

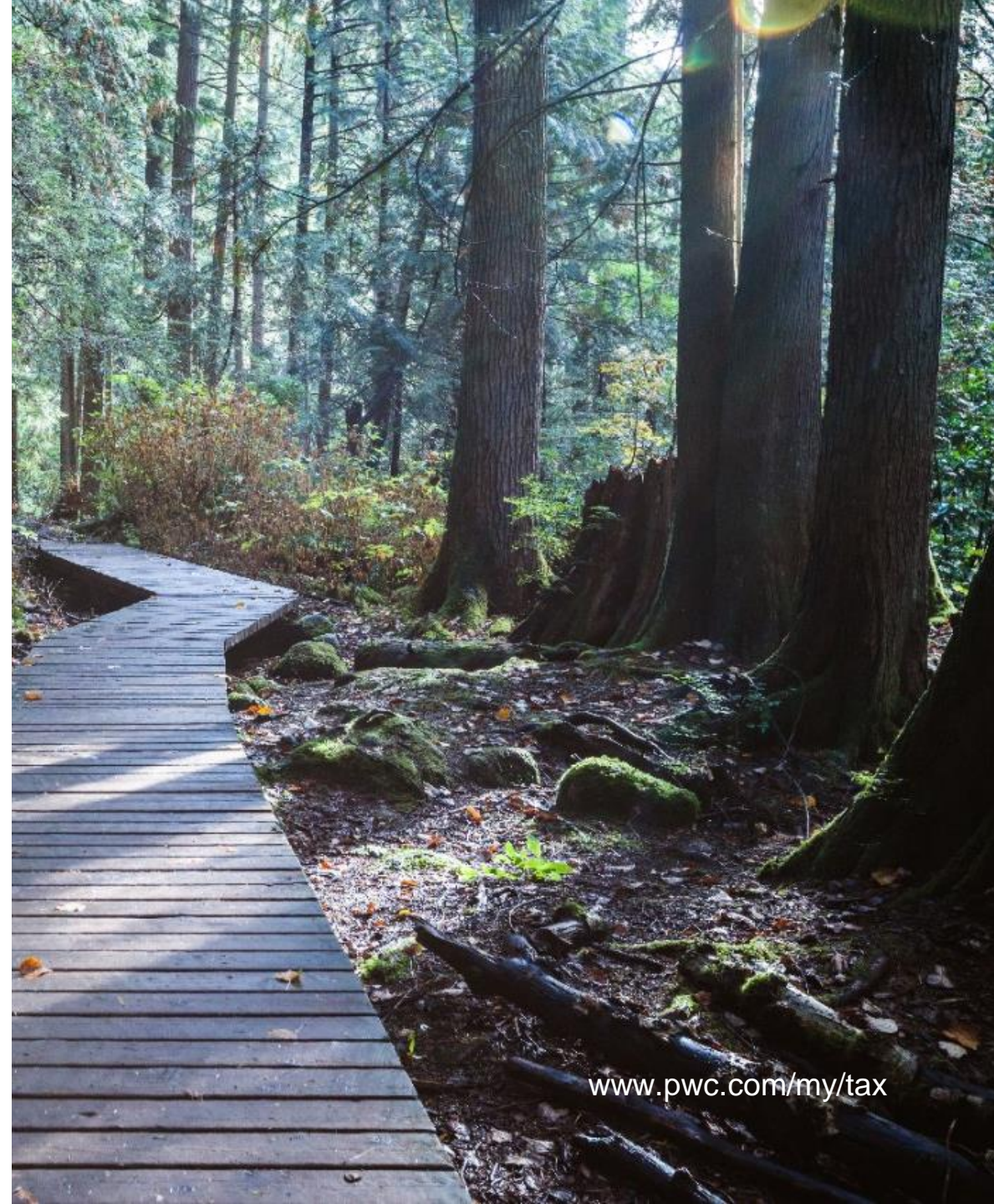


TaXavvy

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Single Family Office Scheme

The Securities Commission (SC) has issued the following documents in relation to the Single Family Office (SFO) Scheme:

- Single Family Office Incentive Scheme – An Introduction
- Revised Frequently Asked Questions - Single Family Office Scheme (“Revised FAQ”)
- Application Kit: Conditional Approval for Single Family Office Incentive Scheme (“Application Kit”)



The documents issued by the SC outline the fundamentals and requirements of the SFO incentive scheme, some of which have been previously reported in [TaXavvy 13-2025](#). The SC has now provided further details on the incentives and guidance on the application processes through the Revised FAQ and Application Kit. The salient points are as follows:

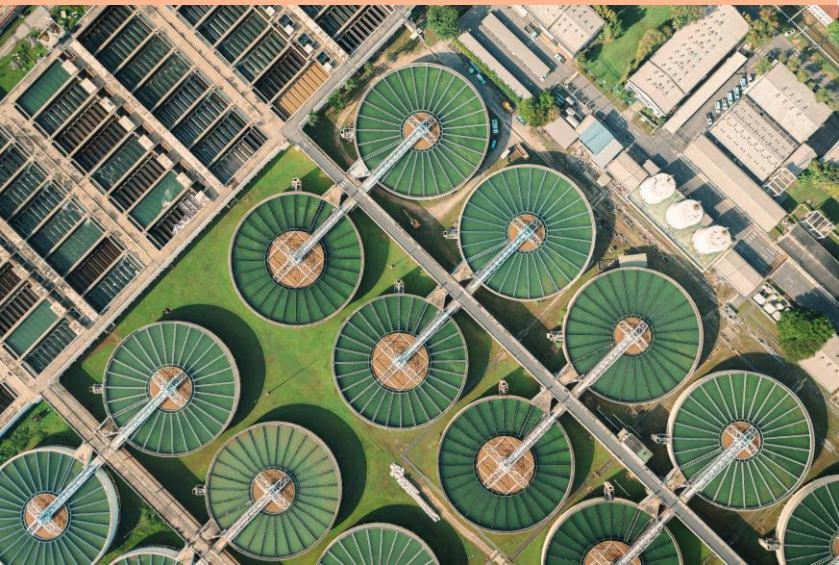
<i>Requirement / conditions</i>	<i>Details</i>	<i>Reference</i>
Permitted investment	Investments into local eligible and promoted investments must be new investments for the first year of assessment (YA). This excludes investments which have already been transferred into the Single Family Office Vehicle (SFOV) during its establishment and submitted to the SC for verification.	FAQ No. 20
Single family	A single family can consist of either Malaysian or foreign individuals, as long as the relationship between these individuals meet the definition of single family.	FAQ No. 3
Incorporation of SFOV	SFOV must be incorporated on or after 1 September 2024.	FAQ No. 4
Operating location	SFO MC is not required to operate out of Pulau 1, FC SFZ. However, SFOV is required to operate out of Pulau 1, FC SFZ. In the case of newly established SFOV, the SFOV must have its registered address in Pulau 1, Forest City Special Financial Zone (FC SFZ), for at least six months in its first year of establishment before the end of the YA to qualify for the SFO incentive scheme.	FAQs no. 8 and 9

<i>Requirement / conditions</i>	<i>Details</i>	<i>Reference</i>
Stamp duty exemption and capital gains tax exemption eligibility	To qualify for both the one-off stamp duty exemption and capital gains tax exemption, the instrument of transfer of any qualifying assets for establishing the SFOV must be executed, and the disposal of unlisted shares of a Malaysia incorporated company to the SFOV must be completed, within one year from the date of the verification letter obtained from the SC.	FAQ No. 12
Disqualification from income tax exemption for SFOV	If the income tax exemption eligibility requirements are not met by the SFOV in a given year, it will be subject to that year's prevailing corporate tax rates. However, this does not prevent the SFOV from applying for tax certification with the SC in the following year once conditions are met, but the 10-year assessment period from the first certification date will remain unchanged.	FAQ No. 14
Excluded investment	Assets which are excluded from the list of permitted investment include tokenised capital market products, digital assets and shares of private companies whose sole business is holding Malaysian immovable properties without any operational business activities.	FAQ No. 19
Documents required for application	<p>The following forms together with the other required documents (set out in Table 2 of the Application Kit) must be submitted by SFOV for application of the incentive scheme:</p> <ul style="list-style-type: none"> • Form FO-1: Conditional Approval Form for SFO Incentive Scheme • Form FO-2: Declaration Form on Family Members of Ultimate Beneficial Owner <p>The above forms can only be obtained upon consultation with SC.</p>	Application Kit

The Single Family Office Incentive Scheme – An Introduction, Revised FAQ and Application Kit are available on SC's website www.sc.com.my (Development > Single Family Office (SFO) Scheme).

Deduction for Environmental Preservation, Social and Governance (ESG) expenditure

Following the announcement in Budget 2024, the Income Tax (Deduction for Expenditure in relation to Environmental Preservation, Social and Governance) Rules 2025 (“the ESG Rules”) has been gazetted.



The ESG Rules provide a deduction for specified expenditure incurred for an amount up to RM50,000 per YA, in relation to ESG. The deduction is available for YA 2024 to YA 2027.

ESG is defined as "a set of criteria to assess the sustainability practice and ethics of a financial institution, company, Labuan company, micro enterprise or small and medium enterprise (SME), which encompasses environmental impact, social responsibility and governance effectiveness."

The following are the salient conditions:

<i>Taxpayer category</i>	<i>Qualifying expenditure</i>
<ul style="list-style-type: none">Financial institutionCompany listed on Bursa Malaysia	<p>Expenditure incurred on ESG reporting in relation to:</p> <ul style="list-style-type: none">Validation, verification and certification of the use of ESG practices, calculating and tracking of greenhouse gas (GHG) emissions, and ESG exposureSubscription to technology or software systems for data collection, tracking the use of ESG metrics, risk management, scenario analysis and calculation of GHG emissionsEmployee capacity building, training, education and skills developmentServices of expert consultant for the above
<ul style="list-style-type: none">CompanyLabuan company	<p>Expenditure in relation to:</p> <ul style="list-style-type: none">Preparation of the Tax Corporate Governance Framework (TCGF) report including the appointment of an independent reviewer for compliance assessment, <i>provided a certificate of compliance with the TCGF guidelines is obtained</i>Preparation of contemporaneous transfer pricing documentation <p>Comments: <i>It is important to clearly distinguish between fees incurred for the preparation of contemporaneous transfer pricing documentation and those related to tax filing. Under the Income Tax (Deduction for Expenses in relation to Secretarial Fee and Tax Filing Fee) Rules 2020, tax filing fees are eligible for a tax deduction of up to RM15,000.</i></p>

<i>Taxpayer category</i>	<i>Qualifying expenditure</i>
<ul style="list-style-type: none">• Micro Enterprise• SME <p>(Refer to the definition of SME in the next page)</p>	<p>Consultation fees for development of customised software for e-invoicing implementation and services of external service provider but excludes:</p> <ul style="list-style-type: none">• Cost incurred in the planning stage or preliminary procedures for customized software• Consultation fees related to issuance of e-Invoice via MyInvois Portal

Non-application rules:

The ESG Rules will not apply if the abovementioned taxpayers have, in respect of the qualifying expenditure:

1. Claimed a deduction under section 33 or under any rules made under section 154 of the Income Tax Act 1967 (ITA 1967)
2. Has been granted an exemption under paragraph 127(3)(b) or subsection 127(3A) of the ITA 1967



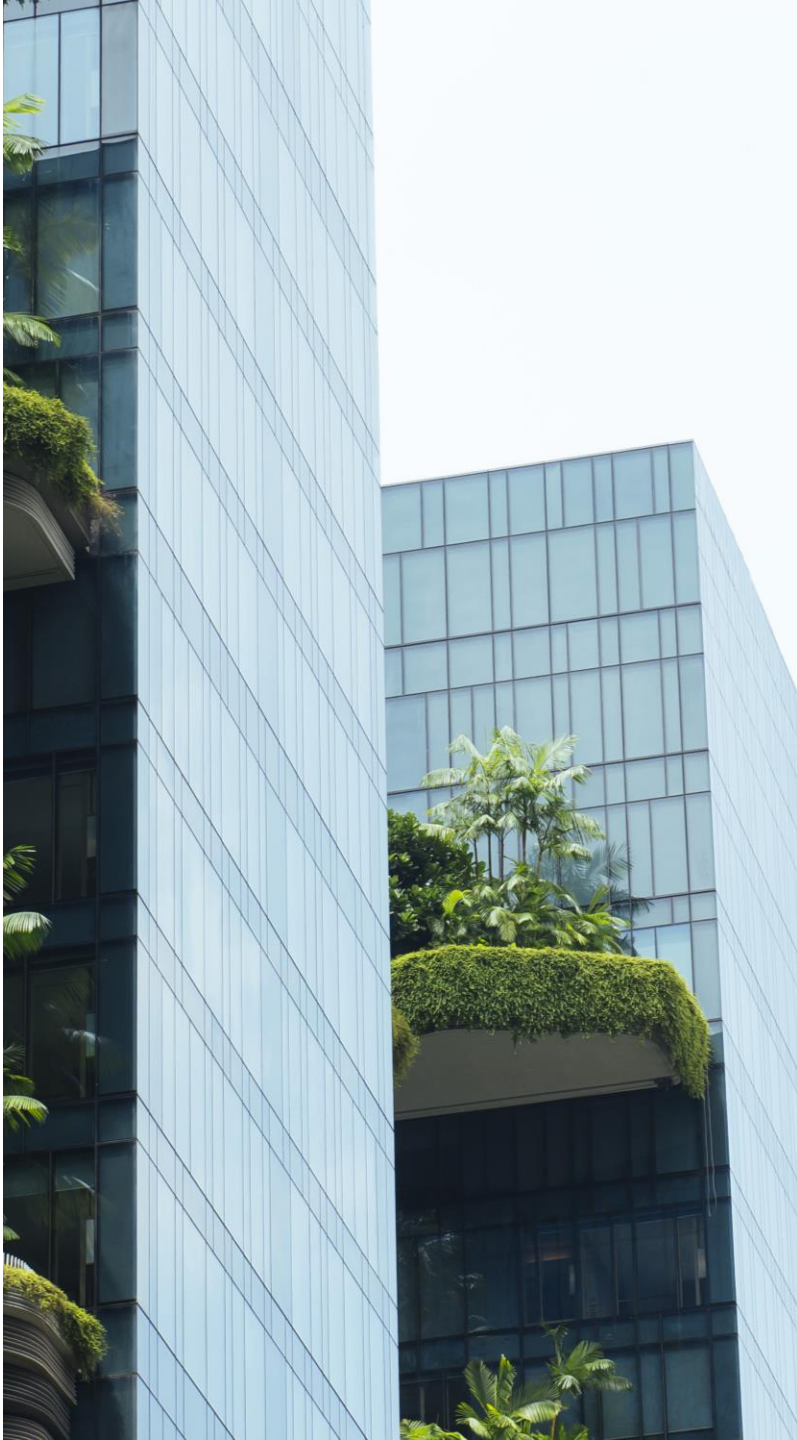
Definition of SME

The meaning of SME is as assigned under the Small and Medium Industries Development Corporation Act 1995 which is defined by SME Corporation Malaysia as follows:

SME Size	Manufacturing Sector	Services and Other Sectors
Medium	Sales turnover of RM15 million to ≤ RM50 million <u>OR</u> No. of employees from 75 to ≤ 200	Sales turnover of RM3 million to ≤ RM20 million <u>OR</u> No. of employees from 30 to ≤ 75
Small	Sales turnover of RM300,000 to < RM15 million <u>OR</u> No. of employees from 5 to < 75	Sales turnover of RM300,000 to < RM3 million <u>OR</u> No. of employees from 5 to < 30
Micro	Sales turnover of < RM300,000 <u>OR</u> No. of employees < 5	Sales turnover of < RM300,000 <u>OR</u> No. of employees < 5

It however, excludes:

- Entities that are publicly-listed on the main board; and
- Subsidiaries of:
 - Publicly-listed companies on the main board;
 - Multinational corporations (MNCs);
 - Government-linked companies (GLCs);
 - Syarikat Menteri Kewangan Diperbadankan (MKDs); and
 - State-owned enterprises.



Labuan filing programme for the YA 2025

The Inland Revenue Board (IRB) has issued a filing programme for Labuan entities.

The Labuan filing programme is available on the IRB’s website at www.hasil.gov.my (Forms > Filing Programme for Return of Profits by a Labuan Entity for the YA 2025 Under the Self Assessment System).



Following the shifts to self-assessment system and to current year basis (CYB) from preceding year basis (PYB) with effect from YA 2025, as previously reported in [TaXavvy Budget 2025 Edition \[Finance Bill 2024\]](#), the IRB has issued a filing programme for Labuan entities.

The salient points are as follows:

Grace period for submission of return forms and tax payments

In addition to the extension of time (EOT) for the submission of Labuan income tax return forms (ITRF) to 31 July 2025 for YA 2025 (PYB) ([Taxavvy 8/2025](#) refers), the IRB has granted a one-month EOT for YA 2025 (CYB). The EOTs for YA 2025 for both PYB and CYB periods are summarised below:

<i>Period</i>	<i>Statutory deadline for ITRF submission and tax payment</i>	<i>Grace period/EOT granted</i>
YA 2025 with basis period ending in 2024 (PYB)	31 March 2025	31 July 2025
YA 2025 with basis period ending in 2025 (CYB)	Within seven months from the end of the accounting period coinciding with the basis period for the YA (e.g. A Labuan entity closes its accounts on 31 December 2025, the statutory deadline is 31 July 2026)	One month (e.g. The EOT for a Labuan entity which closes its accounts on 31 December 2025 is granted until 31 August 2026)

Grace period for submission of return forms and tax payments (cont'd)

Comment:

Labuan entities with an early financial year end (FYE) need to plan their tax payments ahead of time and may consider requesting from the IRB for instalment schemes for tax payments coinciding within the same calendar year in the event cash flow is impacted (subject to approval on a case-by-case basis). Below is an illustration:

<i>Basis period for Labuan company with FYE 31 January</i>	<i>YA</i>	<i>Due date for ITRF submission and tax payment (based on EOT granted)</i>
1 February 2023 – 31 January 2024	2025 (PYB)	31 July 2025
1 February 2024 – 31 January 2025	2025 (CYB)	30 September 2025

Filing programme for documents specified through MITRS for Labuan

The IRB will issue the Filing Programme for Documents Specified Under Section 22EB of the Labuan Business Activity Tax Act 1990 Through Malaysian Income Tax Reporting System (MITRS), which is effective from YA 2025 (CYB) and subsequent YAs, in due course.



Gazette order for the extended e-Invoicing implementation deadline

The Income Tax (Issuance of Electronic Invoice) (Amendment) Rules 2025 has been gazetted to legislate the extended e-Invoicing implementation deadline.

The Rules are effective from 30 June 2025.

Following the media release issued by the IRB on 5 June 2025, which announced the deferment of the e-Invoicing implementation for Micro, Small and Medium Enterprises (MSMEs), the gazette order has now been issued to incorporate the deferment into law.

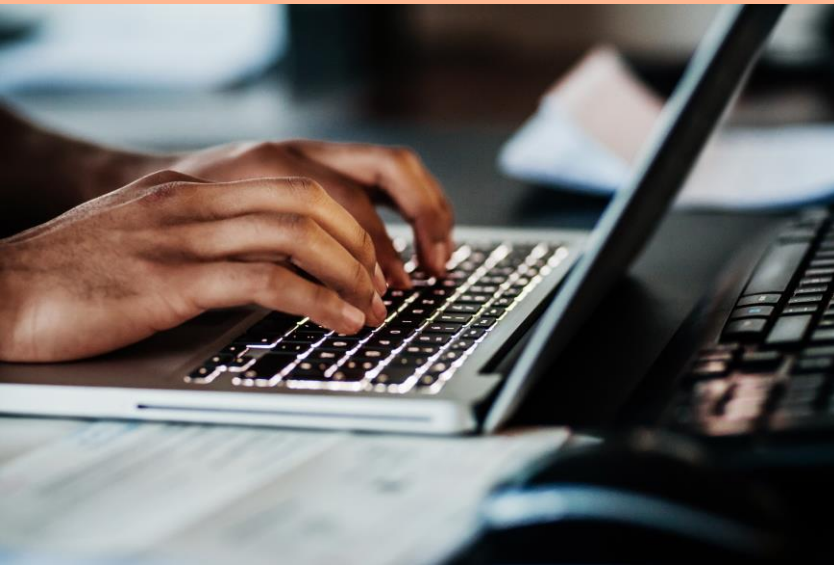
As a recap, the revised thresholds and timeline for phases commencing from 1 July 2025 are as follows:

<i>Phase</i>	<i>Category of taxpayers</i>	<i>Implementation date</i>
3	Taxpayers with an annual turnover or revenue exceeding RM5 million and up to RM25 million	1 July 2025
4	Taxpayers with an annual turnover or revenue exceeding RM1 million and up to RM5 million	1 January 2026
5	Taxpayers with an annual turnover or revenue up to RM1 million	1 July 2026



GPHDN No. 1/2025 - Implementation of the Tax Compliance Certificate for Government Procurement

The IRB has issued an operational guideline - GPHDN No. 1/2025 - Implementation of the Tax Compliance Certificate ("TCC") for Government Procurement ("GPHDN No. 1/2025") to explain the procedures and implementation of TCC.



GPHDN No. 1/2025 has superseded the following previously issued guideline:

- GPHDN No. 4/2024 - Implementation of the Tax Compliance Certificate on a pilot basis for Application for Government Procurement for the Procurement of Work and Consulting Services (Physical) (Effective from 1 October 2024 to 31 March 2025) dated 30 September 2024; and
- GPHDN No. 1/2023 – Issuance of the Tax Compliance Certificate for Government Procurement Application dated 22 November 2023.

The main update reflected in GPHDN No. 1/2025 is the transition from a pilot phase to full implementation of the TCC requirement for government procurement. Commencing from 1 July 2025, the TCC requirement will be fully implemented and expanded to cover all categories of government procurement, including supplies, services (consulting and non-consulting), and works. Previously, only Jabatan Kerja Raya (JKR) dan Jabatan Pengairan dan Saliran (JPS) were included in the pilot phase.

No substantive change is made to the core compliance criteria and issuance processes for TCC as noted in GPHDN No. 1/2025, compared to the previous guidelines. Please refer to [TaXavvy 2-2024](#) for salient points on the core compliance criteria and issuance processes for TCC.

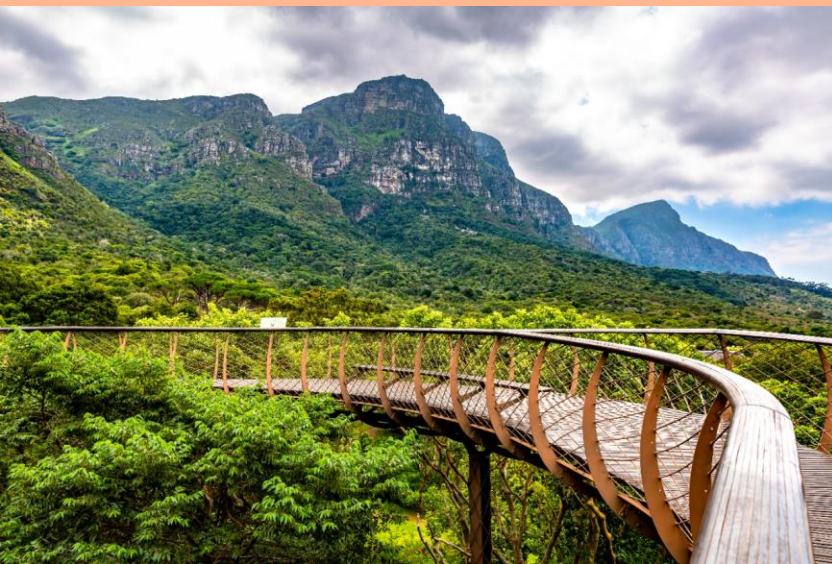
GPHDN No. 1/2025 is available on IRB's website www.hasil.gov.my (Legislation > Guidelines > Operational Guidelines).

Withholding of tax in the case of deceased agents, dealers and distributors

The IRB has issued a press release on 30 June 2025 to state that, with effect from 1 August 2025, the 2% withholding tax for payments to agents, dealers and distributors (ADD) will not apply in the case where the ADD is a deceased person.

Briefly, the press release explains that for purposes of the ITA 1967, “individual” means a natural living persons. Hence, a deceased ADD will not be considered as an individual for purposes of the ITA 1967. Therefore the 2% tax that is required to be withheld from payments to ADD will not apply in the case where the ADD is deceased.

Any income received after an ADD's death must be managed by the executor, administrator, heirs, or legal representatives, with the relevant Form CP57 (notification of death) and Form TP (deceased person's estate) registered and filed with supporting documents to the IRB.



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