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RSM

Belanjawan 2026
MALAYSIA MADANI

November 2025

Budget 2026 – Finance Bill 2025

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INTRODUCTION

Following the announcement of Malaysia's Budget 2026 on 10 October 2025, the Ministry of Finance ("MOF") has released: –

Finance Bill 2025	and	Measures for the Collection, Administration and Enforcement of Tax Bill 2025

Key updates include : –

Taxation on Limited Liability Partnership (LLP)'s Profit Distribution	Capital Gains Tax (CGT)	Real Property Gains Tax (RPGT)	Stamp Duty	Tax Administration

GLOSSARY

Abbreviations / Acronyms	Descriptions
CGT	Capital Gains Tax
DGIR	Director General of Inland Revenue Board
ETP	Estimate of Tax Payable
IRBM	Inland Revenue Board of Malaysia
LBATA 1990	Labuan Business Activity Tax Act 1990
LLP	Limited Liability Partnership
MITRS	Malaysian Income Tax Reporting System
PITA 1967	Petroleum (Income Tax) Act 1967
RPGT	Real Property Gains Tax
RPGTA 1976	Real Property Gains Tax Act 1976
SA 1949	Stamp Act 1949
SAS	Self-Assessment System
the Act	Income Tax Act 1967
YA	Year of Assessment

Key Highlights from Finance Bill 2025

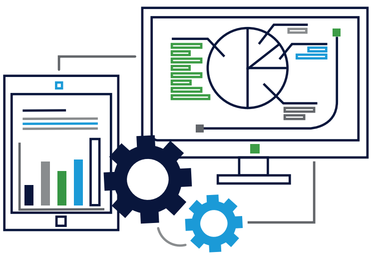
1. Taxation on LLP's Profit Distribution

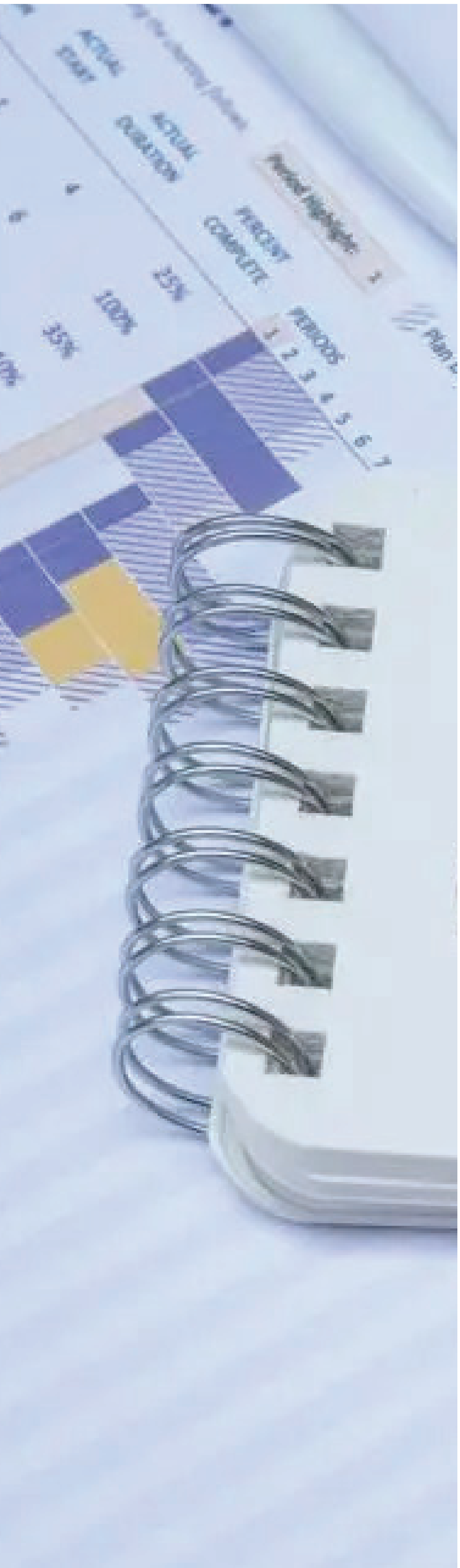
It is proposed that: –

(i) Income tax shall be charged at 2% on an individual partner's chargeable income from profits paid, credited or distributed (whether in cash or in kind – *Note*) by an LLP, in excess of RM100,000.

Note: Where the profits consist of profits in kind, such profits shall equal to the market value of the profits in kind at the time of profit distribution.

Effective date: YA 2026





Key Highlights from Finance Bill 2025

2. CGT

It is clarified that: –

(i) Meaning of "disposal" covers: –

a. to sell, convey, transfer, assign, settle or alienate whether by an agreement or any written law;

b. an extinguishment of any rights due to the dissolution or winding up of a company; or

c. a reduction of share capital, **conversion of shares**, **redemption of shares**, purchase by a company of its own shares or **ownership of the capital asset ends**.

Effective date: 1 January 2026

(ii) Tax treatment for gains or profits from the disposal of capital assets only applies to: –

a. Disposal of capital assets situated in Malaysia (i.e. shares of an unlisted company incorporated in Malaysia); or

b. Disposal of shares under Section 15C of the Act (i.e. shares of a controlled company incorporated outside Malaysia which owns real property situated in Malaysia or shares of another controlled company or both).

Effective date: 1 January 2026

Key Highlights from Finance Bill 2025

2. CGT (Cont'd)

It is proposed that: –

(iii) Date of completion of disposal (i.e. the date of disposal, in the absence of written agreement) shall be the date on which: –

a. Transfer of ownership of the capital assets by the disposer, **ownership of the capital assets by the disposer ends, or the rights are extinguished due to dissolution or winding up of a company**; or

b. Receipt of consideration (whether in cash or in kind) by the disposer.

whichever is earlier.

Effective date: 1 January 2026

(iv) New section i.e. Section 76A is introduced to provide that disposal of capital assets by a **nominee** of a company, LLP, trust body or co-operative society shall be regarded as disposal made by the company, LLP, trust body or co-operative society, for CGT purposes.

Effective date:1 January 2026

Key Highlights from Finance Bill 2025

3. RPGT

It is proposed that: –

(i) Allowable losses arising from the disposal of real property can be carried forward for **10 consecutive YAs** – to be set off against future chargeable gains from disposal of real property. Any unutilised losses after such 10 YAs shall be disregarded.

Effective date: YA 2026

(ii) DGIR is empowered to allow, at his discretion, RPGT to be paid by instalments for RPGT returns submitted under SAS.

Effective date:1 January 2026

(iii) Where the disposal consideration consists wholly or partly of money, acquirer may choose to retain: –

a. The whole of that money;

b. A sum not exceeding 3%, 5% or 7% of the total value of consideration (depending on the category of disposer and holding period by the disposer); or

c. **The amount of RPGT payable, based on the RPGT return submitted electronically by the disposer.**

whichever is **lesser**, and (whether or not that amount is so retained), shall within 60 days after the date of disposal pay that amount to the DGIR.

Effective date: 1 January 2026

Key Highlights from Finance Bill 2025

4. Stamp Duty

It is proposed that: –

(i) For the purpose of stamp duty, "residential property" means a house, condominium, apartment, flat, service apartment, or small office home office solely to be used as a dwelling house.

Effective date: 1 January 2026

(ii) Application for a refund may be made in respect of the ad valorem duty paid (for contract or agreement on sale which is subsequently revoked, cancelled or repealed), **within 24 months after the date of the instrument**, by the person whom it was first or alone executed.

Effective date: 1 January 2026

(iii) Under the SAS system, stamp duty shall be due and payable within 30 days from the date of submission of a stamp duty return.

Effective date: 1 January 2026

Key Highlights from Finance Bill 2025

4. Stamp Duty (Cont'd)

(iv) Changes to First Schedule of the SA 1949 –

Items no.	Description of Instrument	Changes
4	Agreement or Memorandum of Agreement	The **wage threshold** for employment contract to be exempted from stamp duty is increased to RM3,000 per month.
32(ab)	Conveyance, Assignment, Transfer or Absolute Bill of Sale *On sale of any residential property from 1 January 2026 to a foreign company or a person who is not a Malaysian citizen and not a permanent resident*	Proper Stamp Duty RM8 for every RM100 or fractional part of RM100 of the amount of money value of the consideration or market value of the residential property, whichever is **greater**.

Effective date: 1 January 2026

(v) Changes to Third Schedule of the SA 1949 –

Items no.	Nature of Instrument	Changes
43	Exchange	Person liable to pay duty The grantee or transferee in an exchange of ownership.

Effective date: 1 January 2026

Key Highlights from Finance Bill 2025

4. Stamp Duty (Cont'd)

(vi) Revised penalties: –

Offence	Revised Penalties
Registering an instrument of transfer executed outside Malaysia which is not duly stamped	Not less than RM1,000 and not exceeding RM10,000.
Failure to pay the compounded duty on unstamped instruments to the Collector within the stipulated due date	RM500 or 20% of the amount payable, whichever is greater.
Failure to set forth all facts and circumstances pertaining to an instrument truly and fully	Not less than RM2,500 and not exceeding RM50,000.
Executing or signing instruments / documents which are not duly stamped Issuing, endorsing, transferring or presenting for acceptance or payment, or negotiating any cheque or promissory note which is not duly stamped	Not less than RM1,000 and not exceeding RM10,000.
Failure to execute and transmit contract note	Not less than RM1,000 and not exceeding RM10,000.
Misuse of stamp certificates such as selling, counterfeiting, fraudulently attaching / detaching stamp certificates	Not less than RM2,500 and not exceeding RM50,000.

Effective date: 1 January 2026

Key Highlights from Finance Bill 2025

5. Tax administration

It is proposed that: –

(i) ETP and payment by instalments for companies

Instalment payment pertaining to ETP for a YA shall be paid from the first month in the basis period for the YA.

Effective date: YA 2028

During the transition period, the number of instalments is reduced by one month i.e. ETP for YA 2027 shall be paid in equal monthly instalments for 11 months.

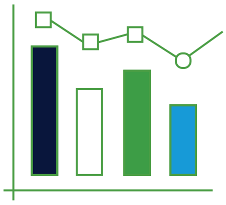
Effective date: YA 2027

(ii) Duty to provide information and furnish documents for ascertaining chargeable income, tax payable, etc.

- Upon submission of return form, **partnerships** are required to submit information and specified documents electronically to the IRBM through MITRS, within 30 days after the due date for submission of relevant return form.

Effective date: YA 2027

Key Highlights from Finance Bill 2025



5.Tax administration (Cont'd)

(iii) Authorisation of representatives

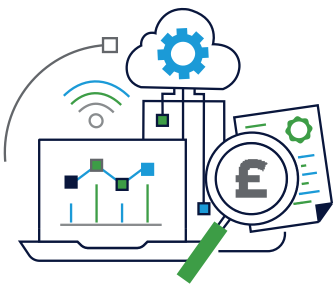
- Authorisation of representatives (e.g. tax agent or employee) to furnish any prescribed form under the Act is required to be filed electronically via a prescribed form.

Effective date: 1 January 2027

(iv) Refund of Over-payments

- Any excess amount from tax payable under the Act can be utilised against duty due and payable under SA 1949 or tax due and payable under LBATA 1990, in addition to PITA 1967 or RPGTA 1976.

Effective date: 1 January 2026



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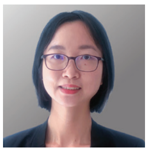

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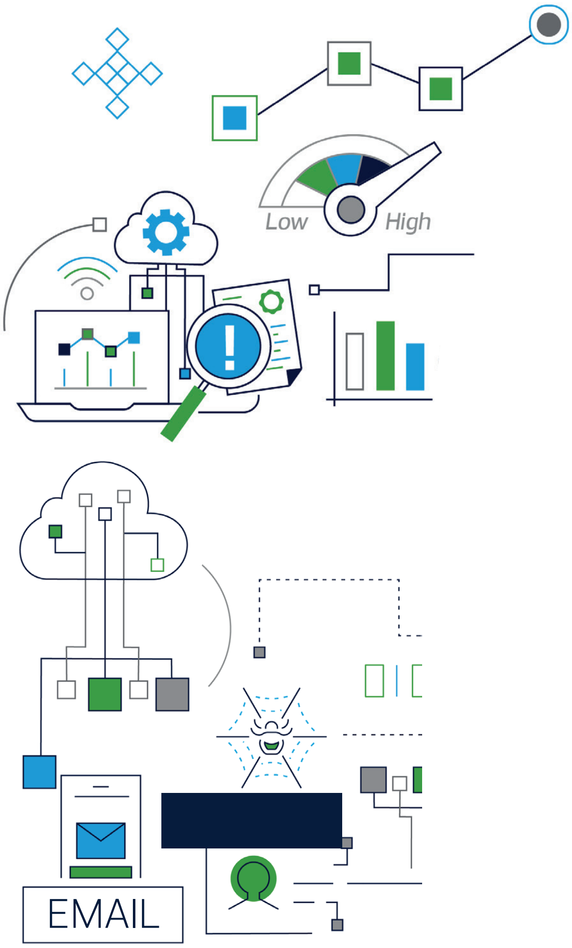

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