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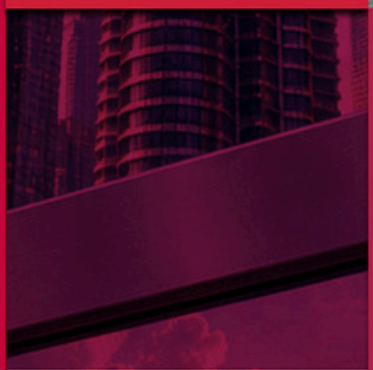
Belanjawan 2027
MALAYSIA MADANI

MALAYSIA BUDGET 2027

Malaysia MADANI: Menggapai Di Langit, Mengakar Di Bumi

KEY UPDATES







FOREWORD



The ECOVIS Malaysia Tax Team
— from left, Director Chong Khar Weng, Partner Ang Heng Ann, and Director Lim Wy-Jain

Malaysia's Fifth MADANI Budget for 2027 comes at a time when businesses and individuals continue to navigate an evolving economic landscape shaped by global uncertainties, rising costs and technological advancement. With a total Federal Budget allocation of **RM459.8 billion**, including **RM83 billion for development expenditure**, Budget 2027 seeks to support economic growth, strengthen public well-being and advance the country's long-term development priorities.

For businesses, Budget 2027 introduces measures aimed at enhancing competitiveness, encouraging investment and supporting the growth of micro, small and medium enterprises (MSMEs). Recognising the important role MSMEs play in Malaysia's economy, the Government proposes to reduce their income tax rates by one percentage point across selected income bands. Additional initiatives, including support for start-ups, equity crowdfunding and investment in high-value industries, may create opportunities for businesses to expand their operations, improve productivity and pursue new growth prospects.

For individuals, the Budget places continued emphasis on income growth, tax relief and financial assistance. The proposed to be increase in the minimum wage from **RM1,700 to RM2,000** per month, effective June 2027, is expected to benefit more than four million workers. Meanwhile, the allocation for Sumbangan Tunai Rahmah (STR) and Sumbangan Asas Rahmah (SARA) will increase to **RM16 billion**, compared with RM15 billion previously, reinforcing support for eligible households and individuals amid ongoing cost-of-living pressures.

Changes to personal income tax reliefs and tax rates are also expected to provide additional disposable income to eligible taxpayers.

Beyond immediate financial support, Budget 2027 continues to focus on developing a more competitive and resilient economy through investment, innovation, talent development and governance reforms. With Malaysia's economic growth projected at **4.2% to 5.2%** in 2027, the measures announced reflect the importance of balancing economic expansion with fiscal responsibility and inclusive development.

As businesses and individuals assess the implications of these announcements, understanding the relevant tax changes, incentives and compliance requirements will be essential. Early planning and informed decision-making can help taxpayers identify available opportunities, manage their obligations and adapt their strategies to the evolving regulatory environment.

At ECOVIS Malaysia, we recognise that every business and individual faces unique circumstances and challenges. Through our expertise in audit, tax, accounting and business advisory services, we are committed to helping our clients interpret relevant developments, evaluate their implications and make informed decisions with confidence.

This Budget 2027 Guide has been prepared to provide an overview of the key announcements and their potential implications for businesses, investors and individuals. We hope it serves as a practical reference to help readers navigate the changes, identify relevant opportunities and prepare for the year ahead.

As Malaysia moves forward, let us embrace change, pursue sustainable growth and work together towards a more resilient and prosperous future.

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CONTENT

Economic Outlook ---------- 1

Personal Tax ---------- 2 - 4

Corporate Tax & Business Incentives ---------- 5 - 9

Indirect Tax & Stamp Duty ---------- 10 - 15

Employment, Talent & Human Capital ---------- 16 - 18

Social Welfare ---------- 19

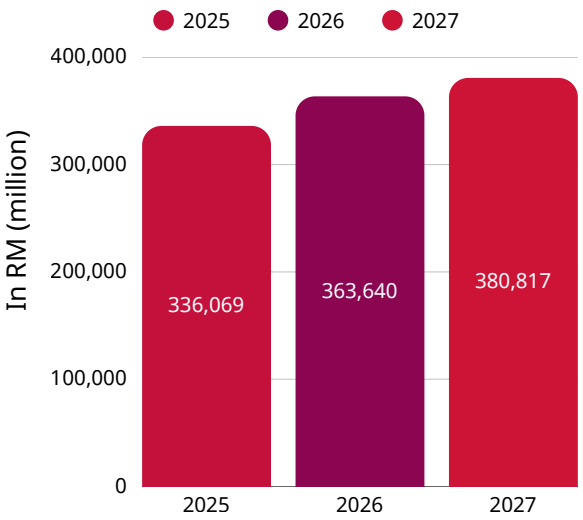
Business Financing and MSMEs Support ---------- 20 - 21

Others ---------- 22 - 24



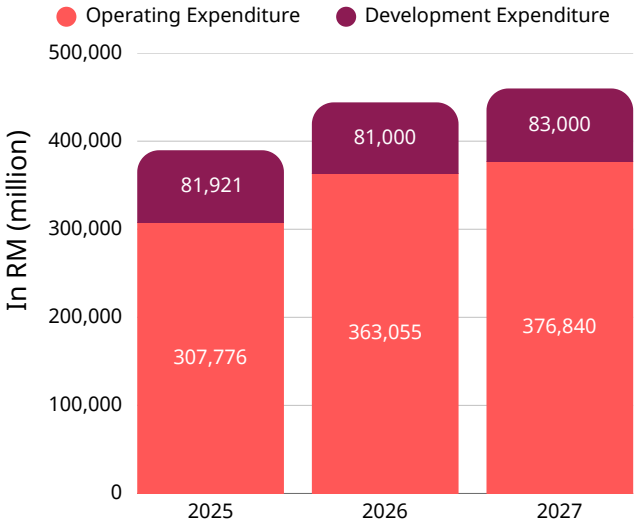
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Economic Outlook



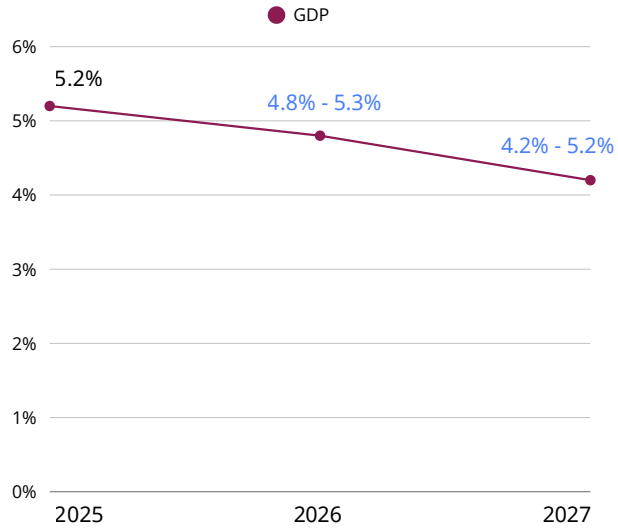
Total Government Revenue

Federal Government revenue is projected to increase from RM336.1 billion in 2025 to RM363.6 billion in 2026, before reaching **RM380.8 billion in 2027.**



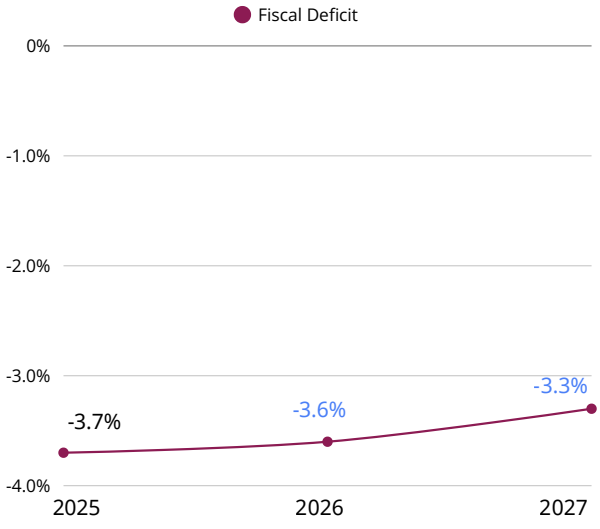
Total Allocated Fund

Budget 2027 allocates a total of **RM459.8 billion** with **RM376.8 billion** for operating expenses and **RM83.0 billion** for development expenditure



GDP Growth

Malaysia's economy is projected to expand by **4.2%–5.2% in 2027**, following the revised growth forecast of 4.8%–5.3% for 2026.



Fiscal Deficit

The fiscal deficit is expected to narrow from 3.6% of GDP in 2026 to **3.3% in 2027**, reflecting the Federal Government's ongoing fiscal consolidation efforts.

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Personal Tax



Increase in Individual Tax Relief

Individual income tax relief for individual and dependent relatives is proposed to be increased from **RM9,000 to RM12,000**.

effective from YA 2027.

Changes in Resident Individual Income Tax Rates

- Reduction of 1 percentage point for chargeable income band of RM70,001 to RM100,000 from **19% to 18%**;
- Creation of new chargeable income band of RM100,001 to RM150,000 with a reduction of 1 percentage point from **25% to 24%.**
- Revision of the chargeable income band exceeding RM2,000,000 to exceeding RM1,000,000 with the tax rate of **30%.**

The new structure of chargeable income bands and income tax rates for resident individuals are as follows:

Chargeable Income Band (RM)	Tax Rate (%)
0 - 5,000	0
5,001 - 20,000	1
20,001 – 35,000	3
35,001 – 50,000	6
50,001 – 70,000	11
70,001 – 100,000	**18**
100,001 – 150,000	**24**
150,001 – 400,000	25
400,001 – 600,000	26
600,001 – 1,000,000	28
Exceeding 1,000,000	**30**

Effective from YA 2027.

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Personal Tax

Expansion of Tax Reliefs

Wider Parent and Grandparent Personal Tax Relief

Tax relief limited to RM8,000 is given on expenses for the care of parents and grandparents at home, day care centres and residential care centres be revised to **cover all types of care expenses** and not limited to medical care.

Effective from YA 2027.

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



Postnatal Care Relief

Medical treatment expenses **reclassified as Health and Well-being**, with the relief limit maintained at RM10,000.

The scope of relief is expanded to include **Postnatal care service** expenses provided by a confinement centre or qualified individual limited to RM3,000;

Breastfeeding equipment for children aged 2 years and below paid by self or spouse limited to RM1,000 **to be merged** to Health and Well-being expenses.

Effective from YA 2027.

Wider Education and Tuition Relief

Individual income tax relief for education fees and skills courses under lifestyle relief be reclassified and merged as **Education and Skills Training** Fees with the relief limit remains at RM7,000. The scope of relief to be revised as follows:

- Fees paid for self-enrolment in courses or studies at Certificate, Diploma, Bachelor's, Master's or PhD level, in any field, recognised by a regulatory agency and offered by a Malaysian institution or professional body recognised by the Government or approved by the Minister of Finance.
- Fees of up to RM3,000 for self or spouse to undertake upskilling or self-enhancement courses in Technical and Vocational Education and Training (TVET), recognised by the Director General of Skills Development under Act 652.
- Fees of up to RM2,000 for:
  - Courses, training or self-enhancement classes unrelated to employment, for self or spouse; or
  - Courses, training, classes or tuition in Science, Technology, Engineering and Mathematics (STEM), arts, languages or religion, **for children.**

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Personal Tax

Expansion of Tax Reliefs

Lifestyle Relief Covers AI and Pets

- **Subscription fees for AI software and applications** for personal use, spouse or child, to promote digital literacy, productivity and innovation.
- **Pet care expenses** to encourage animal welfare, covering:
  - **Adoption fees** from registered animal shelters; and
  - Registered **veterinary fees** for vaccination and spaying or neutering.

Effective from YA 2027.



Expanded Sports Equipment Tax Relief included Sport Shoe

The scope of individual income tax relief for sports-related lifestyle is proposed to be expanded to include the **purchase of sports shoes limited to RM300**. The limit for the individual income tax relief for sports-related lifestyle remains at RM1,000.

Effective from YA 2027.

Extension of Tourism Expenses Tax Relief

Tax relief of up to **RM1,000** is given for following entrance fees is **extended to 2027**:

- Tourist attractions such as museums, zoo, theme parks, national parks, marine parks and geoparks; and
- Cultural and arts programmes.

Effective from YA 2027.

LINDUNG KENDIRI

Expanded SOCSO Contribution Tax Relief

The existing tax relief of **RM350** is **expanded to cover mandatory employee contributions to the Self-Employment Social Security Scheme (LINDUNG KENDIRI)** for 3 mandatory sectors:

- passenger transport
- goods or food transport, and
- hawkers

An **additional tax relief of up to RM150** is provided for voluntary employee contributions to the Non-Employment Injury Scheme (LINDUNG 24) and the 17 non-mandatory sectors under LINDUNG KENDIRI, as listed under the Self-Employment Social Security Act 2017 [Act 789].

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Corporate Tax & Business Incentives

Review of Income Tax Rates for MSMEs

First **RM150,000** tax rates reduced to **14%**

Next **RM450,000** tax rates reduced to **16%**



From YA 2027, the income tax rates for Micro Small Medium Enterprises are as follows:

Chargeable Income Band (RM)	Tax Rate (%)
First 150,000	14
RM150,001 to RM600,000	16
Exceeding RM600,000	24

Higher Capital Allowance Limit for Small Value Asset

The proposed changes to the capital allowance rules for small value assets:

- **Value limit for each small-value asset qualifying for capital allowance increase from**

RM2,000 → RM3,000

- **For Companies other than SMEs, the total claim limit will increase from**

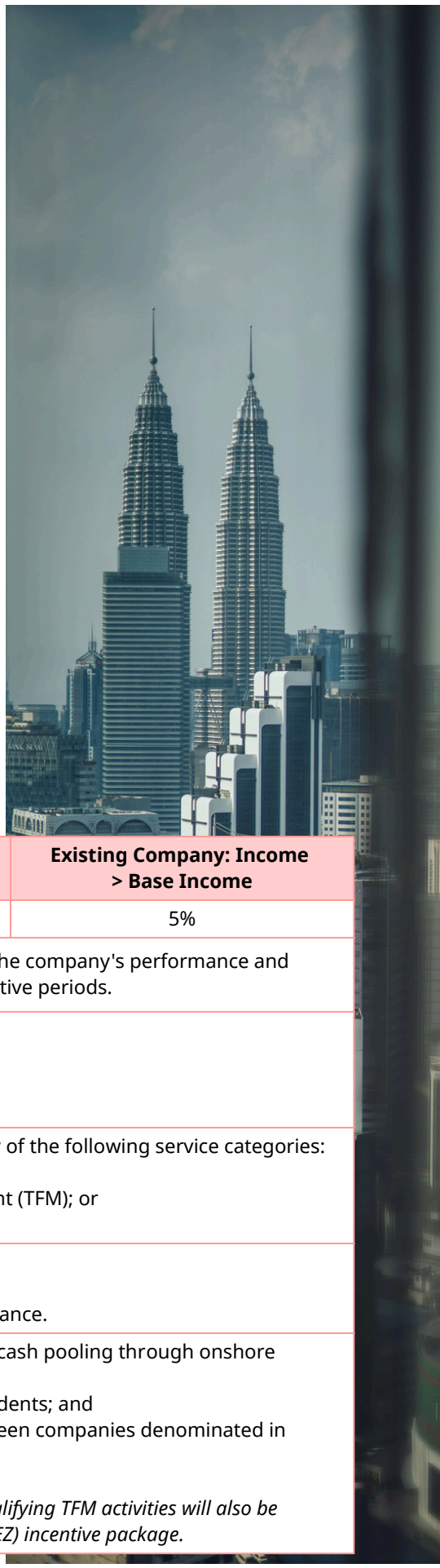
RM20,000 → RM30,000

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Corporate Tax & Business Incentives



Extension of Accelerated Capital Allowance (ACA) on Qualifying Capital Expenditure for plant, machinery and ICT equipment

The ACA incentive for qualifying capital expenditure on locally manufactured plant and machinery, ICT equipment and computer software will be extended for four years, **from 1 January 2027 to 31 December 2030.**

Global Services Hub Income Tax Incentives

Effective from 1 January 2027, the Government proposes to enhance the tax incentives for Global Services Hubs (GSHs) as follows.

1. **New company:** A company that has not previously carried out GSH or Principal Hub (PH) activities.
2. **Existing company:** A company that has previously been approved for GSH or PH incentives and undertakes additional new services as part of an extension application.
3. **Base income:** The average income of an existing company for the preceding three years.

Subject	New Company	Existing Company: Income ≤ Base Income	Existing Company: Income > Base Income
Tax Rate	5%	15%	5%
Incentive Period	Every five years, up to a maximum of 30 years, subject to the company's performance and commitments during the preceding and subsequent incentive periods.		
Qualifying Services	Must undertake the following core qualifying services: (a) Regional P&L / Business Management Unit; (b) Strategic business planning; and (c) Corporate development		
Additional Services	Must undertake at least two qualifying activities under any of the following service categories: (a) Strategic services; (b) Business services, including Treasury Fund Management (TFM); or (c) Shared services.		
Exempted Income	(a) Service income; or (b) Service and trading income; and (c) TFM activity income as prescribed by the Minister of Finance.		
Treasury Fund Management (TFM)	GSH companies undertaking TFM activities specifically for cash pooling through onshore intermediaries may qualify for: (a) Withholding tax exemption on interest paid to non-residents; and (b) 100% stamp duty exemption on loan agreements between companies denominated in foreign currencies. *Note: The withholding tax and stamp duty exemptions for qualifying TFM activities will also be extended to the Johor–Singapore Special Economic Zone (JS-SEZ) incentive package.*		

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Corporate Tax & Business Incentives

Tax Deduction for Salary Payments via Financial Institutions and Cashless Payment Methods

From YA 2028, tax deductions for salary expenses will be allowed only where payments are made through financial institutions or cashless payment instruments prescribed under the Employment Act 1955. This requirement will not apply to salary payments made by micro, small and medium enterprises (MSMEs).

Tax deductions for other business expenses will remain allowable regardless of the payment method used.

Tax Deduction for Employer-Paid PTPTN Loan Repayments on Behalf of Employees

Employers that repay PTPTN loans on behalf of their employees will be eligible to claim a tax deduction for repayments made between 1 January 2027 and 31 December 2028, subject to the following conditions:

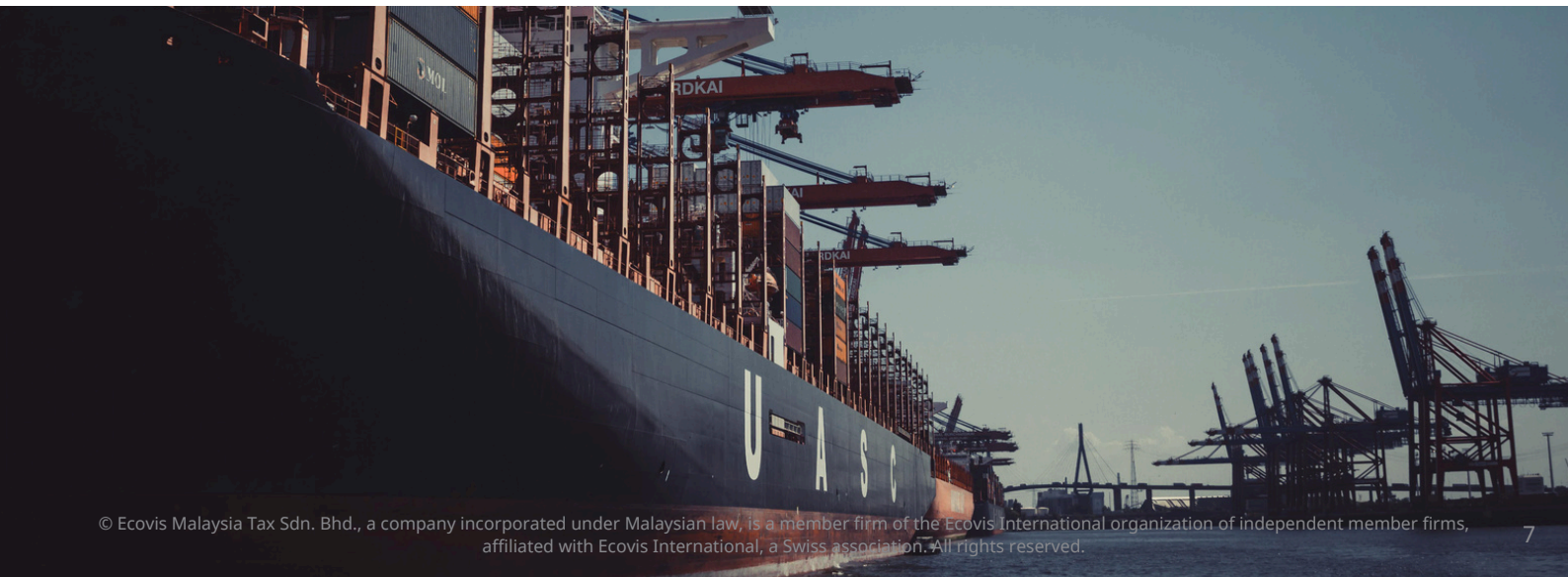
- The employer must not recover the repayment amount from the employee.
- The employee must be employed on a full-time basis.
- The employee must not be the business owner or be related to the employer.

Islamic Fund Management Incentives

The income tax exemption for resident companies providing Shariah-compliant fund management services approved by the Securities Commission Malaysia (SC) will be extended for another three years, from **YA 2028 to YA 2030.** However, the exemption rate will be reduced from **60% to 40%** of the statutory income derived from such services.

Extension of Tax Incentives for Malaysian Shipping Companies

The full income tax exemption for Malaysian shipping companies will be extended until **YA 2036.** In addition, stamp duty on loan agreements for the purchase or construction of Malaysian ships will be capped at **RM2,000** for loans of up to RM100 million and **RM5,000** for loans exceeding RM100 million.



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Corporate Tax & Business Incentives

Enhanced Green Technology Incentives

In line with the aspiration for sustainable national energy transition and net zero carbon emission by 2050, it is proposed that the Green Technology Tax Incentive be reviewed as follows:

Green Investment Tax Allowance (GITA) Project (Business Purposes)			
Qualifying Activity	**GITA (%)**	**Statutory Income to be Set-off (%)**	**Incentive Period**
Tier 1 1. Green Hydrogen 2. Ocean Thermal Energy Conversion	100	100 or 70	5+5 years
Tier 2 1. Electric Vehicle Charging Station 2. Renewable Energy System (Biomass, Biogas, Mini Hydro, Geothermal, Wind Energy)	60	70	5 years

GITA Assets (Own Consumption)		
Qualifying Activity	**GITA (%)**	**Statutory Income to be Set-off (%)**
Tier 1 1. List of qualifying assets approved by Finance Minister: a. Bus, Van, Panel MPV, Movers, Terminal Tractor, Forklift, Lorry/Light Truck, Lorry and Heavy Vehicle (including prime mover) b. Electric vehicle infrastructure (locally produced) c. Waste composting and recycling system (locally produced) d. Wastewater recycling and rainwater harvesting system (locally produced) 2. Renewable Energy Integrated System (Biomass, Biogas, Mini Hydro, Solar, Geothermal, Wind Energy) + Battery Energy Storage System (BESS)/Energy Storage System (ESS).	100	70
Tier 2 1. List of qualifying assets approved by Finance Minister: a. Electric vehicle infrastructure b. Waste composting and recycling system c. Wastewater recycling and rainwater harvesting system 2. Renewable Energy System (Biomass, Biogas, Mini Hydro, Geothermal, Wind Energy	60	70

Effective Date

GITA Project : For applications received by MIDA from **1 January 2027 until 31 December 2030**.

GITA Assets : For the purchase of qualifying green technology assets verified by MGTC from **1 January 2027 until 31 December 2030.**



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Corporate Tax & Business Incentives

Extension of tax incentive for Equity Crowdfunding (ECF)

To promote alternative financing and encourage greater individual investment in start-ups and micro, small and medium enterprises (MSMEs) through Equity Crowdfunding (ECF) platforms, the tax incentive will be extended for a further four years.

For investment made from **1 January 2027 until 31 December 2030.**

Tax Deduction for implementing BAKAT MADANI Training Programmes

To encourage greater private-sector participation in skills development, companies providing BAKAT MADANI training programmes will be eligible for tax deductions for the period **from 29 June 2026 to 31 December 2030.**

Income Tax Deduction on the Issuance Costs of Sukuk Prisma

To strengthen Malaysia's position as global sukuk investment hub, it is proposed that an **income tax deduction** be given on the issuance cost of Sukuk Prisma approved or authorised by Securities Commission Malaysia (SC) or lodged with SC.

The income tax deduction granted on the issuance cost of SRI Sukuk remains effective until the year of assessment 2027.

Effective from YA 2027 until 2030

Extension of Tax Incentive for Angel Investor

The **tax incentive** for angel investors investing in technology start-up companies at the pre-seed and seed stages is proposed to be **extended** for another four years.

For investment made from 1 January 2027 until 31 December 2030.

Extension of Tax Incentives for Organising International Incentive Trips, Conferences and Trade Exhibitions

Tax incentives for organising international incentive trips, conferences and trade exhibitions in Malaysia are proposed to be **extended** for another three years.

Effective from YA 2028 until 2030.

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Indirect Tax & Stamp Duty

Reduction of Service Tax and Exemption for Elderly Care Services

8% → **6%**

Service tax rate for elderly care services will be reduced from 8% to **6%**. In addition, elderly care fees of up to **RM96,000 per person per year will be exempt from service tax**, provided the services are offered by care centres registered under the relevant legislation. Fees **exceeding RM96,000 per person per year will be subject to 6% service tax.**

Effective from 1 January 2027.





Sales Tax Refund Facility for Traders on Supplies To Manufacturer

Sales tax refund facility be provided to local traders or distributors that have paid sales tax on goods supplied to manufacturers, covering:

- Machinery, spare parts and equipment under Item 55, Schedule A, Sales Tax (Persons Exempted from Payment of Tax) Order 2018.
- Inputs for manufacturing pharmaceutical products, animal feed, fertilisers and pesticides under Schedule B of the same order.

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Indirect Tax & Stamp Duty



Expansion of Import Duty Exemption for Langkawi-Origin Goods

To support local entrepreneurs in Langkawi, the **import duty exemption** for goods originating from Langkawi and brought into the Principal Customs Area (PCA) is proposed to be revised and expanded as follows:

Goods Category	List of Goods	
Agriculture and Agro-food	1. Bird's eggs 2. Coconut 3. Fruits 4. Sugarcanes	5. Vegetables 6. Poultry 7. Virgin coconut oil
Food and Beverage Product	1. Coffee products 2. Mineral water 3. Pineapple tarts 4. Coconut cookie 5. Chocolate made in Langkawi	6. Curry puff 7. Chips 8. Buffalo milk ice cream 9. Retort products
Fisheries and Marine Products	1. Anchovies 2. Anchovy based products	3. Dried stingray products 4. Downstream sea cucumber products
Minerals and Ornament	1. Handicraft products 2. Crystal products	3. Tiffin carrier
Consumer Goods and Home Appliances	1. Homemade soap 2. Virgin coconut oil	3. Whetstones
Forestry and Construction	1. Wood charcoal 2. Cement	3. Marble

Effective from 1 January 2027.

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Indirect Tax & Stamp Duty

Higher Value Limit of Import Duty and Sales Tax Exemption for Goods Transported Out of Duty-Free Islands

The value limit for goods eligible for **import duty and sales tax exemptions**, along with the required duration of stay, will be **increased** for goods transported out of duty-free islands as follows:

Goods Category	Goods Value Limit	Duration of Visit
Langkawi and Labuan		
All goods (new), **except:** 1. Tyres and tubes 2. Alcoholic beverages 3. Cigarettes 4. Tobacco products 5. Smoking pipe 6. Electronic cigarettes and vapes, including liquids or gels	Increased to RM10,000	Minimum 48 hours
The existing tax treatment for Tioman, Pangkor, Pulau 1 and Forest City will remain unchanged.		

Effective from 1 January 2027.

Extension of Entertainment Duty Exemption in the Federal Territories

- The **existing entertainment duty exemption** for selected categories of entertainment will be extended until 31 December 2030.
- A **100% entertainment duty exemption** will be granted for tickets to local film screenings (cinemas) and local theatre performances held in the Federal Territories for four years.

Effective Date

1. ***Selected entertainment:***
   - *Applications received by the Ministry of Finance up to 31 December 2030.*
2. ***Local film screenings (cinemas) and local theatre performances:***
   - *Applications received by the Ministry of Finance from 1 January 2027 to 31 December 2030.*

Entertainment Duty Exemption for Selected Facilities in Federal Territory

Entertainment duty will be exempted for arts cultural, entertainment and sporting activities held at Stadium Merdeka and Stadium Negara.

Effective from 1 January 2027.



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Indirect Tax & Stamp Duty

Stamp Duty Exemption for the Purchase of First Residential Home

Stamp duty exemption for the purchase of first residential home to be revised as follow:

1. Homes priced up to **RM500,000**
   Stamp duty exemption of **100%** be given on loan agreements and instruments of transfer.

2. Home priced up to **RM750,000**
   Stamp duty exemption be given on loan agreements and instruments of transfer as follows:
   - **100%** exemption on the **first RM500,000** of the home price; and
   - **50%** exemption on the remaining home price exceeding **RM500,000 up to RM750,000.**

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

Stamp Duty Exemption for Revival of Abandoned Housing Project

Stamp duty **exemption of 100%** be reintroduced on loan agreements and instruments of transfer executed by rescue contractors or developers and original buyers in relation to the revival of abandoned housing projects certified by the Ministry of Housing and Local Government.

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



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Indirect Tax & Stamp Duty

Stamp Duty Exemption for Opening Savings and Current Accounts

Stamp duty exemption of 100% be given on instruments executed by individuals or businesses for the opening of savings and current accounts that contain an undertaking which creates a specific legal obligation, indemnity, guarantee or liability.

effective from 1 January 2027.

Stamp Duty Treatment on Foreign Currency Loan or Financing Agreements

Maximum limit of stamp duty imposed on loan or financing agreements in foreign currency from banks in Malaysia be determined as follows:

1. RM2,000 for loan or financing up to RM100 million; and
2. RM5,000 for loan or financing exceeding RM100 million

effective date for loan or financing agreements executed from 1 January 2027.

Stamp Duty Treatment for Loan or Financing Under the CAKNA Scheme

Stamp duty remission on principal loan or financing agreements under the CAKNA scheme executed by MSMEs and small contractors be reviewed as follows:

1. The remission on stamp duty exceeding RM10 for agreements under the CAKNA I Scheme from 1 January 2029 be extended for 2 years; and
2. The remission on stamp duty exceeding RM10 for agreements under the CAKNA II Scheme executed from 1 January 2027 be reintroduced.

CAKNA I : For loan financing agreements executed from 1 January 2029 until 31 December 2030.

CAKNA II: For loan or financing agreements from 1 January 2027 until 31 December 2030.



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Indirect Tax & Stamp Duty

RM10 Stamp Duty on P2P Loan Agreements

To encourage MSMEs to obtain alternative financing through P2P platforms, it is proposed that remission of stamp duty exceeding RM10 be given on P2P loan or financing agreements executed between MSMEs and investors.

For loan or financing agreements executed from 1 January 2027 until 31 December 2030.

Remission of Stamp Duty on Loan Agreements by Mid-Tier Company

To improve MSMEs cash flow by obtaining early payments from the MTC's excess credit facility, it is proposed that stamp duty in excess of RM10 be remitted on second tier agreements between MTCs and financial institutions for excess credit facility given to MSMEs, subject to the following conditions:

1. MSMEs supplier have fulfilled contracts for the supply of goods or services to MTCs; and
2. MSMEs supplier are not parent company, subsidiary or related to the MTCs\

Stamp duty on first tier agreements remains at the ad valorem rate of 0.5%

For loan or financing agreements executed from 1 January 2027 until 31 December 2030.

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Employment, Talent & Human Capital

Minimum Wage Increased to RM2,000

RM1,700 → **RM2,000**

The Government has agreed to increase the minimum wage from **RM1,700 to RM2,000**. Micro, small and medium enterprises (MSMEs) with sales revenue below RM50 million are exempted.

effective from 1 June 2027

Minimum Wage of RM2,500 for Semi-Skilled Jobs and Graduates

Government will reform a wage framework that goes beyond the minimum wage, with a proposed minimum **monthly salary of RM2,500 for semi-skilled workers and graduates** to better reflect their skills, qualifications and contributions to the workforce.



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Employment, Talent & Human Capital

RM160 Million Package for E-Hailing and P-Hailing Workers

Pending the finalisation of these process, the Government and Grab Holdings Limited will jointly fund a support package starting in 2027 to increase net income and strengthen welfare protection for e-hailing and p-hailing workers.

The package covers:

- Increase in minimum income rates
- Assistance with vehicle maintenance and insurance costs
- SOCSO contributions
- EPF contributions

Matching Incentive for SOCSO Contributions for E-Hailing and P-Hailing Workers

The government has agreed to introduce **35% matching incentive** for SOCSO contributions for E-Hailing and P-Hailing workers. This incentive will be increase to **50%** if platform companies also contribute towards the workers' contribution.

Matching Incentive for EPF Contributions for E-Hailing and P-Hailing Workers

The Government will introduce matching incentive up to **RM600 a year** for EPF Contribution subject to a lifetime limit of RM6,000.



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Employment, Talent & Human Capital

TVET Funding

RM8 billion will be allocated across ministries for Technical and Vocational Education and Training (TVET) to enhance youths' skills and employability.

- **RM3 billion** will be channelled through HRD Corp to provide 3 million skills training opportunities, including continuing professional development for working professionals.
- **RM500 million** will be provided by the Skills Development Fund Corporation (PTPK) to finance trainees enrolled in skills training programmes at PTPK-registered public and private training institutions.



Education Supports for Students

RM150 → **RM200**

Bantuan Awal Persekolahan (BAP) increased from **RM150 to RM200 per pupil** for 2027 school session.

A total of living allowance of **RM2,500** will be provided for **Form Six Students**, equivalent to the allowance provided to matriculation students.

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Social Welfare

SARA MADANI for non-STR recipients

Malaysians aged 18 and above who do not receive STR will receive **RM100** on each of two occasions.

Monthly SARA assistance extended

All Sumbangan Tunai Rahmah (STR) recipients will continue to receive SARA assistance of up to RM150 per month (**RM1,800 annually**) in 2027.

Expanded eligible purchases under SARA programme

SARA can be used to purchase fresh produce and perishable goods at 216 FAMA farmers' markets and tamu nationwide.

Increase in Bankruptcy Threshold and Expansion of the Second Chance Policy

RM100,000 → **RM150,000**

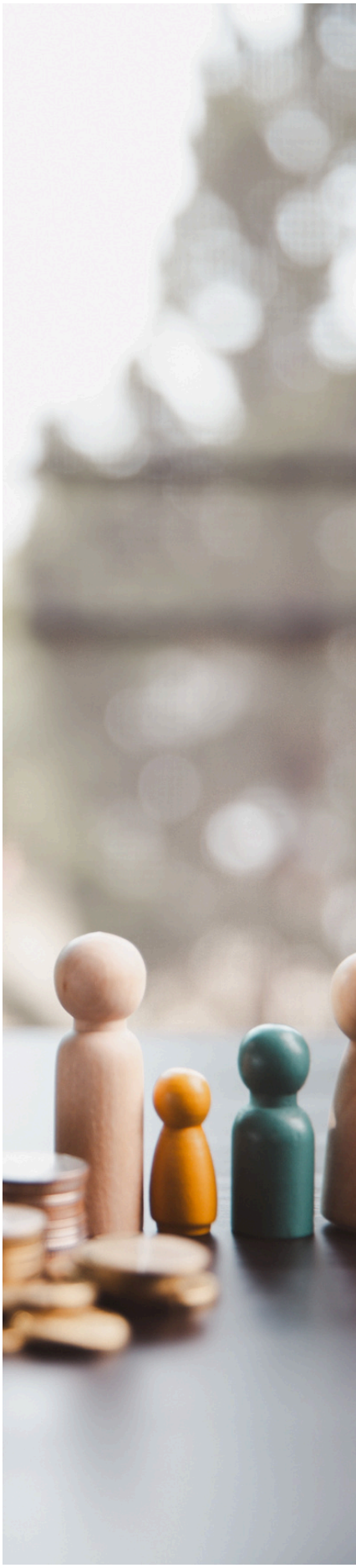
Effective 2027, the bankruptcy threshold will be raised from **RM100,000 to RM150,000.**

The Dasar Peluang Kedua Prihatin will be expanded to cover primary caregivers of persons with disabilities, individuals with chronic illnesses, senior citizens, gig workers, and individuals without a fixed income, facilitating faster discharge from bankruptcy.

In addition, the automatic discharge mechanism under **Section 33C** of the Insolvency Act will continue to be strengthened to expedite the discharge of eligible bankrupt individuals, potentially within three years.

MediAsas healthcare premium

A new healthcare plan will be introduced from **January 2027**, with hospital charges based on diagnosis and treatment categories to improve cost predictability. SMEs with fewer than 75 employees will receive a first-year premium subsidy of **RM200 per employee**, capped at 50 employees per company.



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Business Financing and MSMEs Support



Increase Microfinancing to Support Small Entrepreneurs

The government will increase microfinancing to **RM6.6 billion** in 2027:

- Amanah Ikhtiar Malaysia (AIM) : **RM3 billion** will be available to support 360,000 entrepreneurs.
- TEKUN Financing Fund will increase to **RM1.3 billion** with a focus on supporting Bumiputra entrepreneurs.
- Financing for Indian Community under TEKUN and AIM increase to **RM150 million** to help entrepreneurs expand their business.
- BSN will provide **RM1.7 billion** in microfinancing with dedicated allocation for youths, gig workers, hawkers and vulnerable group.

BSN and Agrobank Financing

BSN and Agrobank will provide financing facilities totalling **RM270 million** for gig workers seeking to start a business or purchase a first home.

SJPP and CGC Expanded Financing Guarantees

Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) and Credit Guarantee Corporation Malaysia Berhad (CGC) will provide financing guarantees up to **RM32 billion.**

SJPP extend its coverage to mid-tier companies across all sectors, with the guarantee limit raised to **RM50 million**. **RM1 billion** guarantees by SJPP will be earmarked to support the expansion of local companies through mergers and acquisitions.

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Business Financing and MSMEs Support



Additional Financing to Support SMEs Affected by West Asia Conflict

Bank Negara Malaysia has agreed to provide an additional **RM5 billion** to the existing **RM5 billion** financing facility for SMEs affected by the West Asia conflict.

This will increase the total facility to **RM10 billion.**

BPMB Group to Allocate RM7 Billion Across Seven Strategic Sectors

Bank Pembangunan Malaysia Berhad (BPMB Group) will allocate **RM7 billion** across seven strategic sectors to support growth in high-impact industries and core sectors of national development, including **renewable energy, logistics, aerospace and semiconductors.**

RM270 Million to Boost SME Funding Through ECF and P2P Platforms

RM270 million will be allocated through Equity Crowdfunding (ECF) and Peer-to-Peer (P2P) financing platforms. The initiative aims to support funding for small and medium enterprises (SMEs), mid-tier companies and social enterprises, enabling business expansion and growth.

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Tax Deduction for Cash Contributions to the School Public Contribution Fund (TSUWAS)

From YA 2027, cash contributions to the School Public Contribution Fund (Tabung Sumbangan Wang Awam Sekolah, or TSUWAS) will qualify for a tax deduction of **up to 10%** of aggregate income.

The permitted use of TSUWAS funds will also be **expanded to cover school administrative and operating expenses, repairs and maintenance, equipment procurement, and student programmes.** Applications to establish the fund must be submitted to the Inland Revenue Board of Malaysia (LHDN), with the endorsement of the Ministry of Education.



Zakat Payments Directly From EPF Shariah Savings Dividends

EPF members enrolled in Simpanan Shariah will be able to **pay zakat directly from their EPF dividends**, aligning the facility with similar arrangements offered by Permodalan Nasional Berhad (PNB) and Lembaga Tabung Haji (TH).

Monthly EPF Withdrawals Under the i-Emas Scheme

EPF members who reach the **ages of 55 and 60** may opt for the **i-Emas scheme to receive monthly withdrawals** instead of withdrawing their eligible savings in full. The remaining savings retained with the Employees Provident Fund (EPF) will continue to earn annual dividends.

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Proposed E-Commerce Legislation and Enhanced Enforcement Measures

The Government is reviewing **legislation and enforcement measures** to protect local micro, small and medium enterprises (MSMEs) from unfair competition by foreign e-commerce operators and to ensure the safety of goods purchased by consumers.

An E-Commerce Bill will be tabled at the next parliamentary sitting to strengthen the accountability of online platforms and sellers.

Employment Eligibility for Spouses of Category I Employment Pass Holders

From 1 January 2027, spouses of expatriates holding a Category I Employment Pass and a valid Dependant Pass will be **eligible to work in Malaysia**, subject to the applicable conditions.

Additional Stay Period for Existing (Digital Economy) DE Rantau Pass Holders

Existing DE Rantau Nomad Pass holders who have completed the initial two-year stay limit will be eligible for a further **two-year extension** to reside in Malaysia while working remotely, subject to the applicable conditions.



Introduction of MyABE Status for ASEAN Expansion and Talent Mobility

The Government proposes to introduce Malaysian ASEAN Business Entity (MyABE) status **to help Malaysian companies expand their operations across ASEAN.** Under this initiative, the Securities Commission Malaysia and TalentCorp will work together to streamline initial Employment Pass applications for listed MyABE companies, with a target processing time of five working days.

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FlySiswa MADANI 2027 Flight Ticket Assistance

RM400 → **RM500**

More than 60,000 students at Institusi Pengajian Tinggi Awam (IPTAs) are expected to benefit from the proposed increase in FlySiswa MADANI flight ticket assistance, from **RM400 to RM500** per student in 2027.

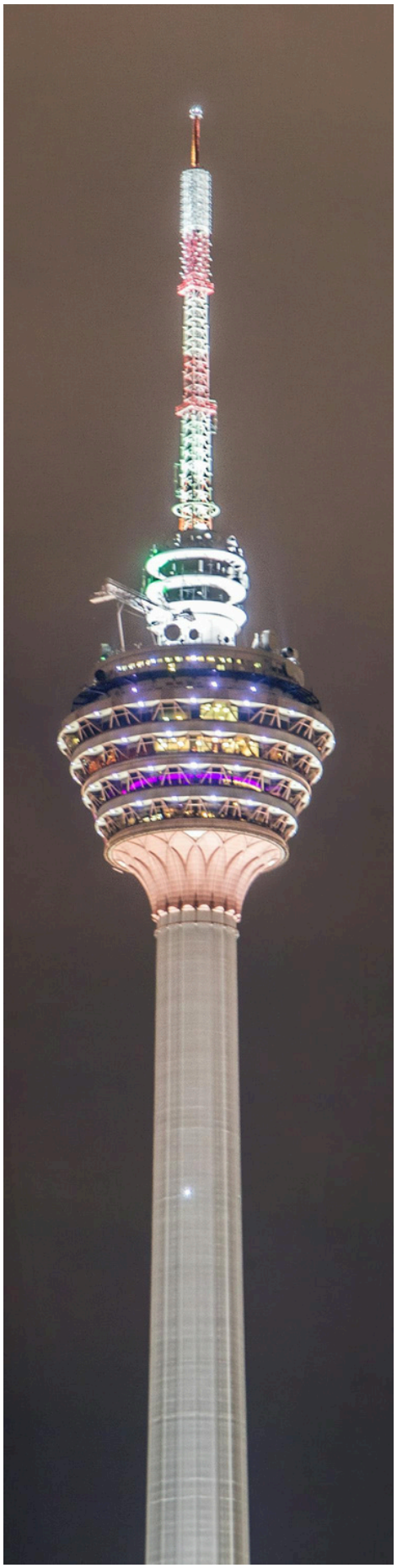
BUDI Belia Programme to Promote Youth Volunteerism

The Government proposes to introduce the BUDI Belia programme to promote youth volunteerism. Under this initiative, young people who complete the required volunteer hours with participating non-governmental organisations (NGOs) will receive an e-wallet incentive of **RM100**.

Minimum Monthly Pension Increased from RM1,000 to RM1,350

RM1,000 → **RM1,350**

The Government proposes to revise the minimum monthly pension upwards from **RM1,000 to RM1,350.** The measure is expected to benefit approximately 59,000 pensioners, ATM (Malaysian Armed Forces) veterans and recipients of derivative pensions.



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