EP salary policy applicable to all new and renewal EP applications submitted on or after that date. All new and renewal Employment Pass applications submitted on or after 1 June 2026 shall comply with the revised requirements. Employers intending to hire expatriates should ensure that the proposed basic monthly salary satisfies the relevant EP category requirements:

EP Category	Current Minimum Salary	Revised Minimum Salary (Effective 1 June 2026)	EP Duration
Category I	RM10,000 and above	RM20,000 and above	Up to 10 years
Category II	RM5,000 - RM9,999	RM10,000 - RM19,999	Up to 10 years (with succession plan)
Category III	RM3,000 - RM4,999	RM5,000 - RM9,999	Up to 5 years (with succession plan)

4

Audit and financial reporting requirements

Audit and financial reporting requirements

Statutory requirements for Malaysian-incorporated companies

Accounting and other records

Every company incorporated under the CA 2016 is required to keep accounting and other records so as to sufficiently explain the transactions and financial position of the company and to enable preparation of financial statements that show a true and fair view of the company to be conveniently and properly audited. All transactions must be recorded within 60 days of completion. These accounting and other records are the responsibility of the company's directors and must be kept at the company's registered office (which must be in Malaysia) or such other place as the directors think fit. The accounting and other records are to be retained for seven years after the completion of the transactions or operations to which they relate, and must be made available for inspection by the directors at all times.

Statutory registers

CA 2016 requires Malaysian incorporated companies to maintain various statutory registers (e.g. registers of members, registers of directors, managers and secretaries, register of debenture holders, register of directors' shareholding, register of charges and register of beneficial owners). All statutory registers should be kept at the registered office of the company or any other place in Malaysia as notified to the Registrar of the CCM ("Registrar").

System of internal control

The directors of a public company or a subsidiary of a public company shall have in place a system of internal control that will provide reasonable assurance that the assets of the company are safeguarded against loss from unauthorised use or disposition, to give a proper account of assets and that all transactions are properly authorised and are recorded as necessary to enable the preparation of true and fair view of the financial statements of the company.

Business registration and statutory lodgement

CCM introduced the Corporate Registry System (CRS), a new online platform for company incorporation, company information updates and the lodgement of statutory company documents under the CA 2016 and other relevant laws. The CRS will go live on 14 July 2026, replacing certain legacy systems and various statutory company document lodgement services that were previously conducted over the counter.

Financial statements

The directors must present a set of financial statements in accordance with the approved accounting standards issued or adopted by the Malaysian Accounting Standards Board (MASB) and the requirements of the CA 2016.

The financial statements or, where applicable, consolidated financial statements shall give a true and fair view of the financial position as at the end of the financial year, and of the financial performance and cash flows for the financial year of the company or the group.

Statutory requirements for Malaysian-incorporated companies (cont'd)

Statement by directors and statutory declaration

The financial statements or, where applicable, the consolidated financial statements shall be accompanied by:

- 1 A statement signed by at least two directors and in the case of a sole director, by that director in accordance with the resolution of the board of director(s) stating whether in their or his opinion the financial statements or, where applicable, the consolidated financial statements is or are drawn up in accordance with the applicable accounting standards, to give a true and fair view of the financial position and financial performance of the company and of the group.
- 2 A statutory declaration by a director or, where the director is not primarily responsible for the financial management of the company, by the person responsible in setting forth his opinion, as to the correctness of the financial statements and attested by the Commissioner for Oaths.

Directors' report

A directors' report must be attached to every set of financial statements. The matters required to be covered in the directors' report are set out in section 253 and Fifth Schedule of the CA 2016.

Duty of circulation and lodgement of financial statements and directors' reports

The directors of every company must prepare financial statements within 18 months from the date of incorporation and subsequently within six months of the company's financial year end.

A private company must circulate its financial statements and directors' report to its shareholders, auditors, debenture holders, and every person who is entitled to receive notice of general meetings within six months of the company's financial year end and lodge them with **the Registrar** within 30 days from the date of the circulation. A public company must circulate its financial statements and directors' report to its members at least 21 days before its annual general meeting and lodge them with the Registrar within 30 days from its annual general meeting. **Effective 1 June 2025**, the lodgement **must** be filed electronically via Malaysian Business Reporting System **2.0 ("MBRS 2.0")**, an online submission platform.

All amounts shown in the financial statements and directors' reports shall be presented in Malaysian currency and if such financial statements and reports are in a language other than the national language or English language, there must be a translation in the national language or English language (certified to be a correct translation in the manner to be determined by the Registrar) annexed to such financial statements and reports.

Auditor's report

The financial statements should be duly audited by an approved auditor except for those private companies qualified and elected for audit exemption.

The auditor's report shall state whether the financial statements have been properly drawn up in accordance with the applicable approved accounting standards and the CA 2016 so as to give a true and fair view of the financial position, financial performance and cash flows of the group and of the company.

Audit and financial reporting requirements

Additional disclosure requirements for public companies listed on Bursa Malaysia (PLCs)

Disclosure obligation of PLCs according to listing requirements of Bursa Malaysia

PLCs are required to make relevant disclosures (including sustainability reporting) in their annual reports in accordance with the Listing Requirements of Bursa Malaysia. The timeline for filing annual reports with the stock exchange is within four months from the close of financial year.

PLCs are also required to announce the interim financial report on a quarterly basis to their shareholders within two months after the end of each quarter.

PLCs must ensure material information is disseminated on a timely basis in the manner as set out in the Listing Requirements of Bursa Malaysia.

Corporate governance disclosure by PLCs

PLCs are required to disclose their compliance with the Malaysian Code on Corporate Governance (MCCG) in their annual reports. The MCCG, which is published by the SC, sets out three key principles of good corporate governance, namely, board leadership and effectiveness; effective audit and risk management; and integrity in corporate reporting and meaningful relationships with stakeholders.

The MCCG adopts the “apply or explain an alternative” approach in which a PLC is required to provide an explanation of how the PLC has applied the best practices. When there are departures from best practices, a PLC is required to disclose the alternative practice it has adopted to meet the intended outcome of the best practices.

In addition, for larger PLCs, they are required to disclose the intended action plan and the related timeframe for the adoption of the best practices.



Audit and financial reporting requirements

Sustainability reporting requirements for Malaysian Companies

Implementation of National Sustainability Reporting Framework (NSRF)

On 24 September 2024, the Advisory Committee on Sustainability Reporting (ACSR) released the NSRF addressing the use of the IFRS® Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB) as the baseline for sustainability reporting by listed issuers and non-listed companies with annual revenue above MYR2 billion.

Following the launch of the NSRF, Bursa Malaysia had on 23 December 2024 amended the Main Market Listing Requirements and ACE Market Listing Requirements to require a sustainability statement prepared in accordance with IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (collectively, the “IFRS Sustainability Disclosure Standards”) to be included in the annual report.

Main Market and ACE Markets listed issuers must access the Centralised Sustainability Intelligence platform to generate the prescribed format that entails a summary of data for the metrics and targets, which must then be disclosed in their respective sustainability statement, without any tampering.

The sustainability reporting requirements as set out in the NSRF include additional transition reliefs (in addition to transition reliefs available in the IFRS Sustainability Disclosure Standards) and will be implemented in stages based on the size of the applicable entities, as set out below:

Applicable entities	Effective Date(s)
Group 1: Main Market listed Issuers with market capitalisation of MYR2 billion and above	Applicable for Sustainability Statement in annual report issued for FYE on or after 31 December 2025
Group 2: Main Market listed Issuers (other than those in Group 1)	Applicable for Sustainability Statement in annual report issued for FYE on or after 31 December 2026
Group 3: ACE Market listed Issuers and non-listed companies with annual revenue of MYR2 billion or above	Applicable for Sustainability Statement in annual report issued for FYE on or after 31 December 2027

Statutory requirements for foreign companies carrying on business within Malaysia

Accounting and other records

A foreign company desiring to establish a place of business or to carry on business within Malaysia is required by the CA 2016 to register itself with the Registrar.

The CA 2016 requires the accounting and other records of a foreign company's operations in Malaysia to be kept in Malaysia that will sufficiently explain the transactions and financial position of the foreign company arising out of its operations in Malaysia and shall cause these records to be kept in such a manner as to enable them to be conveniently and properly audited. All transactions must be recorded within 60 days of completion.

Statutory registers

CA 2016 mandates that a foreign company registered under the CA 2016, which has a share capital and includes any member who is resident in Malaysia, is required to maintain a branch register of members at its registered office in Malaysia.

In addition, all foreign companies are required to maintain a register of beneficial owners at their registered office.

Filing requirements

A foreign company is required to lodge with the Registrar, within two months of its annual general meeting, a copy of its financial statements and other documents required to be attached to its financial statements by the law applicable to the company in its place of incorporation or origin, and a duly audited statement showing the foreign company's assets used in and liabilities arising out of its operations in Malaysia as at the date to which the financial statements were made up.

Where the foreign company is not required to hold an annual general meeting and prepare a set of financial statements by the law of the place of its incorporation, the company is required to prepare a set of financial statements containing such particulars as if it were a public company incorporated in Malaysia.

Financial statements

The requirement of financial statements is similar to those companies incorporated in Malaysia. In addition, foreign companies that are listed on Bursa Malaysia can apply the acceptable internationally recognised accounting standards or MASB approved accounting standards, and have to comply with the disclosure requirements stated in the Listing Requirements of Bursa Malaysia.

Audit and financial reporting requirements

Financial reporting framework in Malaysia

There are two financial reporting frameworks in Malaysia for the preparation of financial statements.

1 MASB Approved Accounting Standards for Entities other than Private Entities

Entities other than Private Entities shall apply the Malaysian Financial Reporting Standards (MFRS) framework which is identical to the IFRS® Accounting Standards.

2 MASB Approved Accounting Standards for Private Entities

Private Entities shall comply with either:

- Malaysian Private Entities Reporting Standards (MPERS) in their entirety. The MPERS is based on the IFRS for SMEs® Accounting Standard issued by the International Accounting Standards Board (IASB) except for some areas such as the scope, applicability and property development activities, or
- MFRS in their entirety.

A private entity is a private company as defined in section 2 of the CA 2016 that:

- a) is not itself required to prepare or lodge any financial statements under any law administered by the SC or BNM, and
- b) is not a subsidiary or associate of, or jointly controlled by, an entity which is required to prepare or lodge any financial statements under any law administered by the SC or BNM.

Notwithstanding the above, a private company that is itself, or is a subsidiary or associate of, or jointly controlled by, an entity that is a management company as defined in section 2 of the Interest Schemes Act 2016 is not a private entity. A company may only be treated as a private entity in relation to such annual periods or interim periods throughout which it is a private entity.

Audit and financial reporting requirements

Auditing requirements

Audit requirements for public companies

The directors of a public company must appoint an auditor at any time before the first annual general meeting of the company or to fill a casual vacancy in the office of auditor. If the directors fail to appoint an auditor, the shareholders must appoint an auditor by ordinary resolution.

The appointment and fixing of remuneration of auditors must then be tabled at each annual general meeting for shareholders' approval.

After the first annual general meeting, the shareholders have the right to appoint an auditor by ordinary resolution at the annual general meeting or when the company fails to appoint an auditor at an annual general meeting.

If a public company fails to appoint an auditor, the Registrar has the power to appoint one or more auditors upon application in writing from any shareholder of the company.

Audit requirements for private companies

The directors of a private company (other than those companies that meet the audit exemption criteria and have elected for the audit exemption) must appoint an auditor at least 30 days before the end of the period for the submission of the first financial statements to the Registrar (for newly incorporated companies) or to fill a casual vacancy in the office of auditor.

If the directors fail to appoint an auditor, the shareholders must appoint an auditor by ordinary resolution. An auditor must be appointed 30 days before the expiry of the period allowed for lodgement of the previous year's financial statements with the Registrar.

If a private company fails to appoint an auditor, the Registrar has the power to appoint one or more auditors upon application in writing from any shareholder of the company.

Approved standards on auditing

An audit of financial statements of a company incorporated under the CA 2016 in Malaysia is conducted in accordance with approved standards on auditing in Malaysia, which are word-for-word consistent with the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB).



Audit exemption for private companies

Pursuant to the CA 2016, the Registrar has the power to exempt any private company from the requirement to appoint an auditor according to the conditions as determined by the Registrar.

On 16 December 2024, CCM announced the new audit exemption criteria for private companies through Practice Directive 10/2024. Under the revised framework, private companies seeking an audit exemption must fulfil any two out of the following three thresholds:

- 1

Annual revenue
The annual revenue of the company during the current financial year and in the immediate past two financial years does not exceed MYR3 million;
- 2

Total assets
The total assets of the company in the current statement of financial position and in the immediate past two financial years do not exceed MYR3 million; or
- 3

Number of employees
The number of employees at the end of the current financial year and in the immediate past two financial years do not exceed 30.

In addition, companies that have been dormant since their incorporation or during the current and immediate past financial year, and are exempt from audit requirement under previous audit exemption qualifying criteria, will continue to be exempt under the new Practice Directive. However, the audit exemption does not apply to foreign companies, public companies, subsidiaries of public companies and exempt private companies.

To facilitate the transition to the revised framework, the threshold criteria for audit exemption will be implemented in phases. The adoption will begin with lower thresholds, which will be gradually increased over a three-year period, as summarised in the table below:

Year	2025 (Phase 1)	2026 (Phase 2)	2027 (Phase 3)
Financial period	Commencing on or after 1 January until 31 December 2025	Commencing on or after 1 January until 31 December 2026	Commencing on or after 1 January 2027
Threshold			
1. Annual revenue (MYR)	1 million	2 million	3 million
2. Total assets (MYR)	1 million	2 million	3 million
3. Number of employees	10	20	30

Audit and financial reporting requirements

Audit exemption for private companies (cont'd)

Application for audit exemption

Any company that elects for audit exemption must circulate and lodge its unaudited financial statements with the Registrar accompanied by the required certificate in accordance with the requirements of CA 2016. The unaudited financial statements prepared shall comply with applicable approved accounting standards, and shall be lodged together with the directors' report, statement by directors and statutory declaration. The documents and exemption application must be lodged via MBRS 2.0, an online submission platform.



5

Business Taxation

Principal taxes

The principal taxes are shown below:

Taxes on income

1. Income tax
2. Capital gains tax*
3. Petroleum income tax

* Refer to Taxes on Capital chapter

Taxes on transactions

1. Customs and excise duties
2. Sales tax
3. Service tax
4. Entertainment duty
5. Stamp duty
6. Windfall profit levy
7. Contract levy



Income tax

Scope of tax

Income tax is generally imposed on income accruing in or derived from Malaysia. Income tax is also imposed on income derived from outside Malaysia and received in Malaysia by residents. However, subject to conditions, the following foreign-sourced income received in Malaysia are exempted from income tax:

- Dividend income received by resident companies, LLPs, and individuals (in respect of dividend income received through a partnership business in Malaysia) until 31 December 2026.
- All classes of income received by resident individuals (excluding a source of income from a partnership business in Malaysia, which is received in Malaysia from outside Malaysia) until 31 December 2036.
- All classes of income received by a resident unit trust that is not a REIT or Property Trust Fund listed on Bursa Malaysia, from 1 January 2024 until 31 December 2026.

Resident companies carrying on a business of air / sea transport, banking or insurance are generally subject to income tax on income wherever accruing or derived (worldwide scope).

Classes of taxpayers

The principal classes of domestic and foreign taxpayers covered by the income tax legislation are companies, individuals, trade associations, co-operative societies, trusts, and estates. Generally, partnerships are not taxable entities. They are treated as conduits where the partners, and not the partnership, are taxed on the partnership income. However, an LLP is given the same tax treatment as a company.

Taxable income and gains

The sources of income subject to tax include those listed below:

- Gains or profits from any trade, business, profession, or vocation.
- Gains or profits from the disposal of capital assets.*
- Gains or profits from an employment, including allowances and benefits-in-kind.
- Dividends, interest and discounts.
- Rents, royalties and premiums.
- Pensions, annuities and other periodic payments.
- Any gains or profits not falling within the gains listed above.

* Refer to Taxes on Capital chapter

Corporate tax system

Residence of companies

A company is tax resident in Malaysia for the basis year for a YA if at any time during the basis year, the management and control of its affairs are exercised in Malaysia. Generally, a company would be regarded as resident in Malaysia if at any time during the basis period for a YA, at least one meeting of the board of directors is held in Malaysia concerning the management and control of the company.

Year of assessment and basis period

The YA is the year coinciding with the calendar year. For example, the YA 2025 is the year ending 31 December 2025. The basis period for a business source is normally the financial year ending in that particular YA. For example, the basis period for YA 2025 for a business which closes its accounts on 30 June 2025, is the financial year ending 30 June 2025. All non-business sources of income of a company are also assessed on the basis of the financial year.

Taxation of shareholders

Under the single-tier system adopted by Malaysia, tax on a company's profits is a final tax. Dividends are exempt in the hands of shareholders, and companies are not required to deduct tax at source from dividends distributed to shareholders. However, a 2% dividend tax will apply on individuals (refer to Chapter 6)

Foreign corporations – liability to tax

Foreign corporations (similar to Malaysian corporations) are taxed on income accruing in or derived from Malaysia. A broad basis for determining whether or not business profits are derived from Malaysia is to determine whether the foreign corporation is “trading within” Malaysia (taxable) or “trading with” Malaysia (non-taxable).

If a double taxation agreement with the home country of the foreign corporation is in force, the taxation of business profits derived by the foreign corporation is limited to the profits that are attributable to its permanent establishment situated in Malaysia.

With respect to income such as royalties, interest or service fees that is not attributable to a business carried on in Malaysia, the tax liability of the non-resident will be settled by way of withholding tax deducted by the paying entity. For example, a withholding tax at the rate of 10% is imposed on amounts received by a non-resident person for provision of any advice, assistance or services rendered in Malaysia (not limited to services of technical or management in nature), or the provision of services relating to the installation or operation of any apparatus or plant. For more details, please refer to the section on withholding tax.

For non-resident contractors that perform services in Malaysia for an extended duration of time, a withholding tax of 13% may apply.

Global Minimum Tax (GMT)

Malaysia implemented the GMT with effect from 1 January 2025 under the OECD's Pillar Two framework. The rules generally apply to large multinational enterprise groups with annual consolidated revenue exceeding EUR750 million and are intended to ensure a minimum effective tax rate of 15%.

Malaysia's GMT rules are broadly aligned with the OECD's GloBE framework. Foreign investors should consider how tax incentives interact with the GMT rules. To remain competitive in the evolving international tax landscape, Malaysia has introduced the New Incentive Framework (Tax incentives section refers) which adopts a more targeted and outcome-based approach to investment incentives, with greater emphasis on real economic substance and strategic investment outcomes.

Rates of tax

Resident companies

Resident companies are taxed at the rate of 24%. However, a resident company with paid-up capital of MYR2.5 million or less, and with gross business income of not more than MYR50 million, is taxed at the following rates (provided that specified conditions are met):

Chargeable income	MYR	Rate (%) (YA 2025)
On the first	150,000	15
On the next	450,000	17
In excess of	600,000	24

To be eligible for the above preferential rate, no more than 20% of the paid-up capital of the company should be owned, directly or indirectly, by one or more companies incorporated outside Malaysia, or one or more non-Malaysian citizens.

Non-resident companies

Non-resident companies are taxed at the rate of 24% on their business income.

Certain income received by a non-resident company that is not attributable to a business carried on by that non-resident in Malaysia is subject to tax at the following rates (unless the relevant double taxation agreement (DTA) provides some other rate):

Income	Rate (%)
Royalty	10
Rental of movable property	10
Advice, assistance or services rendered in Malaysia	10
Interest	15
Dividends	Exempt
Income other than the above	10

Withholding tax (WHT)

Payments of the said types of income to non-residents (except for dividends) are subject to WHT which is due and payable to the IRB within one month after paying or crediting such payments. The rates of WHT are as shown in the table, except where the DTA between Malaysia and the country in which the recipient is resident provides for a lower rate, in which case the DTA rate would be the WHT rate.

There is no WHT on dividends paid by Malaysian companies.

Gross income and profits from business

Gross income and profits which are subject to income tax are generally based on the audited financial statements of the company. Adjustments will be made for non-taxable and non-tax-deductible items.

Non-taxable income

Most capital receipts are non-taxable except for certain properties and shares in unlisted companies (see Chapter 7). Certain types of income may also be specifically exempted by statute. “Single-tier” dividends as well as dividends paid out of tax-exempt income received by a corporation are exempt from tax in the hands of shareholders.

Deductible expenses

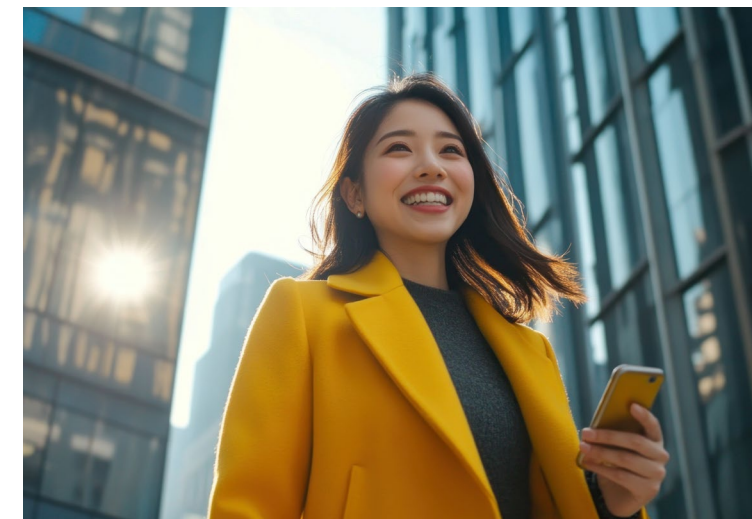
Deductions are allowed for all outgoings and expenses incurred wholly and exclusively in producing gross income, unless specifically disallowed. Non-allowable expenses include domestic or private expenses, income tax or similar taxes, pre-incorporation, preliminary or start up expenses, capital withdrawn, or capital expenditure on improvements.

Interest expenses

Earning Stripping Rules (ESR) apply on interest expense (of more than MYR500,000 in a basis period) in connection with or on any financial assistance obtained in cross-border controlled transactions (as defined). Under the ESR, the amount of allowable interest deduction is limited to 20% of the Tax-EBITDA (earnings before income tax, depreciation and amortisation) from each of the sources consisting of a business.

Capital allowances and industrial building allowances (IBA)

The accounting depreciation charged on buildings, plant and machinery, furniture, office equipment and motor vehicles is not deductible for tax purposes. The law, however, provides for CA and IBA to be claimed as a deduction on capital expenditure incurred which qualifies as plant (e.g. equipment, machinery, furniture) and industrial buildings (e.g. factory) respectively. The allowance is given in the form of an initial allowance in the year the expenditure is incurred and annual allowance at prescribed rates, until the qualifying expenditure is fully claimed.



The broad categories of qualifying expenditure together with the prescribed CA and IBA rates are set out below:

Qualifying asset	Initial allowance (%)	Annual allowance (%)
Industrial building, whether constructed or purchased	10	3
Heavy machinery	20	20
General plant and machinery	20	14
Furniture and fixtures	20	10
Office equipment	20	10
Motor vehicles*	20	20
Small value assets of less than MYR2,000 each (generally, subject to a maximum total cost of MYR20,000)	-	100

*The qualifying expenditure on motor vehicles not licensed for commercial transportation of goods or passengers is restricted to MYR50,000. However, for new vehicles, where the “on-the-road price” of the vehicle does not exceed MYR150,000, the maximum qualifying expenditure is restricted to MYR100,000.

Accelerated CA is available for certain types of industrial buildings, such as buildings used as a school or an educational institution, and plant and machinery such as computers, information technology equipment, software, environmental protection equipment and waste recycling equipment.

Plantations and forests

Expenditure on new planting (as distinct from expenditure on replanting which is deductible) and expenditure on the construction of roads in a plantation qualify for an agriculture allowance of 50% of the cost for two years.

Expenditure on the construction of roads in a forest, or of buildings that are likely to be of little or no value when the plantation ceases to be worked, or when timber ceases to be extracted, qualifies for an agriculture allowance of 10% of the cost for ten years.

The cost of construction of buildings used for staff welfare or as living accommodation qualifies for an agriculture allowance of 20% of the cost for five years.

Deduction of CA

CA on assets used in one business cannot be deducted against income from another business, or against income from other non-business sources.

When there is insufficient adjusted income to absorb the full amount of allowances available, the unutilised amount is carried forward for deduction against future business income from the same source.

For a dormant company, the unutilised CA will be disregarded if there is a substantial change in shareholders.



Losses

Business losses can be set off against income from all sources in the current year.

Unutilised business losses in a YA can be carried forward for a maximum period of ten consecutive YAs to be utilised against income from any business source. For a dormant company, the unutilised business losses will be disregarded if there is a substantial change in shareholders.

Group relief

Group relief is available to all locally incorporated, resident companies that fulfill certain conditions.

A company that qualifies is allowed to surrender a maximum of 70% of its adjusted loss for a YA to one or more related companies. The period in which a company may surrender its adjusted loss is limited to the first three consecutive YAs after having completed its first 12-month basis period from commencement of its operations.

Companies opting for group relief must make an irrevocable election to surrender or claim the tax loss in the income tax return to be filed with the IRB for that YA.

Companies currently enjoying certain incentives such as pioneer status, investment tax allowance, reinvestment allowance, etc. are not eligible for group relief.

Capital gains and other taxes

Tax is imposed on gains from disposal of unlisted shares, property situated outside Malaysia, and real property; refer to Chapter 7 for more details. For other taxes, please refer to Chapter 8.

Tax administration

Tax identification number

Any person who is a citizen aged 18 years and above, or is assessable and chargeable to tax, or is required to furnish an income tax return, will be assigned a tax identification number (TIN), i.e. the income tax reference number. The TIN will be used for purposes of income tax, RPGT and stamp duty matters.

Submission of returns and assessments

Companies are required to submit a return of income within seven months after the closing of accounts. Particulars required to be specified in the return include the amount of chargeable income and tax payable by the company. Upon submission of the return, an assessment is deemed to have been made on the company. The return is deemed to be a notice of assessment, which is deemed to be served on the company on the date that it is submitted.

Tax collection

Companies are required to furnish estimates of their tax payable for a YA no later than 30 days before the beginning of the basis period. However, a newly established company with paid-up capital of MYR2.5 million or less, that meets certain specified conditions, is exempted from this requirement for two years, beginning from the YA in which the company commences operations. A revised estimate can be submitted in the sixth and / or ninth month of the basis period for a YA.

Companies are then required to pay tax by monthly installments (based on the estimates submitted) commencing from the second month of the company's basis period (financial year). Tax payable by a company under an assessment upon submission of a return is due and payable by the last day on expiry of seven months from the date on which the accounts are closed.

Public rulings and advance rulings

To facilitate compliance with tax laws, the Director General of Inland Revenue (DGIR) is empowered by law to issue public rulings. Public rulings set out the interpretation of the DGIR in respect of tax law, and the policy and procedures that are to be applied. Public rulings are binding on the DGIR but a taxpayer who has applied the treatment as set out in a particular public ruling may still appeal against an assessment which is based on the public ruling. All public rulings may be downloaded from the IRB's website at www.hasil.gov.my.

A taxpayer may request for an advance ruling from the DGIR, who may make an advance ruling on how the provision of the law applies to an arrangement described in the application. An advance ruling is only applicable to the person making the application and is not subject to review when issued. However, the taxpayer retains his right of appeal against any assessment issued in accordance with the tax treatment set out in the ruling. A fee will be charged for the issuance of an advance ruling.

Tax audit process

The general tax audit framework outlines the rights and responsibilities of audit officers, taxpayers and tax agents in respect of a tax audit. A tax audit may cover a period of one to three YAs determined in accordance with the audit focus. The YAs to be covered in a tax audit may, however, be extended depending on the issues identified during an audit.

Statute of limitation

Additional assessments can be made within five years after the expiration of the relevant YA. This time limit is not applicable where fraud, wilful default or negligence has been committed.

Tax compliance certificate

Taxpayers who wish to tender for government projects will be required to obtain a tax compliance certificate from the IRB.

Transfer pricing

Transfer pricing (TP) legislation

The basis for determining proper compensation is the arm's length principle. Under the Malaysian Income Tax Act 1967 (ITA 1967) the DGIR is given powers to adjust any transfer prices between related parties in Malaysia which, in his view, do not meet the arm's length standard.

The TP Rules 2023 provide an arm's length range in a Malaysian context, and together with the TP Guidelines 2024, give guidance on the arm's length standard that is acceptable to the IRB. The TP Rules and Guidelines seek to provide guidance on the application of the law on controlled transactions, the acceptable methodologies as provided in the rules and administrative requirements including the types of records and documentation expected from taxpayers involved in TP arrangements.

Advance pricing arrangements (APA)

Companies are allowed to apply for APAs from the DGIR. The objective of establishing APAs is to provide an avenue for taxpayers to obtain certainty upfront that their related party transactions meet the arm's length standards. The APA Rules 2023 and APA Guidelines 2012 give guidance on the matter.

Statute of limitation for TP adjustments

The statute of limitation to raise an assessment or additional assessment for a YA in respect of TP adjustments for a transaction entered into between associated persons, which is not at arm's length, is seven years from the expiration of that YA.

Country-by-Country Reporting

The Malaysian Country-by-Country Reporting Rules require a Malaysian multinational corporation (MNC) group, with total consolidated group revenue of MYR3 billion and above in the financial year preceding the reporting financial year, to prepare and submit the Country-by-Country Report to the IRB no later than 12 months after the close of each financial year.

Malaysian entities of foreign MNC groups will generally not be required to prepare and file Country-by-Country Reports as the obligation to file will be with the ultimate holding company in the jurisdiction it is tax resident in. However, a notification to the IRB may be required.

Business reorganisation

Business reorganisations involving a transfer of shares normally have no tax consequences unless transfer of shares in a real property company or shares of unlisted companies incorporated in Malaysia is involved. In such cases, there may be RPGT or CGT implications arising from the share transfers. For more details on CGT, please refer to Chapter 7.

If the disposer and acquirer are under a common control, the transfer of any asset between them is regarded as a “controlled transfer” wherein the disposer / acquirer is deemed to have disposed of / acquired the assets at the tax written down value. (“Control” means management control or the holding of 50% or more of the shares by the disposer / acquirer or other controlling corporation).

In other cases of transfer, the transfer values of the fixed assets will constitute qualifying expenditure for the purpose of computing CA of the transferee corporation, and also as the disposal value for the purpose of computing balancing charge or allowance of the transferor corporation.

Group relief (outlined earlier) is available to all locally incorporated tax resident companies that fulfil certain conditions.

There may also be stamp duty implications when shares / assets are transferred. However, relief from stamp duty may be available (please refer to Chapter 8).



Tax incentives

In cognisance of the importance of the role of private sector investment in ensuring sustainable growth in the medium and long term, the government has instituted measures to enhance investment activity in Malaysia.

One of the measures is through tax incentives. Tax incentives are generally applicable to investors who establish tax resident companies in Malaysia. The policy is to encourage foreign companies wishing to engage in continuing operations in Malaysia to incorporate local subsidiaries. Tax incentives to promote investments in Malaysia are generally in the form of tax exemptions on profit, capital-based incentives in the form of allowances or deductions based on the quantum of capital expenditure incurred.

Malaysia has made legislative changes where required, to meet the Forum on Harmful Tax Practices' requirements.

Examples of tax incentives available are as follows:

Pioneer status and investment tax allowance

Under the traditional incentive regime, companies in the manufacturing, agricultural, hotel and tourism sectors or any other industrial or commercial sector that participate in a promoted activity or produce a promoted product may be eligible for PS or ITA, where qualifying conditions are met.

PS incentive is an exemption from income tax on 70% of statutory income (adjusted income after deducting CA) for a period of five years. ITA is an allowance of 60% of QCE incurred on a building or plant and machinery for a period of five years. ITA is an alternative incentive to PS.

There are also enhanced PS and ITA incentives available for companies undertaking projects in promoted products or activities where the government intends to further expedite growth. Enhanced PS usually takes the form of a full tax exemption whilst ITA is given on 100% of QCE.

Any unutilised PS losses can be carried forward for a maximum period of seven consecutive YAs after the end of the pioneer period. Any unutilised amount after the end of the seventh YA will be disregarded.

With the implementation of the New Incentive Framework (NIF), the traditional promoted-list approach has been phased out for the manufacturing sector. The implementation of the NIF for services sector is planned to take place in 2026.

Islamic financial services sector

There is also an array of incentives available in furtherance of the government's objective of developing Malaysia into a leading international Islamic Financial Centre. These range from tax deduction given for issuance costs of various Islamic securities to tax exemptions granted for fees earned from management of funds in accordance with syariah principles.

Malaysia Digital (MD)

MD tax incentive will be offered to eligible MD status companies that undertake qualifying activities by utilising MD promoted tech enablers. The MD tax incentive is an outcome-based approach that uses a tiered system in granting tax incentives.

The MD tax incentive is offered as follows:

	New investment	Expansion
Reduced tax rate:		
• Qualifying intellectual property (IP) income	0%	15%
• Qualifying non-IP income	10% or 5%	15%
or		
ITA	60% or 100% of QCE against up to 100% statutory income	30% or 60% of QCE against up to 100% statutory income
Incentive period	Up to 10 years for reduced tax rate and up to 5 years for ITA	Up to 5 years

“Pre-packaged” incentives

As part of the Government’s efforts to attract high quality investments, specially “pre-packaged” incentives are available to companies resident in Malaysia carrying on an “approved business”. An “approved business” is defined to mean any business approved by the MOF under the special incentive scheme. Under this scheme, a company is entitled to claim either:

- Tax exemption on 70% (or any other rate as prescribed by the MOF) of the company’s statutory income; or
- Tax exemption on 70% (or any other rate as prescribed by the MOF) of statutory income granted based on a percentage (as determined by the MOF) of QCE incurred.

Reinvestment Allowance (RA)

RA is available to manufacturing companies that reinvest their capital to embark on a project for either expansion of existing production capacity, modernisation or automation of the production facilities, or diversification into related products. The rate of RA is 60% of QCE (i.e. expenditure on factory, plant and machinery) and is granted in addition to CA. The RA is used to reduce up to 70% of statutory income of the manufacturing company from its business source in respect of the qualifying project.

The incentive period for RA is 15 years from the first year of claim by a company. In respect of unutilised RA available at the end of the RA period, the seven consecutive YAs carry-forward restriction applies, similar to the PS incentive.

Johor-Singapore Special Economic Zone (JS-SEZ)

JS-SEZ is designed to attract high-value investments and strengthen Johor's position as a key economic hub in the region. The following are the tax incentive package available in JS-SEZ, subject to meeting qualifying conditions:

Global Services Hub Special tax rate of 5% up to 15 years	
Smart Logistic Complex 100% ITA on QCE for 5 years, against 100% of statutory income.	
Manufacturing of downstream specialty chemicals: Either special tax rate of 5% or 10% up to 10 years OR 60% or 100% ITA on QCE for 10 years, against 100% of statutory income	Manufacturing business incentive Either special tax rate of 5% up to 15 years OR 100% ITA on QCE for 5 years, against 100% of statutory income for companies involving the artificial intelligence and quantum computing supply chain, medical devices, pharmaceutical, aerospace manufacturing and maintenance, repair and overhaul services.

Forest City Special Financial Zone (“Forest City SFZ”)

The Forest City SFZ is a special financial zone located within the JS-SEZ, designed to position Malaysia as a global financial hub. The following are the tax incentives announced for the Forest City SFZ:

Family offices 0% CIT rate for family offices under the Single-Family Office Scheme coordinated by the Securities Commission.	Financial global business services 5% CIT rate for financial global business services, financial technology (fintech), and foreign-owned payment system operators.
Knowledge workers 15% personal income tax rate for individual knowledge workers.	Relocation incentives, etc Special tax deduction on relocation costs, enhanced industrial building allowance and withholding tax exemptions for banking, insurance, capital market intermediaries and other eligible entities in the financial sector.

New Incentive Framework (NIF)

Malaysia has introduced a New Incentive Framework (NIF) which marks a major reform of the nation’s investment incentive regime. The NIF adopts a tiered and outcome-based approach aligned with the National Investment Aspirations (NIA) and the New Industrial Master Plan 2030 (NIMP 2030) and is intended to replace the traditional promoted-list approach in phases.

The NIF has been implemented beginning with the manufacturing sector from 1 March 2026 and will be followed by the services sector at a later stage. Incentives under the NIF are granted through provisions of the Income Tax Act 1967.

Under the NIF, a company may opt for either a special tax rate or ITA, subject to meeting prescribed conditions. The tier of incentive depends on the company’s commitments and performance against the NIA scorecard. The assessment is based on six national outcome targets:

Increase economic complexity	Create high-value job opportunities	Extend domestic linkages
Develop new and existing economic clusters	Improve inclusivity	Enhance ESG practices

Outcome-based incentive for manufacturing sector

Type of investment	Special tax rate*	ITA*
New investment	0% - 10% ¹	100% offset against 70% to 100% of statutory income
Less developed areas	0% - 15% ²	
Small companies	3% - 12% ²	
Incentive period (as at 10 July 2026)	1 – up to 10 years 2 – up to 15 years	Up to 10 years

*Mutually exclusive

Qualifying subsectors:

Aerospace	Automotive	Chemical and chemical products
Electrical and electronics	Food production and processing	Machinery and equipment
Medical devices	Metal	Oleochemicals and derivatives
Petroleum products and petrochemicals	Pharmaceuticals	Rubber-based products
Strategic mineral-based products	Textile, apparel and footwear	Wood, paper and furniture

6

Personal Taxation

Scope of taxable income

Income tax is imposed on income accruing in or derived from Malaysia by any person (See Chapter 5). Gains or profits from an employment, profession or vocation are taxable if derived from Malaysia. Employment income is regarded as derived from Malaysia if the employment is exercised in Malaysia and is subject to Malaysian tax, even if the income is received outside of Malaysia. Capital gains are not taxable except for those derived from disposal of real property or shares in a real property company (See Chapter 8).

With effect from YA 2025, a 2% tax is imposed on the excess of MYR100,000 dividend income received by individual shareholders (resident and non-resident, and individuals who hold shares through nominees) from resident companies. Resident individuals are also subject to tax on foreign-sourced income received in Malaysia. Subject to conditions, foreign-sourced income received in Malaysia from 1 January 2022 to 31 December 2036 is exempted from tax (See Chapter 5).

Basis of assessment

Income of individuals is assessed on a calendar year basis. The YA is the year coinciding with the calendar year, for example, the YA 2026 is the year ending 31 December 2026.



Residence status of individuals

The tax residence status of an individual is determined based on the number of days the individual is present in Malaysia. The individual would be regarded as a tax resident, if the individual meets any of the following conditions, i.e. if the individual is:

- in Malaysia for at least 182 days in a calendar year,
- in Malaysia for a period of less than 182 days during the year but that period is linked to a period of physical presence of 182 or more “consecutive” days in the following or preceding year. In ascertaining “consecutive” days, under certain situations, an individual’s temporary absence from Malaysia may be disregarded when determining tax residence status,
- in Malaysia for 90 days or more during the year and, in any 3 of the 4 immediately preceding years, the individual was in Malaysia for at least 90 days or was resident in Malaysia,
- resident for the year immediately following that year and for each of the three immediately preceding years.

Rates of tax

Resident individuals

Chargeable Income* (MYR)	Tax payable (MYR)	Tax rate (%) on excess (YA 2026)
5,000	0	1
20,000	150	3
35,000	600	6
50,000	1,500	11
70,000	3,700	19
100,000	9,400	25
400,000	84,400	26
600,000	136,400	28
2,000,000	528,400	30

* Chargeable income in respect of dividend in excess of MYR100,000 is subject to tax at 2%.

Non-resident individuals

Types of income	Tax rate (%)
Public entertainer's professional income	15
Interest	15
Royalty	10
Special classes of income: - rental of movable property - advice, assistance or services rendered in Malaysia - payment for services rendered in connection with use of property or installation or operation of any plant, machinery or other apparatus purchased from a non-resident person	10
Dividends (single tier) - Up to MYR100,000 - On the excess of MYR100,000 dividend income	Exempt 2
Business and employment income	30
Employment income of a knowledge worker who is a qualified person in specific regions	15
Income other than the above	10

Exemptions and concessional tax treatment for expatriates

Exemptions or concessions are given in certain situations, such as:

- Income tax exemption for non-resident employees who are short-term visitors (other than public entertainers), if the aggregate period(s) of employment in Malaysia do not exceed 60 days. If a short-term visiting employee is resident in a country that has a double tax treaty with Malaysia, the qualifying period is generally extended to 183 days provided certain other prescribed conditions are satisfied.
- Expatriates working in approved Regional Offices based in Malaysia are taxed on a time apportionment basis in accordance with the employment income attributable to the number of days the employment is exercised in Malaysia.

Deductions Expenses and other payments

Employees are allowed a deduction for any expenditure wholly and exclusively incurred in the performance of their duties. Non-business expenses, such as medical expenses and taxes, are not deductible. Expenses of a private or domestic nature are expressly excluded from deduction.



Employment income

Gross employment income includes:

Cash remuneration

- Wages
- Salary
- Leave pay
- Fees
- Commissions
- Bonuses
- Gratuities



Perquisites

- Petrol card / petrol or travel allowance
- Childcare subsidies / allowance
- Income tax borne by employer



Benefits-in-kind

- Motorcar
- Household furnishings & appliances
- Driver
- Domestic servant
- Gardener
- Club membership



Living accommodation

Unfurnished living accommodation provided by the employer



Pension / provident fund

Receipts from unapproved pension / provident fund arising from contributions made by the employer in respect of the employee



Compensation

Compensation for loss of employment



Valuations of some types of employment income are as follows:

- Cars or other household items provided for private use can be valued at prescribed rates that are lower than the actual cost incurred by the employer.
- Rent-free accommodation provided by the employer is valued at the lower of 30% of the employee's total cash remuneration (excluding equity income) or the actual rental value.

The following are some exemptions for certain benefits-in-kind:

- Medical benefits, as well as childcare benefits provided by the employer.
- Leave passages, restricted to one overseas trip, up to a maximum amount of MYR3,000, and three local trips (including meals and accommodation) per year.
- Full or partial exemption in respect of a variety of allowances (e.g. allowances for parking and meals, travel / petrol, or childcare allowances) or other benefits (e.g. telephones, pagers, etc. registered in the name of the employee / employer, monthly bills for telephones or broadband subscriptions, goods provided free or at a discount) for employees.

Personal relief

Personal reliefs are deductible from the total income of a tax resident individual to arrive at taxable income. Examples of personal reliefs given are:

	YA 2026 (MYR)
Self	9,000
Spouse	4,000
Child	
▪ per child (unmarried & below 18 years old)	2,000
▪ per child (unmarried & receiving full-time instruction at any university, college, school or similar educational establishment)	2,000
▪ per child (over 18 years old) receiving full-time instruction of higher education in respect of:	8,000
○ diploma level and above (in Malaysia)	
○ degree level and above (outside Malaysia)	
▪ per child (over 18 years old) serving under articles of indenture in a trade or profession	8,000
Life insurance premiums and additional voluntary contribution to EPF	3,000*
EPF / approved pension fund contributions and additional voluntary contribution to EPF	4,000*
Insurance premiums for education or medical benefits	4,000*
Medical expenses for self, spouse or child suffering from a serious disease	10,000*

*Maximum relief

Filing obligations and tax collection

An individual will self-assess and compute his own chargeable income and tax payable. Upon submission of the tax return form, the taxpayer is deemed to have been served with a notice of assessment for which tax is due and payable. Annually, the due dates for submission of individual income tax returns are:

- 30 April for individuals without business income
- 30 June for individuals with business income

Tax payments by employees are collected through compulsory monthly deductions from salary, or bi-monthly instalment plan issued by the IRB for individuals with business income. The balance of tax payable upon computing the chargeable income for a YA is due and payable on the abovementioned submission due dates.

7

Taxes on Capital

Capital Gains Tax

Taxable person

CGT is imposed on:

1. companies
2. LLPs
3. co-operatives, and
4. trust bodies

Scope of CGT

The following types of capital assets are within the scope of CGT:

1. Gains from disposal of:
 - a. Shares in unlisted companies incorporated in Malaysia.
 - b. Shares in a controlled company incorporated outside Malaysia deriving value from real property in Malaysia.
2. Gains from disposal of all types of capital assets situated outside Malaysia, remitted into Malaysia

The CGT tax rates are as follows:

Capital assets situated in Malaysia

Acquisition date of capital asset	CGT rate	
	On net gain (chargeable income)	On gross disposal price
Before 1 January 2024*	10%	or 2%
From 1 January 2024*	10%	Not applicable

*Exemption is given for disposals made on or after 1 January 2024 to 29 February 2024.

The exemption does not apply where the gains are treated as business income.

Gains from disposal of all types of capital assets situated outside Malaysia, remitted into Malaysia*

Based on prevailing income tax rate of the taxpayer:

- Companies, LLPs, and trust bodies: 24% (headline)
- Co-operatives: 0% to 24% (scaled rates)

*Exemption is given for such capital gains which are received in Malaysia from 1 January 2024 to 31 December 2026 (proposed to be extended until 31 December 2030 under Budget 2026) which meet economic substance requirements.

Exemption from CGT

Subject to meeting qualifying conditions, CGT exemption is available for the following:

- Disposal of shares related to a scheme for restructuring of companies within the same group
- Disposal of shares related to restructuring for an approved initial public offering
- Disposal of shares by a qualifying unit trust

All other gains on capital assets are not subject to tax, except for gains arising from the disposal of real property situated in Malaysia, which is not subject to CGT from 1 January 2024, is subject to RPGT.



Real Property Gains Tax

RPGT is imposed on gains arising from the disposal of real property, including shares in a real property company (RPC) owned by individuals, at the rates indicated in the table on the right.

Real property is defined as any land situated in Malaysia and any interest, option, or other right in or over such land.

An RPC is essentially a controlled company where 75% or more of its total tangible assets consist of real property and/or shares in an RPC. A controlled company is a company owned by no more than 50 members and controlled by no more than five persons.

Disposal from the date of acquisition	RPGT rate		
	Companies incorporated in Malaysia, trustees of a trust or bodies of persons registered under any written law in Malaysia	Individuals (citizens and permanent residents)	Individuals (non-citizens and non-permanent residents), executors of estates of deceased non-citizens and non-permanent residents or companies not incorporated in Malaysia
Within 3 years	30%	30%	30%
In the 4th year	20%	20%	30%
In the 5th year	15%	15%	30%
In the 6th year onwards	10%	Nil	10%

8

Other Taxes

Other Taxes

Stamp Duty

Stamp duty is chargeable on instruments and not on transactions.

Stamp duty rates

Stamp duty rates vary according to the value of the underlying transaction which is generally taken to be the higher of actual consideration or market value.

A minimum duty of MYR10 is imposed on dutiable instruments with duty less than MYR10 (except cheques and contract notes).

Transfer of properties in general (other than shares and marketable securities)

- i) Foreign companies, non-citizens and non-permanent residents
On sale of residential property: flat rate stamp duty of MYR8 per MYR100 or part thereof.
Other properties: flat rate stamp duty of MYR4 per MYR100 or part thereof.
- ii) Other than foreign companies, non-citizens and non-permanent residents

Value threshold (MYR)	Rate
On the first 100,000	MYR1 per MYR100 or part thereof
On the next 400,000	MYR2 per MYR100 or part thereof
On the next 500,000	MYR3 per MYR100 or part thereof
In excess of 1,000,000	MYR4 per MYR100 or part thereof

Transfer of shares not listed on stock exchange or marketable securities

MYR 3 for every MYR1,000 or any fraction thereof.

Transfer of shares listed on Bursa Malaysia

MYR 1
for every MYR1,000 or any fraction thereof, capped at MYR1,000 per contract note.

Transfer of listed marketable securities

MYR 1
for every MYR1,000 or any fraction thereof, capped at MYR200 per contract note.

Loan, services and equipment lease agreement

The stamp duty rate is 0.5%. Reduced rates are available as follows:

Service Agreement		Reduced stamp duty rate
All service agreements (one tier)		0.1%
Multi-tier service agreement		
a) Non-government contract (i.e. between private entity and service providers)	First level	0.1%
	Subsequent level(s)	0.1% capped at MYR50
b) Government contract (i.e. between Federal / State Government of Malaysia or State / local authority and service providers)	First level	Exempted
	Second level	0.1%
	Subsequent level(s)	0.1% capped at MYR50

Loan Agreement		Reduced stamp duty rate
Loan agreement without security and repayable on demand or in single bullet repayment		0.1%



Stamp Duty Relief

1

Transfer of properties / shares between associated companies. Associated companies are essentially companies where either company owns 90% or more of the other company or where a third company owns 90% or more of both companies.

2

Transfer of properties / shares pursuant to a scheme of reconstruction or amalgamation of companies.

Windfall profit levy

A levy of

3%

is imposed on crude palm oil and crude palm kernel oil where the price exceeds

MYR 3,150

per metric ton for Peninsular Malaysia

MYR 3,650

per metric ton for Sabah and Sarawak

Contract levy

A levy of

0.125%

on contract works having a contract sum above

MYR 500,000

is imposed on every registered contractor by the Construction Industry Development Board

Assessment, quit rent and road tax

Assessment rates and quit rent are payable by property owners according to the legislation of the local or municipal authorities on properties located in areas under their jurisdiction. Essentially, these levies are intended for the maintenance and provision of essential services to the areas. The tax is levied as a percentage of the capital value or the taxable value of the property.

Road tax is levied on owners of motor vehicles at rates that vary according to the type of vehicle and engine capacity.

Sales tax is a single-stage tax imposed on taxable goods manufactured in Malaysia that are subsequently sold, used or otherwise disposed of by a registered manufacturer or imported into Malaysia by any person. All goods are taxable goods unless they are specifically exempted by order of the MOF.

Sales tax is a consumption tax, and under the system the onus is on the registered manufacturer to calculate the tax, levy it and collect it from its customers. In the case of imported goods, sales tax is collected from the importer at the time the goods are cleared from customs control.

With effect from 1 January 2024, sales tax is also imposed on low value goods sold on online platforms by registered sellers and brought from overseas into Malaysia.

[Refer to section on “Low Value Goods” for further details]

Manufacture

Manufacture, in relation to goods other than petroleum, means the conversion by manual or mechanical means of organic or inorganic materials into a new product by changing the size, shape, composition, nature or quality of such materials and includes the assembly of parts into pieces of machinery or other products but does not include the installation of machinery or equipment for the purpose of construction. In relation to petroleum, it means the process of refining that includes the separation, conversion, purification and blending of refinery streams or petrochemical streams.

Registration and exemption from registration

A manufacturer is liable to be registered if the total sales value of his taxable goods for a 12-month period exceeds or is expected to exceed MYR500,000. Certain manufacturing activities are exempted from the registration requirement. They include the developing and printing of photographs and production of film slides, the manufacture of ready-mixed concrete and the preparation of foods or drinks by a central kitchen for distribution to its premises registered for service tax.

Any manufacturer who manufactures taxable goods and is not liable to be registered for sales tax or exempted from registration may nonetheless apply to the Director General (DG) of Customs for voluntary registration as a registered manufacturer. The DG of Customs may approve the registration to be effective from a date he determines and subject to conditions he deems fit.

Rates of tax

The default rate of sales tax is 10%. There is a reduced rate of 5% for certain prescribed goods which are listed in the First Schedule of the Sales Tax (Rates of Tax) Order 2025. There are also specific rates (e.g., MYR0.30 per litre, MYR0.01 per kg, etc.) for coal-tar product and petroleum products.

Goods exempted

There are goods which are specifically exempted by order by the Minister. The full list of goods specifically exempted is available in Schedule A of the Sales Tax (Goods Exempted from Tax) Order 2025. All goods exported from Malaysia are exempted from sales tax.

Tax-free raw material

In order to maintain the single-stage concept, there are facilities available to allow for inputs (raw materials and components) to be imported or acquired free of sales tax by a registered manufacturer for use in their manufacturing process.

Approved Major Exporter Scheme

The Approved Major Exporter Scheme applies to traders and manufacturers whose annual sales exceed MYR10 million and who export at least 80% of their annual sales. Such approved traders and manufacturers are granted full sales tax exemption on their importation or purchase of goods. Traders and manufacturers who fulfil all the prescribed conditions can apply to the DG of Customs for approval under this scheme.

Drawback

A person can claim drawback on the sales tax paid in respect of imported or locally acquired goods, which are subsequently exported.

Sales tax deduction

Registered manufacturers can apply to the DG of Customs for sales tax deduction on taxable raw materials, components or packing materials purchased from local traders and used solely in the manufacturing of their taxable goods. The rate of sales tax deduction is:

2%

of the total value of taxable goods purchased if the taxable goods were charged with sales tax of 5%

4%

of the total value of taxable goods purchased if the taxable goods were charged with sales tax of 10%

Payment of sales tax and taxable period

Sales tax is due at the time the taxable goods are sold, disposed of otherwise than by sale, or first used otherwise than as materials in the manufacture of taxable goods, by the taxable person. However, in relation to the classes of petroleum that are subject to sales tax, special provisions apply regarding the time when sales tax is due and payable.

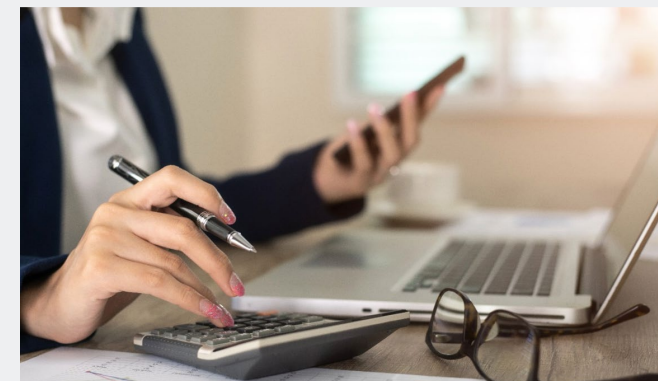
Any sales tax that falls due during a taxable period is payable to the RMCD latest by the last day of the month following the end of the taxable period.

A taxable period is a period of two calendar months. However, a taxable person can apply to the DG of Customs to vary the taxable period. If the application to vary the taxable period is approved, the sales tax due is payable to the RMCD latest by the last day of the month following the end of their varied taxable period.

Refund of sales tax on bad debts

A registered manufacturer or a person who has ceased to be a registered manufacturer can apply for a refund of sales tax in relation to bad debts. The conditions for the refund application are that:

- the whole or part of the sales tax paid has been written off as a bad debt, and
- all reasonable efforts have been made by the applicant to recover the sales tax.



Low value goods

With effect from 1 January 2024, sellers (both local and foreign) who sell LVG on an online platform to Malaysian customers are required to register for and impose sales tax on the sale of LVG if the total sale value of LVG for a 12-month period exceeds or is expected to exceed MYR500,000.

For the purpose of charging sales tax, LVG is defined in the legislation to mean all goods which are sold at a price not exceeding MYR500 and are brought into Malaysia by land, sea or air. LVG exclude the following:

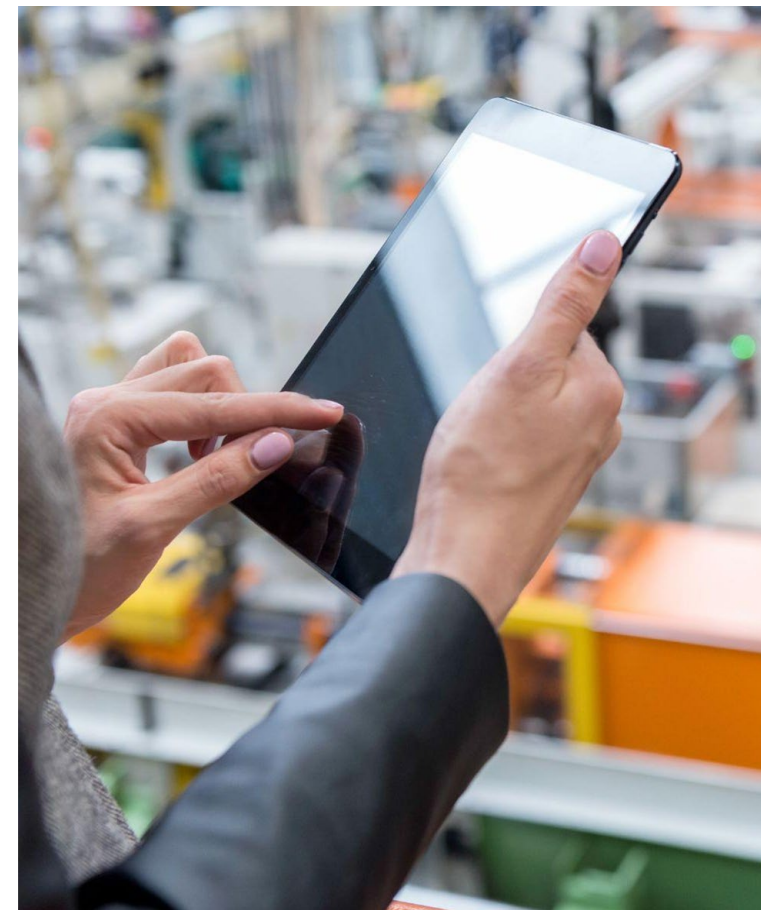
- Cigarettes and tobacco products.
- Intoxicating liquors.
- Smoking pipes (including pipe bowls).
- Electronic cigarettes and similar personal electric vaporizing devices.
- Preparation of a kind used for smoking through electronic cigarettes and electric vaporizing device, in form of liquid or gel, whether or not containing nicotine.

“Seller” means a person, whether in or outside Malaysia, who sells LVG on an online platform or operates an online marketplace for the sale and purchase of LVG.

The RMCD has indicated in its guide that an “online platform” refers to a platform that provides facilities for the sale and purchase of LVG which includes a marketplace operated via website, internet portal or gateway.

The rate of sales tax on LVG is 10% and sales tax is calculated on the sale value of the LVG excluding any tax, duty, fee or other charges such as transportation, insurance or other costs. Sales tax on LVG is due when the LVG are sold by the seller.

A seller of LVG who has registered with the RMCD is referred to as a registered seller. A registered seller is required to file the returns online and pay the tax on a quarterly basis to the RMCD.



Service tax is a consumption tax levied and charged on:

- a) any taxable services (including digital services) provided in Malaysia by a registered person in carrying on his business,
- b) any imported taxable services acquired by any person who carries on business in Malaysia, and
- c) any digital services provided by a foreign registered person to a Malaysian consumer.

To avoid being taxed twice, local businesses that acquire digital services from a foreign registered person are exempted from having to account for and pay service tax through the imported taxable service mechanism.

Rates of tax

Prior to 1 March 2024, the rate of service tax was 6% *ad valorem* for all taxable services and digital services except for the provision of charge or credit card services. Service tax for the provision of charge or credit card services is MYR25 per year on each principal card or supplementary card.

With effect from 1 March 2024, the rate of service tax was increased to

8% ad valorem for all taxable services and digital services

Except for the following services at their respective rates as below:

6%	- Food and beverage services (excluding sale of alcoholic beverages) - Telecommunication services - Provision of parking place services - Logistics services	MYR 25 Provision of charge or credit card services
-----------	--	--

Effective 1 July 2025, the scope of service tax has been further expanded.

The expansion includes the imposition of service tax on the following services:

- Leasing or rental services – 8% (1 July to 31 December 2025); 6% (1 January 2026 onwards)
- Construction work services – 6%
- Financial services – 8%
- Private healthcare services (to non-Malaysian citizen only) – 8%
- Private education services – 8%

This expansion is accompanied by targeted exemptions to prevent tax cascading and to ensure that essential services for Malaysian citizens remain exempt from service tax.

Registration of taxable person & taxable services

A taxable person is a person who is registered or liable to be registered for service tax. A person is liable to be registered if the total value of his taxable services for a 12-month period exceeds or is expected to exceed the prescribed registration threshold. The term “person” includes an individual, a firm, a society, an association, a company and every other juridical person.

Other Taxes

Taxable persons

The following is a summary of taxable persons and their respective prescribed registration thresholds:

Group	Taxable person	Threshold (MYR)	Group	Taxable person	Threshold (MYR)
A	Operators of hotels, inns, lodging house, service apartment, homestay (subject to some exclusions)	500,000	G	Registered advocates, solicitors and syarie lawyers	500,000
B	Operators of restaurants, bars, snack-bars, canteen, coffee house, golf club, golf driving range or any place providing food and drinks whether eat-in or take-away (subject to some exclusions)	1,500,000		Registered public accountants	
	Catering services providers			Licensed or registered surveyors / registered valuers, appraisers and estate agents	
	Operators of food court			Registered professional engineers	
				Registered architects	
C	Operators of night-clubs, dance halls, cabarets and karaoke centres	500,000		Consultancy, training or coaching services providers (subject to some exclusions)	
	Operators of 1st, 2nd or 3rd Class Public House and 1st or 2nd Class Beer House			Digital and information technology services providers	
	Operators of approved health and wellness centres and massage parlours (subject to some exclusions)			Management services providers	
				Employment services providers	
D	Operators of private clubs	500,000		Licensed private agencies that provide guards or security protection services	
E	Operators of golf course or golf driving range	500,000		Operators of online platform or marketplace	
F	Licensed operators of betting, sweepstakes, lotteries, gaming machines or games of chance	500,000		Maintenance or repair service providers (subject to some exclusions)	

Other Taxes

Taxable persons

The following is a summary of taxable persons and their respective prescribed registration thresholds:

Group	Taxable person	Threshold (MYR)	Group	Taxable person	Threshold (MYR)
H	Persons who are regulated by the Central Bank of Malaysia and provide credit card or charge card services through the issuance of a credit card or a charge card	Nil	I (cont'd)	Cleaning services providers	500,000
	Licensed insurers or takaful operators	1,000,000		Private healthcare facility operators or providers registered or licensed under the Private Healthcare Facilities and Services Act 1998	1,500,000
	Any person or persons who are regulated by BNM, SC or the Labuan Financial Services Authority who provide financial services for fees, commissions or similar payments	1,000,000	J	Providers of logistics services	500,000
	Persons who provide financial services including financial leasing, factoring, trade financing, credit facilities or syariah compliant financing services which are subject to fees, commissions or similar payments	1,000,000		Providers of delivery, distribution or transportation of goods, documents or packages services through the e-commerce platform	
I	Licensed/registered persons providing telecommunication services and contents applications services	500,000		Licensed courier service providers	
	Operators of parking space for motor vehicles	500,000		Approved customs agents who provide services for the release of goods from customs control	Nil
	Operators of motor vehicles service or repair centres	500,000	K	Persons who provide rental or leasing services	1,000,000
	Advertising (including digital advertising) services providers	500,000	L	Persons who provide construction works services	1,500,000
	Providers of electricity transmission and distribution services to domestic consumers, where consumption exceeds 600 kWh per billing cycle of at least 28 days- Domestic consumers in designated areas are excluded from being subject to service tax.	500,000	M	Private educational institutions registered under the Education Act 1996 which charge fees exceeding MYR60,000 per student for each academic year	Nil
	Licensed airlines providing domestic flights	500,000		Higher education institutions registered under the Universities and University Colleges Act 1971, the Private Higher Educational Institutions Act 1996, or the Education Act 1996 that provide private education services to non-Malaysian citizens.	Nil
	Brokering and underwriting services providers	500,000		Language centres registered under the Education Act 1996 for non-Malaysian citizens that provide private education services to non-Malaysian citizens.	Nil

Other Taxes

Voluntary registration

Any person providing taxable services who is not liable to be registered for service tax may nonetheless apply to the DG of Customs for voluntary registration as a registered person.

The DG of Customs may approve the registration to be effective from a date he determines and subject to conditions he deems fit.



Examples of taxable services include but are not limited to the provision of accommodation premises, certain professional services, digital services (including electronic platform services), certain telecommunication services, betting and gaming services, management services, security services, provision of parking space, provision of golf course, golf driving range or services related to golf or golf driving range, courier delivery services (other than to destinations outside Malaysia), domestic flight services, provision and issuance of charge card or credit card whether or not annual subscription or fee is imposed, and provision of electricity to domestic consumer.



Taxable services also include sale or provision of food, drinks, alcoholic beverages, cigarettes, tobacco products, smoking pipes, electronic cigarettes and similar electric vaporizing devices, preparation of a kind (in form of liquid or gel and irrespective of whether or not containing nicotine) used for smoking through electronic cigarettes and electric vaporizing devices.



The following services were included as taxable services with effect from 26 February 2024:

- a) Services at Karaoke centres.
- b) Brokering and underwriting services other than those related to financial services.
- c) Maintenance or repair services.
- d) Logistics services, which include the supply chain of logistic management services, warehousing or warehousing management services, freight forwarding services, port or airport services, shipping services, aviation services or cold chain facilities services, delivery, distribution or transportation of goods services.

Effective 1 July 2025, the scope of service tax has been further expanded to include the following services:

- Leasing or rental services
- Construction work services
- Financial services which are fee or commission based
- Private healthcare services (to non-Malaysian citizens only)
- Private education services

A complete list of taxable persons and taxable services can be found in the First Schedule of the Service Tax Regulations 2018.



Registration of foreign digital service provider

Service providers outside Malaysia who provide digital services to Malaysian consumers will be required to register in Malaysia and charge service tax if the total value of digital services provided to Malaysian consumers for a 12-month period exceeds or is expected to exceed the prescribed registration threshold of MYR500,000.

Intra-group services

Service tax is not applicable on the following transactions performed among companies within a qualifying group of companies (i.e. subject to certain qualifying criteria):

- a) provision of certain taxable professional services in Malaysia by a registered person,
- b) acquisition of certain taxable professional services from foreign service provider, and
- c) provision of digital services by foreign service providers or foreign registered person.

Exemption for specific business-to-business (B2B) services

Service-tax-registered businesses which provide certain taxable professional services, advertising services or logistics services are exempted from payment of service tax on the same professional services or advertising services acquired from another service-tax-registered person subject to certain qualifying criteria.

Local service-tax-registered businesses which provide certain taxable professional services or advertising services are exempted from having to account for and pay service tax through the imported taxable service mechanism on the same professional services, advertising services or logistics services acquired from foreign service providers subject to certain qualifying criteria. In addition, local service-tax-registered businesses which provide digital services may claim a refund of service tax paid on digital services acquired from foreign registered persons if the digital service acquired is the same as the digital service they provide.



Payment of service tax & taxable period for registered person (bi-monthly)

Service tax is due when payment is received for the taxable services rendered. Nonetheless, if payment is not received within 12 calendar months from the date of issuance of the invoice, the tax is due on the day immediately after the expiry of the 12-month period.

The DG of Customs may approve an application from a registered person for the service tax of the taxable service rendered to be due at the date of issuance of the invoice instead of the payment date.

Any service tax that falls due during a taxable period is payable to the RMCD latest by the last day of the month following the end of the taxable period. A taxable period is a period of two calendar months. However, a taxable person can apply to the DG of Customs to vary the taxable period. If the application to vary the taxable period is approved, the service tax due is payable to the RMCD latest by the last day of the month following the end of their varied taxable period.

Payment of service tax on imported taxable service

The service tax for imported taxable service is due at the earlier of the payment date or the date the invoice for the service is received. A taxable person is required to account for the service tax on imported taxable service in its service tax return. However, a non-taxable person is required to account for the service tax on imported taxable service in a prescribed declaration to the DG of Customs.

The furnishing of the declaration and the payment of service tax due must be made latest by the last day of the month following the month in which the payment for the service is made or the invoice for the service is received.

Payment of service tax by a foreign registered person

For digital services provided by a foreign registered provider, service tax is due when payment is received for the digital services provided. The DG of Customs may approve an application from a foreign registered person for the service tax of the digital service provided to be due at the date of issuance of the invoice instead of the payment date.

Any service tax that falls due during a taxable period is payable to the RMCD latest by the last day of the month following the end of that taxable period. A taxable period for a foreign registered person is a period of three calendar months. However, a foreign registered person can apply to the DG of Customs to vary the taxable period. If the application to vary the taxable period is approved, the service tax due is payable to the RMCD latest by the last day of the month following the end of the varied taxable period.

Refund of service tax on bad debts

A registered person or a person who has ceased to be a registered person can apply for a refund of service tax in relation to bad debts. The conditions for the refund application are that:

- the whole or part of the service tax paid has been written off as a bad debt, and
- all reasonable efforts have been made by the applicant to recover the service tax.

Tourism Tax

Tourism Tax is a tax imposed and levied on tourists staying at any accommodation premises in Malaysia:

- (a) provided by an operator of accommodation premises; or
- (b) made available through service relating to online booking accommodation premises provided by a digital platform service provider (DPSP).

The rate of tourism tax is MYR10.00 per room per night. Tourists who are Malaysian citizens or permanent residents of Malaysia are exempted from tourism tax.

Registration and exemption from registration

All accommodation premises operators and DPSP who provide online booking accommodation premises in Malaysia are required to register under the Tourism Tax Act 2017 except for operators listed under Paragraph 3 of the Tourism Tax (Exemption) Order 2017.

Payment of tourism tax and taxable period for registered person (quarterly)

Every accommodation premises operator and DPSP who provide online booking accommodation premises in Malaysia is required to account the tourism tax collected for each taxable period using Form TTx-03. This form, along with the payment, should be submitted to the DG of Customs by the end of the month following the taxable period.

If the operator does not receive any or all of the tourism tax from a tourist within 12 months from the invoice date for the accommodation, it must account for the tax in the TTx-03 return for the taxable period following the end of the 12-calendar month period.



Import duties

Imports of goods are generally subject to import duties.

Rates of tax

Import duties are generally levied on an *ad valorem* basis, but they may also be imposed on a specific basis. The *ad valorem* rates range from 0% to 60%.

Raw materials, machinery, essential foodstuffs, and pharmaceutical products are generally non-dutiable or subject to duties at lower rates.

Tariff rate quota

Malaysia has a tariff rate quota (TRQ) on selected agricultural products, such as chicken, milk and cream, hen eggs, and cabbages. Under TRQ, the tariff charged depends on the volume of imports.

Imports within quota (volume) attract duties at a lower tariff rate while a higher tariff rate applies on goods in excess of the quota volume “out-quota tariff rate”.

The quota applicable is determined by the relevant agency, e.g. Department of Veterinary Services or Federal Agriculture Marketing Authority Department.

Value of goods

The value of goods for the purpose of computing import duties is determined largely in accordance with the World Trade Organisation (WTO) principles of customs valuation.

Exemptions

Import duty exemptions are provided by the MOF e.g. on manufacturing aids and cleanroom equipment, re-imported goods after repair.

In addition, manufacturers may apply to the relevant authorities for exemption from import duties for the following, subject to certain conditions:

- dutiable raw materials and components used directly for the manufacture of goods, and
- dutiable machinery and equipment which are used directly in the manufacturing process.

Prohibition of imports

Import restrictions are seldom imposed except on a limited range of products for the protection of local industries or for reasons of security and public safety. An import licence has to be obtained from the relevant authorities and other government agencies for the importation of prohibited goods.

Export duties

Export duties are generally imposed on Malaysia's main commodities such as crude petroleum and palm oil for revenue purposes.

Prohibition of exports:

Export prohibitions also apply to goods such as live animals, poultry, palm kernels and palm seeds, sugar and rice, unless accompanied by an export license issued by the relevant authorities and other government agencies.



Excise duties

Excise duties

Excise duties are imposed on a selected range of goods manufactured in Malaysia or imported into Malaysia. Goods which are subject to excise duty include beer / stout, cider and perry, rice wine, mead, undenatured ethyl alcohol, brandy, whisky, rum and other spirits obtained by distilling fermented sugar-cane products, gin and Geneva, cigarettes containing tobacco, electronic cigarettes and electric vaporising devices, motor vehicles, motorcycles, playing cards, mahjong tiles and sweetened beverages including premix preparations. No excise duty is payable on goods that are exported.



Licensing

Unless exempted from licensing, a manufacturer of tobacco, intoxicating liquor, sweetened beverages or goods subject to excise duties must have a licence to manufacture such goods. An excise warehouse licence is required for storage of goods subject to excise duty.

However, a licence to manufacture tobacco, intoxicating liquor, sweetened beverages or goods subject to excise duty also permits the holder to store such goods.



Rates of duties

The rates of excise duties vary from a composite rate ranging from MYR0.90 per litre for sweetened beverages, MYR0.47 per 100 grams for premix preparations, MYR0.40 per stick for cigarettes, MYR0.40 per millilitre for nicotine-based liquid or gel used in electronic cigarettes, MYR1.10 per litre and 15% for certain types of spirituous beverages, to as much as 105% for motorcars (depending on engine capacity).



Payment of duty

As a general rule, duty is payable at the time the goods leave the place of manufacture or the licensed warehouse. However, for motor vehicles, duty is payable at the time the vehicles are removed from the place of manufacture for registration with the Road Transport Department.



Specific exemption for electric vehicles

Full import duty exemption on components for Completely Knocked Down (CKD) EVs and full excise duty exemption and sales tax on CKD EVs from 1 January 2022 to 31 December 2027.



About PwC

About PwC

PwC operations in Malaysia

As a professional services provider, we are uniquely placed to contribute to the growth and progress of our nation. Over the years, we have successfully worked with large multinationals, public sector entities, and growing Malaysian businesses to help them build trust and deliver sustained outcomes. Through our assurance, tax, and advisory services, we help our clients succeed in both buoyant and challenging economic environments.

Based on what you plan to achieve, we'll use our knowledge and experience to help you capture value, from reinventing your business model to investing in a new technology.

Whether you're engaging with our teams in Kuala Lumpur, Pulau Pinang, Ipoh, Melaka, Johor Bahru, Kuching, and Labuan, expect us to uncover your business needs and partner with you to turn ambition into growth.

Our services are delivered through separate legal entities focusing on different aspects of our service offerings. Each entity within Malaysia is able to draw on the collective resources and experience of PwC, both locally and globally.



About PwC

Assurance services

We help organisations improve their external financial reporting and adapt to new regulatory requirements, such as the Malaysian Financial Reporting Standards (MFRS). Our audit clients include many leading companies listed on Bursa Malaysia as well as emerging Malaysian companies.

We also help clients respond to the need for greater transparency, improved corporate governance and business models, based on the principles of sustainability.

Tax services

We collaborate with clients to create effective strategies and solutions for important tax and business challenges, drawing on our expertise in technical matters and compliance.

We partner with organisations to develop effective tax strategies that align with their overall corporate goals. In the realm of tax technology, we assist in capturing purposeful data, automating processes, and enhancing enterprise resource planning (ERP) systems. Our goal is to empower tax functions to adapt to the ever-evolving demands of the business.

Deals services

We can provide a differentiated approach and value throughout your Deals experience with our Integrated Deals team across competencies and borders.

From deals strategy and origination to valuation and due diligence, we can help you navigate through a crisis and post-deals services. We can also help you in capital projects advisory as well as assess the feasibility of opportunities around your policy and investment decision.

Consulting services

The PwC Consulting business in Malaysia is part of our Southeast Asian Consulting joint venture.

By bringing together our expertise across the region, we help organisations work smarter and grow faster. We consult with our clients to drive growth, leverage digital opportunities, manage risk, and transform your workforce to accelerate business outcomes.

Acceleration Center Kuala Lumpur (AC Kuala Lumpur)

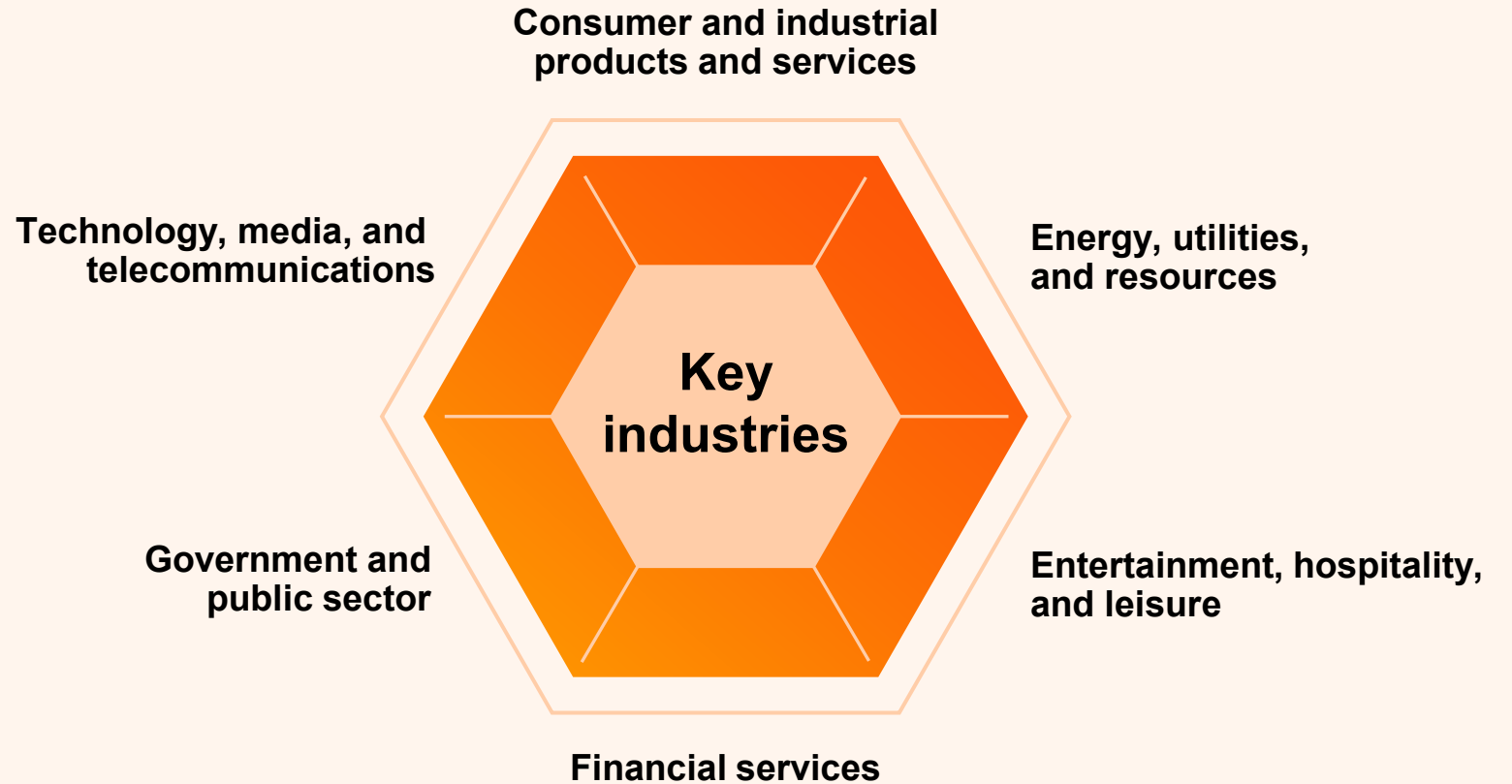
As part of a network of global talent hubs that bring together diverse, highly skilled talent to work on complex global client engagements, we harness the talent pool of emerging Science, Technology, Engineering, and Mathematics (STEM) professionals in Malaysia and leverage the latest digital technologies to facilitate service delivery and value creation for our clients. We primarily support the needs of PwC clients in the US through Assurance services, with a vision to become a cross-functional operation in the next few years.

About PwC

Our industry-specific approach

PwC's industry-focused network is designed to anticipate and address your business needs.

With more than 364,000 people deployed across 136 countries, we can both zoom out and see the big picture—the context—and zoom in on the right solution.



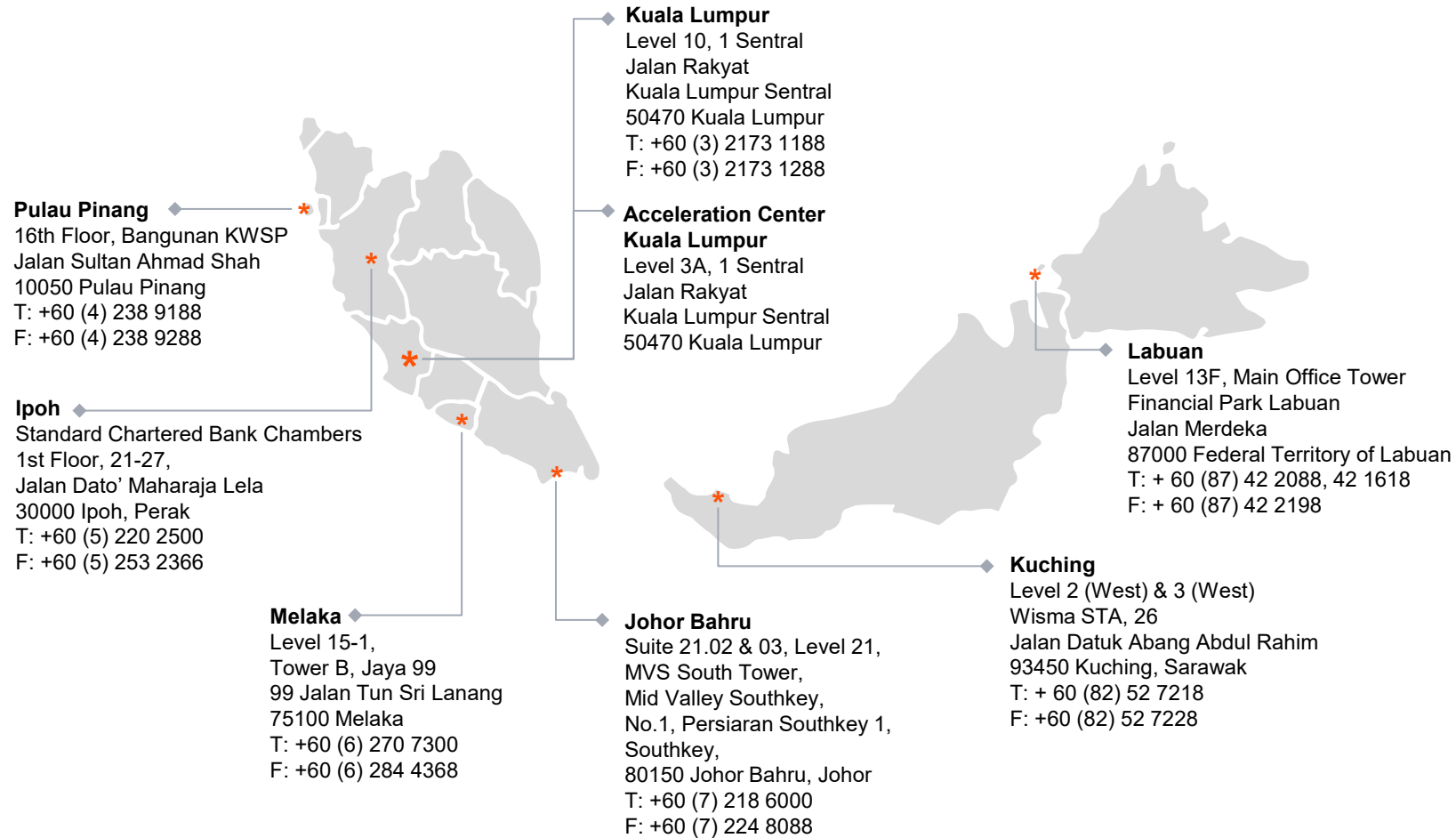
About PwC

Providing the right solution

Financial and non-financial assurance	Risk services	Corporate tax	Specialist tax	Deals	Consulting
• Statutory audit • Financial accounting • Regulatory compliance • Non-financial performance and reporting • Financial Reporting Standards • Sustainability assurance	• Controls and performance assurance • Digital trust and cybersecurity • Governance, Risk, and Compliance • Islamic finance • Data and analytics • Financial Risk Management • Internal audit and controls advisory • Public sector financing • Sustainability assurance	• Corporate tax compliance and advisory • Corporate services • Dispute resolution • One-stop compliance services	• e-invoicing • Indirect tax (including Sales and Service Tax) • Workforce • Transfer pricing • International tax services / mergers and acquisitions • Tax reporting and strategy • Capital allowances • Accounting solutions • Managed services • Environmental, social, and governance • New Law • Worldtrade management services • Japanese business consulting • Korean business consulting • China business consulting	• Mergers and acquisitions • Value creation • Economics, policy, and infrastructure capital • Performance and restructuring • Forensics	• Strategy • Operations • Workforce • Finance • Technology • Risk and governance • Financial crime • Sustainability and climate change

About PwC

Our Offices



Contacts

Assurance

Dato' Theng Bee Han
Assurance Leader

T: +60 (3) 2173 0811

E: b.han.theng@pwc.com

Tax

Steve Chia

Tax Leader

T: +60 (3) 2173 1572

E: steve.chia.siang.hai@pwc.com

Deals

Albert Lee

Deals Leader

T: +60 (3) 2173 1082

E: lee.a@pwc.com

Consulting Services

Shahrin Ismail

Consulting Leader

T: +60 (3) 2173 1350

E: shahrin.ismail@pwc.com

Acceleration Center Kuala Lumpur

Molly Wong

General Manager

T: +60 (3) 2173 3888

E: molly.siew.lee.wong@pwc.com

Glossary

Glossary

BNM	Bank Negara Malaysia	ITA	Investment tax allowance
Bursa Malaysia	Bursa Malaysia Berhad	LLP	Limited Liability Partnership
CA	Capital allowance	LVG	Low-value goods
CA 2016	Companies Act 2016	MDEC	Malaysia Digital Economy Corporation
CCM	Companies Commission of Malaysia	MIDA	Malaysian Investment Development Authority
CIT	Corporate income tax	MOF	Minister of Finance
CGT	Capital gains tax	OECD	Organisation for Economic Co-operation and Development
DOSM	Department of Statistics Malaysia	PS	Pioneer status
EPF	Employees' Provident Fund	QCE	Qualifying capital expenditure
ESG	Environmental, social and governance	REIT	Real Estate Investment Trust
EV	Electric vehicles	RMCD	Royal Malaysian Customs Department
GDP	Gross Domestic Product	RPGT	Real property gains tax
GNI	Gross National Income	SC	Securities Commission Malaysia
GloBE	Global Anti-Base Erosion Model Rules (Pillar Two)	SOCSSO	Social Security Organisation
IRBM	Inland Revenue Board of Malaysia	YA	Year of assessment

Thank you