FINANCE BILL 2026

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A BILL

intituled

An Act to amend the Income Tax Act 1967, the Stamp Act 1949, the Labuan Business Activity Tax Act 1990, the Petroleum (Income Tax) Act 1967 and the Finance Act 2025.

[ ]

ENACTED by the Parliament of Malaysia as follows:

Chapter I

PRELIMINARY

Short title

1. This Act may be cited as the Finance Act 2026.

Amendment of Acts

2. The Income Tax Act 1967 [*Act 53*], the Stamp Act 1949 [*Act 378*], the Labuan Business Activity Tax Act 1990 [*Act 445*], the Petroleum (Income Tax) Act 1967 [*Act 543*] and the Finance Act 2025 [*Act 874*] are amended in the manner specified in Chapters II, III, IV, V and VI respectively.

Chapter II

AMENDMENTS TO THE INCOME TAX ACT 1967

Commencement of amendments to the Income Tax Act 1967

3. (1) Sections 7 and 9 come into operation on 1 January 2027.

(2) Paragraphs 5*(a)*, *(b)* and *(c)* and sections 4, 6, 8, 12, 13 and 14 have effect for the year of assessment 2027 and subsequent years of assessment.

(3) Paragraph 5*(d)* has effect for the year of assessment 2028 and subsequent years of assessment.

(4) Sections 10 and 11 are deemed to have effect for the Financial Year beginning on or after 1 January 2025 and subsequent Financial Years.

Amendment of section 6

4. The Income Tax Act 1967, which is referred to as the "principal Act" in this Chapter, is amended in paragraph 6(1)*(i)*—

(a) by substituting for the words "a unit holder other than a unit holder which is a resident company" the words "a non-resident unit holder"; and

(b) by substituting for the words "for a period of six years from the year of assessment 2020" the words "for the year of assessment 2027 and subsequent years of assessment".

Amendment of section 39

5. Subsection 39(1) of the principal Act is amended—

(a) in paragraph *(r)*, by deleting the word "or" at the end of the paragraph;

(b) in subparagraph *(s)*(ii), by substituting for the full stop at the end of the paragraph a semicolon; and

(c) by inserting after paragraph *(s)* the following paragraphs:

"*(t)* any outgoings and expenses, whether directly or in the form of reimbursements, incurred by a company in respect of any right granted to any employee of the company by reason of any office or employment held in Malaysia by the employee to acquire new shares issued by the company;

(u) subject to any rules as may be prescribed by the Minister, any amount in respect of any payment made by a company to a holding company or a subsidiary company for new shares of the holding company or the subsidiary company issued to an employee of the first-mentioned company by reason of any office or employment held in Malaysia; or"; and

(d) by inserting after paragraph *(u)* the following paragraph:

"*(v)* any amount of payment of the kind to which paragraph 13(1)*(a)* applies which is in monetary form paid to an employee otherwise than through an account opened by a financial institution, being an account in the name of the employee:

Provided that—

(i) this paragraph shall not apply to any amount paid by a micro enterprise or small and medium enterprise;

(ii) in this paragraph—

"financial institution" means—

(A) a licensed bank and an approved issuer of a designated payment instrument under the Financial Services Act 2013;

(B) a licensed Islamic bank and an approved issuer of a designated Islamic payment instrument under the Islamic Financial Services Act 2013;

(C) a prescribed institution under the Development Financial Institutions Act 2002 [*Act 618*]; or

(D) any approved issuer referred to in subsection 25(4) of the Employment Act 1955 [*Act 265*], subsection 110(4) of the Labour Ordinance of Sabah [*Sabah Cap. 67*] or subsection 111(4) of the Labour Ordinance of Sarawak [*Sarawak Cap. 76*];

"micro enterprise" and "small and medium enterprise" mean any enterprise as may be determined by the National Small and Medium Enterprises Development Council under the Small and Medium Enterprises Corporation Malaysia Act 1995 [*Act 539*].".

Amendment of section 46

6. Section 46 of the principal Act is amended—

(a) in subsection (1)—

(i) in paragraph *(a)*, by substituting for the words "nine thousand ringgit" the words "twelve thousand ringgit";

(ii) in paragraph *(c)*, by substituting for the words "the claim is evidenced by certification of a medical practitioner or dental practitioner that the conditions of the parents or grandparents require medical treatment, dental treatment,

complete medical examination, special needs or carer" the words ", other than carer expenses, the claim is evidenced by certification of a medical practitioner or dental practitioner that the conditions of the parents or grandparents require medical treatment, dental treatment, complete medical examination or special needs";

(iii) by substituting for paragraph *(f)* the following paragraph:

"*(f)* fees expended or deemed expended under subsection (3) in that basis year by the individual—

(i) on himself for any course of study in any field undertaken at the level of certificate, diploma, bachelors, Masters or Doctorate degree for the purpose of acquiring qualification or skill recognised by any regulatory authority in any institution or professional body in Malaysia recognised by the Government or approved by the Minister;

(ii) on himself or on his wife, or in the case of a wife, on herself or on her husband, for any course of study undertaken for the purpose of upskilling or self-enhancement in the field of technical or vocational recognised under the National Skills Development Act 2006 [*Act 652*], limited to a maximum amount of three thousand ringgit; or

(iii) limited to a maximum amount of two thousand ringgit—

(A) on himself or on his wife, or in the case of a wife, on herself or on her

husband for undertaking any course, training, skill or self-enhancement class not related to employment; or

(B) for any course, training, class or tuition in the fields of science, technology, engineering, mathematics, arts, languages or religion undertaken by the individual's child, in which the maximum amount of deduction under this subparagraph shall apply notwithstanding that the individual may have more than one child and where a wife living together with her husband is assessed separately for that year, the deduction under this subparagraph shall only be allowed either to the husband or to the wife,

and the total deduction under this paragraph shall be subject to a maximum amount of seven thousand ringgit;";

(iv) in paragraph *(g)*—

(A) by substituting for the words "medical expenses" the words "health expenses";

(B) in subparagraph (iii), by deleting the word "or" at the end of the paragraph;

(C) in subparagraph (iv), by substituting for the colon at the end of the paragraph a semicolon;

(D) by inserting after subparagraph (iv) the following subparagraphs:

"(v) for his wife or by the wife for herself for the purchase of breastfeeding equipment used for the individual's child aged two years and below, an amount limited to a maximum of one thousand ringgit, as evidenced by receipts issued in respect of the purchase; or

(vi) for his wife or by the wife for herself in respect of post-natal care services provided by a care centre or any individual registered, recognised or licensed under any written law relating to such services, an amount limited to a maximum of three thousand ringgit and where a wife living together with her husband is assessed separately for that year, the deduction under this subparagraph shall only be allowed either to the husband or to the wife:";

(E) in the proviso—

(AA) in subparagraph *(c)*(B), by deleting the word "and" at the end of the subparagraph;

(BB) by inserting after paragraph *(d)* the following paragraph:

"*(e)* for the purposes of subparagraph (v)—

(i) breastfeeding equipment refers to a breast pump kit and an ice pack, a breast

milk collection and storage equipment, and a cooler set or bag;

(ii) where a wife living together with her husband is assessed separately for that year, the deduction under this subparagraph shall only be allowed either to the husband or to the wife; and

(iii) the maximum amount of deduction under this subparagraph shall apply notwithstanding that the individual may have more than one child;";

(v) by substituting for paragraph *(n)* the following paragraph:

"*(n)* a contribution made or suffered in that basis year by the individual to the Social Security Organization for—

(i) an amount limited to a maximum of three hundred and fifty ringgit pursuant to the Employees' Social Security Act 1969, the Employment Insurance System Act 2017 [*Act 800*] or in relation to industry specified in paragraphs 1, 9 and 10 of the First Schedule to the Self-Employment Social Security Act 2017 [*Act 789*];

(ii) a further amount of one hundred and fifty ringgit—

(A) pursuant to the Employees' Social Security Act 1969 in relation to non-employment injury referred to in the Employees' Social Security Act 1969; or

(B) pursuant to the Self-Employment Social Security Act 2017 in relation to an industry specified in the First Schedule to the Self-Employment Social Security Act 2017 excluding paragraphs 1, 9 and 10;";

(vi) in paragraph *(p)*—

(A) in subparagraph (iv), by inserting after the words "internet subscription" the words "or artificial intelligence software and application subscription";

(B) by deleting subparagraph (v); and

(C) by inserting after the deleted subparagraph (v) the following subparagraph:

"(vi) for the payment in respect of the cost of—

(A) pet adoption from an animal pound or animal shelter licensed under the Animal Welfare Act 2015 [*Act 772*] or an animal which is kept by a local authority under the Local Government Act 1976 [*Act 171*]; or

(B) vaccination of pets or neutering of pets by a veterinarian registered with the Malaysian Veterinary Council,";

(vii) by deleting paragraph *(q)* and its proviso; and

(viii) in paragraph *(u)*—

(A) by deleting the words "limited to a maximum of one thousand ringgit";

(B) in subparagraph (iii), by deleting the word "and" at the end of the subparagraph;

(C) in subparagraph (iv), by substituting for the comma at the end of the subparagraph the words "; and";

(D) by inserting after subparagraph (iv) the following subparagraph:

"(v) for the purchase of sports shoes limited to a maximum of three hundred ringgit,"; and

(E) by substituting for the proviso the following proviso:

"Provided that for the purposes of this paragraph—

(a) "parents" shall be individuals resident in Malaysia; and

(b) the total deduction under this paragraph shall be subject to a maximum of one thousand ringgit; and"; and

(b) in subsection (3), by inserting after the words "paragraphs (1)*(d)*," the words "*(f)*,".

Amendment of section 109D

7. Subsection 109D(2) of the principal Act is amended by substituting for the words "a unit holder other than a unit holder which is a resident company" the words "a non-resident unit holder".

Amendment of section 133

8. Section 133 of the principal Act is amended by inserting after the words "in respect of that territory" the words "or where the arrangements having effect under section 132 do not provide relief in respect of the foreign tax".

Amendment of section 140A

9. Subsection 140A(5A) of the principal Act is amended—

(a) by inserting after the words "of whom" the words "directly or indirectly"; and

(b) by inserting after the words "person who" the words "directly or indirectly".

Amendment of section 164

10. Section 164 of the principal Act is amended—

(a) by substituting for paragraph (2)*(a)* the following paragraph:

"*(a)* the accounting period covered by the financial statements for the financial years for all of the Constituent Entities of the Multinational Enterprise Group which are in Malaysia is within the accounting period used by the Ultimate Parent Entity for the Constituent Entities in the preparation of the Consolidated Financial Statement of the Ultimate Parent Entity;"; and

(b) by inserting after subsection (3) the following subsection:

"(3A) For the purposes of subsection (2), the requirement under paragraph (2)*(a)* shall not apply—

(a) if the accounting period of a Constituent Entity is different from the accounting period used for the Constituent Entity in the preparation of the Consolidated Financial Statements due to—

(i) the Constituent Entity becoming a Constituent Entity of the Ultimate Parent Entity; or

(ii) the Constituent Entity ceased to be a Constituent Entity of the Ultimate Parent Entity,

during the accounting period or the immediately preceding accounting period as a result of an acquisition, disposition, dissolution, merger or similar restructuring including establishment of a Permanent Establishment.".

Amendment of section 187

11. Section 187 of the principal Act is amended by inserting after subsection (2) the following subsection:

"(2A) For the avoidance of doubt, subsections 158(1) and 159(1), and Chapters 11, 12, 13, 14, 15, 16, 17, 18 and 19 of this Part, other than sections 201, 224 and 226, shall apply to a Joint Venture and its Joint Venture Subsidiaries as if such Joint Venture and its Joint Venture Subsidiaries were Constituent Entities.".

Amendment of Schedule 1

12. Schedule 1 to the principal Act is amended—

(a) in Part I—

(i) in paragraph 1, by substituting for the chargeable income and rates of income tax the following chargeable income and rates of income tax:

"*Chargeable income*	*RM*	*Rate of income tax*
For every ringgit of the first	5,000	0 per cent
For every ringgit of the next	15,000	1 per cent
For every ringgit of the next	15,000	3 per cent
For every ringgit of the next	15,000	6 per cent
For every ringgit of the next	20,000	11 per cent
For every ringgit of the next	30,000	18 per cent
For every ringgit of the next	50,000	24 per cent
For every ringgit of the next	250,000	25 per cent
For every ringgit of the next	200,000	26 per cent
For every ringgit of the next	400,000	28 per cent
For every ringgit exceeding	1,000,000	30 per cent";

(ii) in paragraph 2A, in column "Rate of income tax"—

(A) by substituting for the words "15 per cent" the words "14 per cent"; and

(B) by substituting for the words "17 per cent" the words "16 per cent"; and

(iii) in paragraph 2D, in column "Rate of income tax"—

(A) by substituting for the words "15 per cent" the words "14 per cent"; and

(B) by substituting for the words "17 per cent" the words "16 per cent"; and

(b) in Part X, in paragraph 1—

(i) by substituting for subparagraph *(a)* the following subparagraph:

"*(a)* and subject to subparagraphs *(b)* and *(c)*, income tax shall be charged for a year of assessment on the income of a non-resident unit holder consisting of income distributed to the non-resident unit holder referred to in section 109D which is derived from Malaysia at the rate of thirty per cent of gross for the year of assessment 2027 and subsequent years of assessment"; and

(ii) by substituting for subparagraph *(c)* the following subparagraph:

"*(c)* and income tax shall be charged for a year of assessment on the income of a non-resident unit holder which is a foreign institutional investor consisting of income distributed to the non-resident unit holder referred to in section 109D which is derived from Malaysia at the rate of thirty per cent of gross for the year of assessment 2027 and subsequent years of assessment.".

Amendment of Schedule 3

13. Schedule 3 to the principal Act is amended—

(a) by inserting after paragraph 2C the following paragraph:

"**2CA.** (1) For the purposes of this Schedule and subject to subparagraph (2), where a Labuan company which has made an election referred to in section 3B had in use machinery or plant for the purposes of a business which income is subject to tax under the Labuan Business Activity Tax Act 1990, and the machinery or plant is subsequently brought into use for the purposes of its business which income is subject to tax under this Act, the Labuan company shall be deemed to have incurred qualifying plant expenditure on that machinery or plant under this Act.

(2) The amount of qualifying plant expenditure referred to in subparagraph (1) shall be taken to be the market value or the net book value of the machinery or plant, whichever is the lower, on the day the machinery or plant was brought into use being the date on which the election under section 3B was made.

(3) The provisions of this Schedule shall apply to the amount of qualifying plant expenditure referred to in subparagraph (2)."; and

(b) in paragraph 19A—

(i) by substituting for the words "two thousand ringgit" the words "three thousand ringgit"; and

(ii) by substituting for the words "twenty thousand ringgit" the words "thirty thousand ringgit".

Amendment of Schedule 7

14. Schedule 7 to the principal Act is amended in paragraph 16 by substituting for the definition of "unilateral credit" the following definition:

"unilateral credit" means credit in respect of foreign tax payable under the laws of a territory outside Malaysia—

(a) in which no arrangements under section 132 are in force; or

(b) for which relief in respect of the foreign tax is not provided in an arrangement in force under section 132.".

Chapter III

AMENDMENTS TO THE STAMP ACT 1949

Commencement of amendments to the Stamp Act 1949

15. (1) Sections 16 and 23 come into operation on 1 January 2027.

(2) Sections 17, 18, 19, 20, 21, 22, 24 and 25 come into operation on 1 July 2027.

Amendment of section 2

16. The Stamp Act 1949, which is referred to as the "principal Act" in this Chapter, is amended in section 2—

(a) by inserting before the definition of "banker" the following definition:

' "assessment" means any assessment or additional assessment made under this Act;';

(b) by inserting after the definition of ‘ “executed” and “execution” ’ the following definition:

‘ “foreign company” means—

(a) a foreign company as defined in the Companies Act 2016 [*Act 777*]; or

(b) a company incorporated under the Companies Act 2016 where—

(i) fifty per cent or more of its issued share capital is owned directly or indirectly by a non-citizen, or by a foreign company referred to in paragraph *(a)*, or by both;

(ii) fifty per cent or more of the voting shares in the company are exercisable, directly or indirectly, by a non-citizen or foreign company referred to in paragraph *(a)*, or by both; or

(iii) the affairs or management of the company, or the composition of its board of directors, is controlled, directly or indirectly, by a non-citizen or foreign company referred to in paragraph *(a)*, or by both;’; and

(c) by inserting after the definition of “paper” the following definition:

‘ “permanent resident” means a person treated as such under any written law relating to immigration;’.

Amendment of section 15

17. Subsection 15(1) of the principal Act is amended by substituting for the words “Item 32*(a)* or *(b)* in the First Schedule” the words “Item 1*(a)*(i) or Item 3*(a)* of Part I of the First Schedule”.

Amendment of section 15A

18. Subsection 15A(1) of the principal Act is amended by substituting for the words "Item 32*(a)* or *(b)* in the First Schedule" the words "Item 1*(a)*(i) or Item 3*(a)* of Part I of the First Schedule".

Amendment of section 17

19. The principal Act is amended in section 17—

(a) in subsection (1), by substituting for the words "Item 32*(a)*, *(aa)* or *(ab)* in the First Schedule" the words "Item 1 of Part I of the First Schedule"; and

(b) in subsection (2), by substituting for the words "Item 32*(a)*, *(aa)* or *(ab)* in the First Schedule" the words "Item 1 of Part I of the First Schedule".

Amendment of section 20

20. Subsection 20(4) of the principal Act is amended by substituting for the words "Item 32*(a)*, *(aa)* or *(ab)*" the words "Item 1 of Part I".

Amendment of section 20B

21. Subsection 20B(2) of the principal Act is amended by substituting for the words "Item 32*(a)*, *(aa)* or *(ab)*" the words "Item 1 of Part I".

Amendment of section 29A

22. Section 29A of the principal Act is amended by substituting for the words "Item 22(1) or Item 27*(a)* in the First Schedule" the words "Item 1*(a)* of Part II or Item 1 of Part III of the First Schedule".

New section 35C

23. The principal Act is amended by inserting after section 35B the following section:

"**Amendment of return**

35C. (1) Where a person has furnished a return in accordance with section 35A, the person may make an amendment to the return, by an electronic medium in accordance with section 77A, in an amended return as prescribed by the Collector in respect of—

(a) description or particulars of the instrument that does not affect the liability of an instrument to duty; or

(b) the facts and circumstances affecting the liability of the instrument to duty.

(2) An amended return under paragraph (1)*(a)* may be made at any time after the return is furnished and the amendment made in respect of paragraph (1)*(b)* shall be made within thirty days from the date the return was furnished.

(3) For the purposes of this section, the amended return shall—

(a) specify the amended description and particulars of the instrument;

(b) specify the amount of proper duty and duty stated in the return previously furnished;

(c) contain evidence deemed necessary to prove the facts relating to the amendment; or

(d) contain further particulars as may be required by the Collector.

(4) An amendment under subsection (1) shall only be made once in respect of an instrument and be subject to the approval of the Collector.

(5) Notwithstanding anything contained in this section, where an amendment is made—

(a) in relation to paragraph (1)*(a)*, the amendment shall not affect the period for stamping provided in subsection 36(2); or

(b) in relation to paragraph (1)*(b)*, the amendment may only be made if the duty under the assessment has not been paid.".

Substitution of First Schedule

24. The principal Act is amended by substituting for the First Schedule the following Schedule:

"FIRST SCHEDULE

[Sections 4, 4A, 9, 12A, 15, 15A, 17, 20, 20B, 29A, 30, 33, 35, 35A, 37 and 63]

INSTRUMENTS CHARGEABLE WITH STAMP DUTY

PART I

CONVEYANCE, ASSIGNMENT, TRANSFER, ABSOLUTE BILL OF SALE, CONTRACT NOTE, RELEASE OR RENUNCIATION

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty		(4) Person Liable to Pay Duty
1.	Any property except the kind mentioned in items 3 to 9 of this Part— *(a)* on sale *(b)* by way of gift	(i) to a company incorporated in Malaysia or a citizen or a permanent resident		The grantee or transferee
		(A) if the consideration or market value of the property whichever is higher does not exceed RM100,000	1% on the amount or value of the consideration	

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty		(4) Person Liable to Pay Duty
	(c) by way of settlement *(d)* by way of trust *(e)* on exchange of real property	(B) if the consideration or market value of the property whichever is higher exceeds RM100,000 but not exceeding RM500,000	RM1,000 plus 2% on any amount by which the amount or value of the consideration exceeds RM100,000	
		(C) if the consideration or market value of the property whichever is higher exceeds RM500,000 but not exceeding RM1,000,000	RM9,000 plus 3% on any amount by which the amount or value of the consideration exceeds RM500,000	
		(D) if the consideration or market value of the property whichever is higher exceeds RM1,000,000	RM24,000 plus 4% on any amount by which the amount or value of the consideration exceeds RM1,000,000	
		(ii) to a foreign company or a person who is not a citizen and not a permanent resident		
		(A) of any property except residential property	4% on the amount or value of the consideration or the market value of the property, whichever is the greater	
		(B) of any residential property implementing a sale under an agreement of sale and purchase executed before 1 January 2026	4% on the amount or value of the consideration or the market value of the property, whichever is the greater	
		(C) of any residential property implementing a sale under an agreement of sale and purchase executed from 1 January 2026	8% on the amount or value of the consideration or the market value of the property, whichever is the greater	

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty		(4) Person Liable to Pay Duty
		(D) of any residential property other than by way of sale before 1 January 2026	4% on the amount or value of the consideration or the market value of the property, whichever is the greater	
		(E) of any residential property other than by way of sale from 1 January 2026	8% on the amount or value of the consideration or the market value of the property, whichever is the greater	
	(f) by way of release or renunciation by a beneficiary of a deceased estate to another beneficiary entitled under the same estate	RM10		
2.	Annuity: *(a)* conveyance in consideration of annuity *(b)* instrument creating an annuity by way of sale or gift	(i) to a company incorporated in Malaysia or a citizen or a permanent resident		The grantee or transferee
		(A) if the consideration or market value of the property whichever is higher does not exceed RM100,000	1% on the amount or value of the consideration	
		(B) if the consideration or market value of the property whichever is higher exceeds RM100,000 but not exceeding RM500,000	RM1,000 plus 2% on any amount by which the amount or value of the consideration exceeds RM100,000	
		(C) if the consideration or market value of the property whichever is higher exceeds RM500,000 but not exceeding RM1,000,000	RM9,000 plus 3% on any amount by which the amount or value of the consideration exceeds RM500,000	
		(D) if the consideration or market value of the property whichever is higher exceeds RM1,000,000	RM24,000 plus 4% on any amount by which the amount or value of the consideration exceeds RM1,000,000	

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty		(4) Person Liable to Pay Duty
		(ii) to a foreign company or a person who is not a citizen and not a permanent resident		
		(A) of any property except residential property	4% on the amount or value of the consideration or the market value of the property, whichever is the greater	
		(B) of any residential property implementing a sale under an agreement of sale and purchase executed before 1 January 2026	4% on the amount or value of the consideration or the market value of the property, whichever is the greater	
		(C) of any residential property implementing a sale under an agreement of sale and purchase executed from 1 January 2026	8% on the amount or value of the consideration or the market value of the property, whichever is the greater	
		(D) of any residential property other than by way of sale before 1 January 2026	4% on the amount or value of the consideration or the market value of the property, whichever is the greater	
		(E) of any residential property other than by way of sale from 1 January 2026	8% on the amount or value of the consideration or the market value of the property, whichever is the greater	
3.	Stock, shares or marketable securities— *(a)* on sale *(b)* by way of gift *(c)* by way of settlement *(d)* by way of trust	0.3% of the price or value of any shares, stock or marketable securities on the date of transfer, whichever is the greater		The grantee or transferee
	(e) by way of release or renunciation by a beneficiary of a deceased estate to another beneficiary entitled under the same estate	RM10		

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
4.	Contract note relating to the sale of any shares, stock or marketable securities in companies incorporated in Malaysia or elsewhere	*(a)* 0.15% of the price or value of stock or shares on the date of transaction *(b)* 0.1% of the price or value of marketable securities on the date of transaction	The person on whose account the purchase or sale is made
5.	Any property— *(a)* for the purpose of effectuating the appointment of a new trustee or the retirement of a trustee although no new trustee is appointed *(b)* where the transaction is between trustees and the beneficial interest in the property does not pass	RM10	The grantee or transferee
6.	Policy of life insurance—		The grantee or transferee
	(a) by way of gift or trust, where the sum insured—		
	(i) does not exceed RM100,000	RM10	
	(ii) exceeds RM100,000 but does not exceed RM500,000	RM100	
	(iii) exceeds RM500,000 but does not exceed RM1,000,000	RM500	
	(iv) exceeds RM1,000,000	RM1,000	

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty		(4) Person Liable to Pay Duty
	(b) in any other case	(i) to a company incorporated in Malaysia or a citizen or a permanent resident		
		(A) if the consideration or value of the sum insured whichever is higher but does not exceed RM100,000	1% on the amount of the consideration or value of the sum insured	
		(B) if the consideration or value of the sum insured whichever is higher exceeds RM100,000 but not exceeding RM500,000	RM1,000 plus 2% on any amount of the consideration or value of the sum insured which exceeds RM100,000	
		(C) if the consideration or value of the sum insured whichever is higher exceeds RM500,000 but not exceeding RM1,000,000	RM9,000 plus 3% on any amount of the consideration or value of the sum insured which exceeds RM500,000	
		(D) if the consideration or value of the sum insured whichever is higher exceeds RM1,000,000	RM24,000 plus 4% on any amount of the consideration or value of the sum insured which exceeds RM1,000,000	
		(ii) to a foreign company or a person who is not a citizen and not a permanent resident, 4% on the consideration or value of the sum insured whichever is the greater		
7.	Power or letter of attorney being conveyance of real property in consideration of, and creating by way of sale or gift—	(i) to a company incorporated in Malaysia or a citizen or a permanent resident		The person drawing, making or executing such instrument
	(a) instrument of power or letter of attorney	(A) if the consideration or market value of the property whichever is higher does not exceed RM100,000	1% on the amount or value of the consideration	

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty		(4) Person Liable to Pay Duty
	(b) revocation of power or letter of attorney *(c)* substitution under or in virtue of a power or letter of attorney and any such instrument cancelling or varying any such substitution	(B) if the consideration or market value of the property whichever is higher exceeds RM100,000 but not exceeding RM500,000	RM1,000 plus 2% on any amount by which the amount or value of the consideration exceeds RM100,000	
		(C) if the consideration or market value of the property whichever is higher exceeds RM500,000 but not exceeding RM1,000,000	RM9,000 plus 3% on any amount by which the amount or value of the consideration exceeds RM500,000	
		(D) if the consideration or market value of the property whichever is higher exceeds RM1,000,000	RM24,000 plus 4% on any amount by which the amount or value of the consideration exceeds RM1,000,000	
		(ii) to a foreign company or a person who is not a citizen and not a permanent resident		
		(A) of any property except residential property	4% on the amount or value of the consideration or the market value of the property, whichever is the greater	
		(B) of any residential property implementing a sale under an agreement of sale and purchase executed before 1 January 2026	4% on the amount or value of the consideration or the market value of the property, whichever is the greater	
		(C) of any residential property implementing a sale under an agreement of sale and purchase executed from 1 January 2026	8% on the amount or value of the consideration or the market value of the property, whichever is the greater	

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty		(4) Person Liable to Pay Duty
		(D) of any residential property other than by way of sale before 1 January 2026	4% on the amount or value of the consideration or the market value of the property, whichever is the greater	
		(E) of any residential property other than by way of sale from 1 January 2026	8% on the amount or value of the consideration or the market value of the property, whichever is the greater	
8.	Any accounts receivables or book debts through absolute sale, under a factoring agreement to— *(a)* a bank or investment bank licensed under the Financial Services Act 2013 *(b)* an Islamic bank licensed under the Islamic Financial Services Act 2013 *(c)* an institution licensed under the Development Financial Institution Act 2002 *(d)* any statutory body, agency of the Government or of the State Government, or any company in which the Government or the State Government has interest, which provides financing to a small and medium enterprise	RM10		The grantee or transferee

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
9.	Any kind not otherwise specially charged with duty pursuant to Item 1 to Item 8	RM10	The grantee or transferee
Exemption *(a)* Transfers on sale of land for the recovery of land revenue *(b)* Transfers by endorsement— (i) a bill of exchange, cheque or promissory note (ii) of a bill of lading, warrant for goods or other mercantile document of title to goods (iii) of a policy of insurance other than a policy of life insurance (iv) of charges on rates and taxes authorised by any written law for the time being in force in Malaysia (v) of securities of the Government or of any State *(c)* Transfer of units of a unit trust *(d)* Transfer or assignment on sale of any copyright, trademark, patent or any similar right			

PART II

CHARGE OR MORTGAGE, AGREEMENT FOR A CHARGE OR MORTGAGE (INCLUDING SUCH UNDER SHARIAH), BOND, COVENANT, DEBENTURE (NOT BEING A MARKETABLE SECURITY), BILL OF SALE, ASSIGNMENT, ANNUITY, RELEASE OR RENUNCIATION AND ANY INSTRUMENT BY WAY OF SECURITY

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
1.	*(a)* Being the only or principal or primary security, other than an equitable mortgage or an assignment of receivables or the kind mentioned in subitem *(f)*, for the payment or repayment of money—		The chargor, mortgagor or obligor
	(i) where the loan is to a small and medium enterprise or financing is provided to a small and medium enterprise according to Shariah, the following amount of the aggregate loans or of the aggregate financing in a calendar year—		
	(A) for an amount not exceeding RM250,000	0.05% on the amount of the aggregate loans or of the aggregate financing	

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
	(B) for an amount exceeding RM250,000 but not exceeding RM1,000,000	RM125 plus 0.25% on the amount of the aggregate loans or of the aggregate financing exceeding RM250,000	
	(C) for an amount exceeding RM1,000,000	RM2,000 plus 0.5% on the amount of the aggregate loans or of the aggregate financing exceeding RM1,000,000	
	(ii) where the loan is a foreign currency loan or the financing was made in accordance with Shariah principles in currencies other than the ringgit	0.5% of the loan or financing amount	
	(iii) in any other case Exemption Being the security for payment or repayment of money made for the purpose of pursuing higher education in a higher educational institution or pursuing any course of study in any institution	0.5% of the loan or financing amount	
	(b) Bond for securing the payment or repayment of money or the transfer or retransfer of stock	0.5% of such total amount payable	
	(c) Being a collateral or auxiliary or additional or substituted security, other than an equitable mortgage, or by way of further assurance for the above-mentioned purpose where the principal or primary security is duly stamped	RM10	
	(d) Being a charge or mortgage executed in pursuance of a duly stamped agreement for the same, on production of such agreement to the Collector	RM10	
	(e) An equitable mortgage	0.25% of such total amount payable	
	(f) A charge or a mortgage on or an assignment by way of security of accounts receivables to— (i) a bank or investment bank licensed under the Financial Services Act 2013		

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
	(ii) an Islamic bank licensed under the Islamic Financial Services Act 2013 (iii) an institution licensed under the Development Financial Institution Act 2002 (iv) any statutory body, agency of the Government or of the State Government, or any company in which the Government or the State Government has interest, which provides financing to a small and medium enterprise under an agreement for discounting invoices or hire purchase receivables	RM10	
	(g) Transfer, assignment or disposition of any charge or mortgage, bond, covenant or debenture not being a marketable security or of any money or stock secured by any such instrument or by any judgment	40% of the duty which would be chargeable on a charge or mortgage for the amount transferred	
	And also if any further money is added to the money already secured by such charge or mortgage, bond, covenant or debenture	0.5% of the further money added	
2.	Lease or agreement for lease under the principles of Al-Ijarah of Shariah law for the purpose of financing or securing repayment of money		The person drawing, making or executing such instrument
	(a) where the financing is provided to a small and medium enterprise according to Shariah, the following amount of the aggregate financing in a calendar year—		
	(i) for an amount not exceeding RM250,000	0.05% on the amount of the aggregate financing	
	(ii) for an amount exceeding RM250,000 but not exceeding RM1,000,000	RM125 plus 0.25% on the amount of the aggregate financing exceeding RM250,000	
	(iii) for an amount exceeding RM1,000,000	RM2,000 plus 0.5% on the amount of the aggregate financing exceeding RM1,000,000	
	(b) where the financing was made in accordance with Shariah principles in currencies other than the ringgit	0.5% of such financing amount	

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
	(c) in any other case	0.5% of such financing amount	
3.	Bond, charge, mortgage or other instrument executed by way of indemnity or of security for the due execution of an office, or for the discharge of liabilities, arising out of the execution of such, or to account for money received by virtue of such Exemption *(a)* Bond executed by an officer of the Government or his surety to secure the due execution of an office or the due accounting for money or other payments secured by virtue of such *(b)* Bond for securing the refund to Government of amounts overpaid to persons appointed by Government officers to receive their salary or allowance when absent on leave *(c)* Bonds required to be executed under the provisions of the Criminal Procedure Code	RM10	The obligor or other person giving the security
4.	Bond of any kind not specifically charged with any duty Exemption Bond on obtaining letters of administration of estate	RM10	The obligor or other person giving the security
5.	Of any kind not otherwise specially charged with duty pursuant to Item 1 to Item 4	RM10	The person drawing, making or executing such instrument

PART III

BOND, COVENANT, LOAN, SERVICES, LEASE OF MOVEABLE PROPERTY, LICENSE AGREEMENT OR INSTRUMENT OF ANY KIND

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
1.	Being the only or principal or primary security—		The obligor or other person giving the security
	(a) for any annuity except upon the original creation by way of sale or security, and except a superannuation annuity—		
	(i) for a definite and certain period so that the total amount to be ultimately payable can be ascertained	0.5% of such total amount payable of the annuity	

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
	(ii) for the term of life or any other indefinite period	1% of such sum of the annuity or periodically payable	
	(b) for any sum or sums of money, not being interest for any principal sum secured by a duly stamped instrument, nor rent reserved by a lease		
	(i) for a definite and certain period so that the total amount to be ultimately payable can be ascertained	0.5% of such total amount payable	
	(ii) for the term of life or any other indefinite period	1% of such sum periodically payable	
	(c) for the payment or repayment of money where the loan is to a small and medium enterprise or financing is provided to a small and medium enterprise according to Shariah—		
	(i) for an amount not exceeding RM250,000 of the aggregate loans or of the aggregate financing under Shariah in a calendar year	0.05% on the amount of the aggregate loans or of the aggregate financing	
	(ii) for an amount exceeding RM250,000 but not exceeding RM1,000,000	RM125 plus 0.25% on the amount of the aggregate loans or of the aggregate financing exceeding RM250,000	
	(iii) for an amount exceeding RM1,000,000	RM2,000 plus 0.5% on the amount of the aggregate loans or of the aggregate financing exceeding RM1,000,000	
2.	Debenture—	0.5% of the money secured	The obligor or other person giving the security
	(a) not being a security transferable by delivery, for or in respect of the money thereby secured		
	(b) being security transferable by delivery	0.5% of the nominal value of the security	
3.	Marketable Security—	0.5% of the money secured	The obligor or other person giving the security
	(a) not being a security transferable by delivery, for or in respect of the money thereby secured		
	(b) being security transferable by delivery	0.5% of the nominal value of the security	

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
4.	Being a grant or contract for payment of a superannuation annuity, a deferred life annuity granted or secured to any person in consideration of annual premiums payable until he attains a specified age, and so to commence on his attaining that age	RM10	The obligor or other person giving the security
5.	Being the security for securing the payment or repayment of money for the purchase of goods, within the meaning given under the First Schedule of the Hire Purchase Act 1967, in accordance with any Shariah principles or conventional hire purchase	RM10	The obligor or other person giving the security
6.	Being a collateral or auxiliary or additional or substituted security for any of the above-mentioned purposes where the principal or primary instrument is duly stamped	RM10	The obligor or other person giving the security
	Exemption Being the security for payment or repayment of money made for the purpose of pursuing higher education in a higher educational institution or pursuing any course of study in any institution		

PART IV

LEASE OR AGREEMENT FOR LEASE OF ANY IMMOVABLE PROPERTY

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty		(4) Person Liable to Pay Duty
1.	Lease or agreement for a lease of any immovable property and for securing the payment for the provision of services or facilities or to other matters or things in connection with such lease—			(i) Lease or agreement for lease, the lessee (ii) Counterpart, the lessor
	(a) without fine or premium when the average rent and other considerations calculated for a whole year—	If the lease is for a period not exceeding one year	0.4% of average rent and other consideration calculated for the whole year	

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty		(4) Person Liable to Pay Duty
		If the lease is for a period exceeding one year but not exceeding three years	1.2% of average rent and other consideration calculated for the whole year	
		If the lease is for a period exceeding three years but not exceeding five years	2% of average rent and other consideration calculated for the whole year	
		If the lease is for a period exceeding five years or for any indefinite period	2.8% of average rent and other consideration calculated for the whole year	
	(b) in consideration of a fine or premium and without rent	If the consideration or market value of the property, whichever is higher, does not exceed RM100,000	1% on the amount or value of the consideration	
		If the consideration or market value of the property, whichever is higher, exceeds RM100,000 but not exceeding RM500,000	RM1,000 plus 2% on any amount by which the amount or value of the consideration exceeds RM100,000	
		If the consideration or market value of the property, whichever is higher, exceeds RM500,000 but not exceeding RM1,000,000	RM9,000 plus 3% on any amount by which the amount or value of the consideration exceeds RM500,000	
		If the consideration or market value of the property, whichever is higher, exceeds RM1,000,000	RM24,000 plus 4% on any amount by which the amount or value of the consideration exceeds RM1,000,000	
	(c) in consideration of a fine or premium and reserving a rent or other considerations	The same duty as in subitem *(a)* in respect of the lease for the rent or other considerations, and the same duty as in subitem *(b)* in respect of the fine or premium		

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
	(d) where a percentage or proportion, or the value of a percentage or proportion, of the produce of the land is reserved or payable to the lessor Note: This duty is in addition to any duty which may be chargeable under subitem *(a)*, *(b)* or *(c)* on account of any specified rent, fine or premium	RM10	
	(e) in pursuance of a duly stamped agreement for the same on production of such agreement to the Collector	RM10	
Exemption Agricultural lease or agreement for agricultural lease for any definite term not exceeding three years when the rent reserved does not exceed two hundred ringgit a year			
2.	Surrender of lease	RM10	The person drawing, making or executing such instrument
3.	Counterpart of any instrument chargeable with duty and in respect of which the proper duty has been paid	RM10	The lessor
4.	Of any kind not otherwise specially charged with duty pursuant to Item 1 to Item 3 of this Part	RM10	The person drawing, making or executing such instrument

PART V

MISCELLANEOUS

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
1.	Affidavit, statutory declaration or declaration in writing on oath or affirmation, made before a person authorized by law to administer an oath Exemption Affidavit or declaration in writing made— *(a)* for the immediate purpose of being filed or used in any court or before any Judge or officer of any court *(b)* for the sole purpose of enabling any person to receive any pension or charitable allowance *(c)* by a surety for an officer of the Government with regard to the surety's means *(d)* by any person on acceptance of an appointment in the service of the Government *(e)* for renewal of Bills of Sale *(f)* by a public officer that he or she has attained the appropriate age entitling such officer to a pension *(g)* for the Collector under any provision of this Act or in accordance with any directions issued by the Collector *(h)* pursuant to any statute requirement or in accordance with the directions of any Government or Agency	RM10	The person drawing, making or executing such instrument
2.	Agreement, memorandum of agreement or contract made under hand only, and not otherwise specially charged with any duty, whether the same is only evidence of a contract or obligatory on the parties from its being a written instrument.	RM10	The person by whom the instrument is first executed

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
	Exemption Agreement or memorandum— *(a)* for or relating to the sale of any goods, wares or merchandise other than a hire-purchase agreement *(b)* for service or personal employment where the wages do not exceed RM3,000 per month, and any agreement between the master and mariners of any vessel or boat for wages *(c)* the matter of which the value is less than RM300 *(d)* for the reference of any matter to arbitration *(e)* for the payment of interest on money deposited in any bank or with any banker *(f)* for the repurchase of negotiable certificate of deposit whose issue has been authorized by the Central Bank of Malaysia Note: An agreement for or relating to the supply of goods on hire, in which the goods are in consideration of periodical payments will or may become the property of the person to whom the goods are supplied, shall be charged with stamp duty as an agreement, or if under seal, as a deed		
3.	Appointment of a receiver under a mortgage	RM10	The person drawing, making or executing such instrument
4.	Appointment of a new trustee, and appointment in execution of a power, of any property, or of any share or interest in any property, by any instrument not being a will	RM10	The person drawing, making or executing such instrument
5.	Assurance or insurance including policy of insurance—		The person drawing, making or executing such instrument
	(a) policy of sea insurance		

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
	(i) policy of sea insurance including time policies or policies for covering a vessel or her machinery or fittings whilst under construction or repair or on trial, whether the period exceeds twelve months or not (ii) for policies containing a continuation clause, additional duty Note: If a policy of sea insurance is drawn in a set according to the custom of marine insurers and one of the set is duly stamped, the other or others of the set shall, unless issued or in some manner negotiated apart from such duly stamped policy, be exempt from duty, and upon proof of the loss or destruction of a duly stamped policy forming one of a set, any other policy of the set which has not been issued or in any manner negotiated apart from such lost or destroyed policy may although unstamped, be admitted in evidence to prove the contents of such lost or destroyed policy	RM10	
	(b) fire policy, for all policies and renewals irrespective of the sum insured or the term	RM10	
	(c) accident policy and policy of insurance for any payment agreed to be made during the sickness of the insured person, or his incapacity from personal injury, or by way of indemnity against loss or damage of or to any property of the insured person	RM10	
	(d) life policy Exemption Where the sum insured does not exceed RM5,000	RM10	
	(e) re-insurance by an insurance company which has granted a policy of sea insurance or a policy of fire insurance with another company by way of indemnity or guarantee, against the payment on the original insurance of a certain part of the sum insured irrespective of the sum insured or the term	RM10	

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
	(f) third party policy	RM10	
	(i) covering liability of the insured towards others		
	(ii) workmen's compensation (employer's liability): policy covering the liability of the insured to pay compensation to a workman or employee in regard to sickness or personal injury		
	(g) comprehensive policy, combining any two or more of the following risks: fire, personal injury, or sickness of the insured, damage, loss, theft and third party claims	RM10	
	(h) any other insurance policy not specifically provided for	RM10	
Exemption Letter of cover or engagement to issue a policy of insurance, provided that unless such letter or engagement is duly stamped in accordance with this Act for such policy nothing shall be claimable under such policy nor shall it be available for any purpose except to compel the delivery of the policy mentioned in such policy.			
6.	Cheque unless compounded for	RM1	The person drawing, making or executing such instrument
7.	Constitution of a company	RM200	The person drawing, making or executing such instrument
8.	Counterpart, other than lease, or duplicate of any instrument chargeable with duty, in which the proper duty has been paid	RM10	The person drawing, making or executing such instrument
9.	Covenant: any separate instrument or deed of covenant, not being an instrument or deed chargeable with *ad valorem* duty as a conveyance or charge or mortgage, made on the sale, charge or mortgage of any property, or of any right or interest in it, and relating solely to the conveyance or enjoyment of or the title to the property sold, charged or mortgaged, or to the production of the documents of title relating to it, or to all or any of such matters	RM10	The person drawing, making or executing such instrument

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
10.	Declaration of any use or trust of or concerning any property by any writing, not being a will, or an instrument chargeable with duty as a settlement	RM10	The person drawing, making or executing such instrument
11.	Deed of any kind not described in this Schedule	RM10	The person drawing, making or executing such instrument
12.	Letter of allotment and letter of renunciation or any document having the effect of a letter of allotment of shares in any company or proposed company or in respect of any loan raised or proposed to be raised by any company or proposed company	RM10	The person drawing, making or executing such instrument
13.	Letter of guarantee	RM10	The person drawing, making or executing such instrument
14.	Letter of hypothecation	RM10	The person drawing, making or executing such instrument
15.	*(a)* Instrument of partnership *(b)* Dissolution of partnership	RM10	The person drawing, making or executing such instrument
16.	Power or letter of attorney, other than relating to conveyance of real property— *(a)* instrument of power or letter of attorney Exemption For the sole purposes of appointment or authorizing any person to vote as proxy at a meeting of a Company or Association *(b)* revocation of power or letter of attorney *(c)* substitution under or by virtue of a power or letter of attorney and any such instrument cancelling or varying any such substitution	RM10	The person drawing, making or executing such instrument
17.	Promissory note— *(a)* instrument of promissory note *(b)* protest of note, which is any declaration in writing made by a Notary Public, or other person lawfully acting as such, attesting the dishonor of a promissory note	RM10	The person drawing, making or executing such instrument

(1) Item	(2) Description of Instrument	(3) Proper Stamp Duty	(4) Person Liable to Pay Duty
18.	Re-conveyance of charged or mortgaged property, re-assignment, release, discharge or surrender of charge, surrender or renunciation of any security or of the benefit of the security or of the money which is secured	RM10	The transferee, assignee or the person redeeming the security
19.	Any instrument of release or renunciation in which a person releases any property and is not otherwise specially charged with duty being on sale, by way of security or gift	RM10	The person drawing, making or executing such instrument
20.	Revocation of any use or trust of any property by any writing not being a will	RM10	The person drawing, making or executing such instrument
21.	Trust receipt granted on the occasion of a loan or overdraft on goods, if unattested	RM10	The person drawing, making or executing such instrument

GENERAL EXEMPTIONS

[Section 35]

1. All instruments of any kind, including any counterpart or duplicate of such instrument, made or executed by, on behalf of, or in favour of a Ruler of a State or the Government of Malaysia or of any State, are exempt from stamp duty if, in the absence of this exemption, the Ruler or Government would otherwise be liable to pay the duty chargeable on the instrument.

   This exemption does not apply to any instrument or document signed or executed by an officer acting as the Official Administrator or in the State of Sabah, the Administrator General, the Public Trustee, or a receiver appointed by the court or to any instrument required by written law or by an order of the court, or to any sale conducted for the recovery of arrear of revenue or in satisfaction of a decree or order of the court.

2. Any grant or lease made on behalf of the Government by virtue of the National Land Code [*Act 56 of 1965*] or the National Land Code (Penang and Malacca Titles) Act 1963 [*Act 518*] or the Land Ordinance of Sabah [*Sabah Cap. 68*] or the Land Ordinance of Sarawak [*Sarawak Cap. 81*].

3. Any instrument for the sale, transfer or other disposition, either absolutely or by way of charge or otherwise, of any ship or vessel or any part, interest, share or property of or in any ship or vessel registered or licensed under the Merchant Shipping Ordinance 1952 or under any law for the time being in force in any part of Malaysia.

4. Any instrument relating exclusively to immovable property situated out of Malaysia or relating exclusively to things done or to be done out of Malaysia.

5. All instruments relating solely to the business of any society registered under any written law relating to co-operative societies, and executed by an officer or member of such society, the duty on which would, but for the exemption granted, be payable by such officer or member.

6. An instrument executed pursuant to a scheme of financing approved by the Central Bank of Malaysia, the Labuan Financial Services Authority, the Malaysia Co-operative Societies Commission or the Securities Commission as a scheme which is in accordance with the principles of Shariah, where such instrument is an additional instrument strictly required for the purpose of compliance with those principles but which will not be required for any other schemes of financing.".

Deletion of Third Schedule

25. The principal Act is amended by deleting the Third Schedule.

CHAPTER IV

AMENDMENTS TO THE LABUAN BUSINESS ACTIVITY TAX ACT 1990

Commencement of amendments to the Labuan Business Activity Tax Act 1990

26. This Chapter comes into operation on 1 January 2027.

New section 6E

27. The Labuan Business Activity Tax Act 1990, which is referred to as the "principal Act" in this Chapter, is amended by inserting after section 6D the following section:

"**Relief in respect of error or mistake**

6E. (1) If any Labuan entity which has paid tax for any year of assessment alleges that an assessment relating to that year is excessive by reason of error or mistake in a return or statement made by the Labuan entity for the purposes of this Act and furnished by the Labuan entity to the Director

General prior to the assessment becoming final and conclusive, the Labuan entity may, within five years after the end of the year of assessment within which the assessment was made, make an application in writing to the Director General for relief.

(2) An application under subsection (1) shall be made in accordance with subsection 131(5) of the Income Tax Act 1967 with the necessary modifications.

(3) Upon receiving an application under subsection (1), the Director General shall inquire into the matter and subject to subsections (4), (5) and (6), shall give such relief by way of repayment of tax in respect of the alleged error or mistake as appears to him to be just and reasonable.

(4) In determining any application under this section, the Director General shall have regard to all the relevant circumstances of the case and in particular—

(a) shall consider whether the granting of relief would result in the exclusion from charge to tax of profits of the applicant; and

(b) for that purpose, may take into consideration the chargeability of the applicant for years of assessment other than the year to which the application relates and assessment made upon the Labuan entity for such years.

(5) No relief shall be given under this section in respect of an error or mistake as to the basis on which the chargeability of the applicant ought to have been computed if the return or statement containing the error or mistake was in fact made on the basis of, or in accordance with, the practice of the Director General generally prevailing at the time when the return or statement was made.

(6) Where the applicant is aggrieved by the Director General's decision on the application under subsection (1), the following provisions shall apply:

(a) the applicant may, within six months after being informed of the decision, request in the prescribed form for the Director General to forward the application to the Special Commissioners;

(b) the Director General shall, within three months after receiving the request, send the application forward to the Special Commissioners in accordance with section 102 of the Income Tax Act 1967; and

(c) the application shall be deemed to be an appeal and shall be disposed of accordingly.".

Amendment of section 17D

28. Section 17D of the principal Act is amended—

(a) by inserting after subsection (4) the following subsection:

"(4A) A person referred to in subsection (4) shall be taken to have control over the other in the same manner as provided in paragraph 17C(6)*(a)*."; and

(b) in subsection (5), by substituting for the words "Without prejudice to the generality of paragraph 17C(6)*(a)*, for the purpose of subsection (4), "control" refers to persons one of whom owns shares of the other person, or a third person who owns shares of both persons, where the percentage of the share capital held in either situation is twenty per cent or more and—" the words "Without prejudice to the generality of subsection (4A), a person shall be taken to have control over the other when persons one of whom owns directly or indirectly shares of the other person or a third person who owns directly or indirectly shares of both persons and the percentage of the share capital held in either situation is twenty per cent or more and—".

CHAPTER V

AMENDMENTS TO THE PETROLEUM (INCOME TAX) ACT 1967

Commencement of amendments to the Petroleum (Income Tax) Act 1967

29. This Chapter has effect for the year of assessment 2027 and subsequent years of assessment.

Amendment of section 16

30. The Petroleum (Income Tax) Act 1967, which is referred to as the "principal Act" in this Chapter, is amended in section 16—

(a) by substituting for subsection (7B) the following subsection:

"(7B) An amount equal to the amount of expenditure incurred by the relevant chargeable person shall be deducted from the relevant gross income in the relevant period on the provision of services, public amenities and contributions to a charity or community project pertaining to education, health, housing, conservation or preservation of environment, enhancement of income of the poor, infrastructure, information and communication technology, or maintenance of a building designated as a heritage site by the Commissioner of Heritage under the National Heritage Act 2005 [*Act 645*], and where the amount of expenditure is—

(a) not more than three hundred thousand ringgit, the amount of expenditure shall be verified and the charity or community project shall be approved by the relevant government authority; or

(b) more than three hundred thousand ringgit, the amount of expenditure shall be verified by the relevant government authority and the charity or community project shall be approved by the Minister:

Provided that where a deduction has been made under this subsection, no further deduction of the same amount shall be allowed under subsection 22(1).";

(b) by substituting for subsection (7BA) the following subsection:

"(7BA) An amount equal to the expenditure incurred by a chargeable person on the provision of infrastructure

in relation to his business which is available for public use, and where the amount of expenditure is—

(a) not more than three hundred thousand ringgit, the amount of expenditure and the provision of infrastructure shall be verified and approved by the relevant government authority; or

(b) more than three hundred thousand ringgit, the amount of expenditure shall be verified by the relevant government authority and the provision of infrastructure shall be approved by the Minister:

Provided that where a deduction has been made under this subsection, no further deduction of the same amount shall be allowed under subsection 22(1).”; and

(c) by substituting for subsection (7E) the following subsection:

“(7E) An amount equal to the amount of expenditure incurred by the relevant chargeable person shall be deducted from the relevant gross income in the relevant period for sponsoring any arts, cultural or heritage activity approved by the Minister charged with the responsibility for arts, culture or heritage:

Provided that the amount deducted in respect of expenditure incurred for sponsoring such activities shall not in aggregate exceed one million ringgit of which the amount deducted in respect of expenditure incurred in sponsoring foreign arts, cultural or heritage activity shall not exceed three hundred thousand ringgit.”.

Amendment of section 22

31. Section 22 of the principal Act is amended—

(a) in the proviso to subsection (1), by substituting for the words “seven per cent” the words “ten per cent”;

(b) in subsection (1E)—

(i) by deleting the words "or cost of contribution in kind"; and

(ii) in the proviso, by substituting for the words "seven per cent" the words "ten per cent"; and

(c) in the proviso to subsection (1F), by substituting for the words "seven per cent" the words "ten per cent".

Amendment of First Schedule

32. The First Schedule to the principal Act is amended in paragraph 3A—

(a) by substituting for subparagraph (2) the following subparagraph:

"(2) Subject to subparagraph (2A), the amount of qualifying exploration expenditure incurred by the first-mentioned chargeable person to be allowed as deduction against the gross income of the second-mentioned chargeable person shall be determined in accordance with the following formula:

$$\frac{A \times C}{B}$$

where A is the gross income of the second-mentioned chargeable person from a petroleum operation;

B is the total gross income of the second-mentioned chargeable person from petroleum operations; and

C is the qualifying exploration expenditure."; and

(b) by inserting after subparagraph (2) the following subparagraphs:

"(2A) The amount of qualifying exploration expenditure determined under subparagraph (2) shall be allowed as deduction against the gross income of the second-mentioned chargeable person equally for period of five years of assessment.

(2B) In the case where the amount of qualifying exploration expenditure allowed as deduction under subparagraph (2A) for a year of assessment exceeds the amount of gross income of petroleum operations or the gross income in respect of a petroleum operation of the second-mentioned chargeable person for that year of assessment—

(a) the amount of the excess shall be allowed to be deducted from the gross income of the petroleum operations for the subsequent years of assessment of the second-mentioned chargeable person; and

(b) any excess to the amount referred to in subsubparagraph *(a)* shall not be used by another chargeable person in another petroleum agreement where the original parties to the petroleum agreement are the same.".

Amendment of Second Schedule

33. The Second Schedule to the principal Act is amended in subparagraph 54(2) by substituting for the words "shall be delivered with the copy of the accounts made and delivered" the words "shall be furnished with a return made".

CHAPTER VI

AMENDMENT TO THE FINANCE ACT 2025

Commencement of amendment to the Finance Act 2025

34. This Chapter has effect for the year of assessment 2027.

Amendment of section 3

35. The Finance Act 2025 is amended in subsection 3(2) by substituting for the words "year of assessment 2026" the words "years of assessment 2026 and 2027".

EXPLANATORY STATEMENT

This Bill seeks to amend the Income Tax Act 1967 ("Act 53"), the Stamp Act 1949 ("Act 378"), the Labuan Business Activity Tax Act 1990 ("Act 445"), the Petroleum (Income Tax) Act 1967 ("Act 543") and the Finance Act 2025 ("Act 874").

AMENDMENTS TO THE INCOME TAX ACT 1967

Chapter II of this Bill seeks to amend the Income Tax Act 1967.

2. *Clause 4* seeks to amend paragraph 6(1)*(i)* of Act 53.

Subclause 4(a) seeks to clarify the tax treatment of income distributed by a unit trust under section 61A of Act 53 to non-resident unit holders. Such income will be subject to tax at the rates prescribed in Part X of Schedule 1, with the tax collected through the withholding tax mechanism provided in section 109D.

Subclause 4(b) seeks to specify that the revised tax rates for certain categories of non-resident unit holders will take effect for the year of assessment 2027 and subsequent years of assessment, while the existing tax rates applicable to non-resident companies continue to apply from the year of assessment 2016 onwards.

These amendments have effect for the year of assessment 2027 and subsequent years of assessment.

3. *Clause 5* seeks to introduce new paragraphs *(t)*, *(u)* and *(v)* into subsection 39(1) of Act 53.

Paragraph 39(1)*(t)* seeks to disallow a deduction for any outgoings and expenses incurred by a company, whether directly or by way of reimbursement, in respect of any right granted to any employee of the company by reason of any office or employment held in Malaysia by the employee to acquire new shares issued by the company.

Paragraph 39(1)*(u)* seeks to disallow a deduction for any payment made by a company to its holding company or subsidiary company in respect of newly issued shares of the holding company or subsidiary company that are issued to the employee of the company making such payment, subject to any rules prescribed by the Minister.

These amendments have effect for the year of assessment 2027 and subsequent years of assessment.

Paragraph 39(1)*(v)* seeks to disallow a deduction for any payment specified in paragraph 13(1)*(a)* of Act 53 paid to an employee in the form of money other than the payment made through an account opened by a financial institution in the name of the employee. This *subclause* shall not apply to any amount paid by a micro enterprise and small and medium enterprise.

This amendment has effect for the year of assessment 2028 and subsequent years of assessment.

4. *Clause 6* seeks to amend section 46 of Act 53.

Subclause 6(a)(i) seeks to amend paragraph 46(1)*(a)* of Act 53 to increase the amount of personal relief available to an individual for a year of assessment from nine thousand ringgit to twelve thousand ringgit.

Subclause 6(a)(ii) seeks to amend paragraph 46(1)*(c)* of Act 53 to provide that the claim for carer expenses for the care of parents and grandparents does not require the certification of a medical practitioner that the conditions of the parents or grandparents require a carer.

Subclause 6(a)(iii) seeks to substitute paragraph 46(1)*(f)* of Act 53 to expand the scope of relief allowed in respect of education undertaken by an individual, his spouse and his child.

Subparagraph 46(1)*(f)*(i) of Act 53 seeks to provide for the claim for relief under this subparagraph can be made for any course of study in any field undertaken at the level of certificate, diploma, bachelors, masters or doctorate degree at any institution or professional body in Malaysia recognised by the Government or approved by the Minister.

Subparagraph 46(1)*(f)*(ii) of Act 53 seeks to provide that the claim for relief under this subparagraph can be made for any course of study for the purpose of upskilling or self-enhancement in the field of technical or vocational recognised under the National Skills Development Act 2006 which is limited to a maximum amount of three thousand ringgit.

Subparagraph 46(1)*(f)*(iii) of Act 53 seeks to provide that the claim for relief under this subparagraph can be made, limited to a maximum amount of two thousand ringgit—

(a) for any course, training, skill or self-enhancement class not related to employment undertaken by an individual and his spouse; and

(b) for any course, training, class or tuition in the fields of science, technology, engineering, mathematics, arts, languages or religion undertaken by the individual's child.

Subclause 6(a)(iv) seeks to amend paragraph 46(1)*(g)* of Act 53 to expand the scope of individual relief for health expenses expended by an individual and his spouse.

Subparagraph 46(1)*(g)*(v) is introduced into paragraph 46(1)*(g)* of Act 53 to provide for a relief for expenses for the purchase either by the individual for his wife or by the wife for herself of breastfeeding equipment used for the individual's child aged two years and below which is limited to a maximum amount of one thousand ringgit.

Subparagraph 46(1)*(g)*(vi) is introduced into paragraph 46(1)*(g)* of Act 53 to provide for a relief for expenses for the post-natal care services provided by a care centre or any individual registered, recognised or licensed under any written law relating to such services which is limited to a maximum amount of three thousand ringgit.

Subclause 6(a)(v) seeks to substitute paragraph 46(1)*(n)* of Act 53 to expand the scope of existing personal deduction to include contributions made or suffered by an individual to the Social Security Organization in relation to the industries specified in paragraphs 1, 9 and 10 of the First Schedule to the Self-Employment Social Security Act 2017. This *subclause* also seeks to provide for an additional personal deduction of one hundred and fifty ringgit to an individual in respect of contributions for injury occurring outside the course of employment under the Employees' Social Security Act 1969, or contributions in relation to the industries specified in the First Schedule to the Self-Employment Social Security Act 2017, other than the industries specified in paragraphs 1, 9 and 10, made or borne by that individual to the Social Security Organization.

Subclause 6(a)(vi) seeks to amend paragraph 46(1)*(p)* of Act 53.

Subparagraph 46(1)*(p)*(iv) of Act 53 is amended to expand the scope of the lifestyle relief for internet subscription to include subscriptions for artificial intelligence software and application.

Subparagraph 46(1)*(p)*(vi) is introduced into paragraph 46(1)*(p)* of Act 53 to expand the scope of lifestyle relief to include the cost of adopting pets, vaccination of pets and neutering of pets.

Subclause 6(a)(viii) seeks to amend paragraph 46(1)*(u)* of Act 53.

Paragraph 46(1)*(u)* of Act 53 is amended to expand the scope of relief for sports-related expenses to include the purchase of sport shoes limited to a maximum amount of three hundred ringgit.

These amendments have effect for the year of assessment 2027 and subsequent years of assessment.

5. *Clause 7* seeks to amend subsection 109D(2) of Act 53 to provide that the distribution of income by a unit trust referred to in section 61A of Act 53 to a non-resident unit holder is subject to withholding tax.

This amendment comes into operation on 1 January 2027.

6. *Clause 8* seeks to amend section 133 of Act 53 to allow unilateral tax credit relief in respect of foreign tax where relief for the foreign tax is not available under arrangements having effect under section 132 of Act 53.

This amendment has effect for the year of assessment 2027 and subsequent years of assessment.

7. *Clause 9* seeks to amend subsection 140A(5A) of Act 53 to clarify that a person shall be taken to have control over another person when he holds ownership of shares of the other person directly or indirectly, or a third person who owns shares of both persons directly or indirectly.

This amendment comes into operation on 1 January 2027.

8. *Clause 10* seeks to amend section 164 of Act 53.

Subclause 10(a) seeks to substitute paragraph 164(2)*(a)* of Act 53 to provide that where the accounting period used for all Constituent Entities of a Multinational Enterprise Group located in Malaysia in the Consolidated Financial Statements for a Financial Year of the Ultimate Parent Entity is within the accounting period of the Constituent Entities for the respective financial years, for the purpose of domestic top-up tax, the financial accounting net income or loss of a Constituent Entity shall be determined based on the financial statement of the Constituent Entities.

Subclause 10(b) seeks to introduce a new subsection (3A) into section 164 of Act 53 to provide that the requirement under paragraph 164(2)*(a)* shall not apply where the accounting period of a Constituent Entity differs from the accounting period used for that Constituent Entity in the preparation of the Consolidated Financial Statements of the Ultimate Parent Entity if the Constituent Entity became a Constituent Entity of the Ultimate Parent Entity or if the Constituent Entity ceased to be a Constituent Entity of the Ultimate Parent Entity during the relevant accounting period or the preceding accounting period as a result of an acquisition, disposition, dissolution, merger or similar restructuring, including the establishment of a Permanent Establishment.

These amendments are deemed to have effect for the Financial Year beginning on or after 1 January 2025 and subsequent Financial Years.

9. *Clause 11* seeks to amend section 187 of Act 53 to introduce a new subsection (2A) to provide that subsections 158(1) and 159(1), and Chapters 11 to 19 of Part XI other than sections 201, 224 and 226 shall apply to a Joint Venture and its Joint Venture Subsidiaries as if such Joint Venture and its Joint Venture Subsidiaries were Constituent Entities.

This amendment is deemed to have effect for the Financial Year beginning on or after 1 January 2025 and subsequent Financial Years.

10. *Clause 12* seeks to amend Schedule 1 to Act 53.

Subclause 12(a)(i) seeks to amend paragraph 1 of Part I of Schedule 1 to Act 53 to provide for new chargeable income brackets and income tax rates applicable to individuals.

Subclause 12(a)(ii) seeks to amend paragraph 2A of Part I of Schedule 1 to Act 53 to reduce the income tax rates on the chargeable income which are applicable to a company resident and incorporated in Malaysia with a paid-up capital in respect of ordinary shares of two million and five hundred thousand ringgit and less and gross income from source of business not exceeding fifty million ringgit—

(a) on the first one hundred and fifty thousand ringgit of chargeable income, from 15 per cent to 14 per cent; and

(b) on the next four hundred and fifty thousand ringgit of chargeable income, from 17 per cent to 16 per cent.

Subclause 12(a)(iii) seeks to amend paragraph 2D of Part I of Schedule 1 to Act 53 to reduce the income tax rates on the chargeable income which are applicable to a limited liability partnership resident in Malaysia which has a total contribution of capital of two million five hundred thousand ringgit and less and gross income from source of business not exceeding fifty million ringgit—

(a) on the first one hundred and fifty thousand ringgit of chargeable income, from 15 per cent to 14 per cent; and

(b) on the next four hundred and fifty thousand ringgit of chargeable income, from 17 per cent to 16 per cent.

Subclause 12(b) seeks to amend paragraph 1 of Part X of Schedule 1 to Act 53 to provide for the imposition of withholding tax on distributions by a Malaysian Real Estate Investment Trust to a non-resident unit holder and a non-resident unit holder which is a foreign institutional investor at the rate of thirty per cent, following the cessation of the withholding tax rate of ten per cent.

These amendments have effect for the year of assessment 2027 and subsequent years of assessment.

11. *Clause 13* seeks to amend Schedule 3 to Act 53.

Subclause 13(a) seeks to introduce a new paragraph 2CA to provide for the determination of qualifying plant expenditure in respect of machinery or plant that was previously used by a Labuan company for the purposes of a business under the Labuan Business Activity Tax Act 1990 and is subsequently used for the purposes of a business under Act 53.

Subclause 13(b) seeks to amend paragraph 19A to provide for an increase in the capital allowance threshold for a small-value asset from two thousand ringgit to three thousand ringgit, and an increase in the aggregate capital allowance limit for such qualifying small-value assets from twenty thousand ringgit to thirty thousand ringgit.

These amendments have effect for the year of assessment 2027 and subsequent years of assessment.

12. *Clause 14* seeks to substitute the definition of "unilateral credit" in Schedule 7 to Act 53 to provide that the credit in respect of foreign tax payable under the laws of a territory outside Malaysia is also available where relief for such foreign tax is not provided under arrangements having effect under section 132 of Act 53.

This amendment has effect for the year of assessment 2027 and subsequent years of assessment.

AMENDMENTS TO THE STAMP ACT 1949

Chapter III of this Bill seeks to amend the Stamp Act 1949.

13. *Clause 16* seeks to amend section 2 of Act 378 to provide for the definitions of "assessment", "foreign company" and "permanent resident".

This amendment comes into operation on 1 January 2027.

14. *Clauses 17*, *18*, *19*, *20*, *21* and *22* seek to amend sections 15, 15A, 17, 20, 20B and 29A of Act 378 as a consequence of the substitution of the First Schedule to Act 378.

These amendments come into operation on 1 July 2027.

15. *Clause 23* seeks to introduce a new section 35C into Act 378.

The proposed new section 35C of Act 378 seeks to allow a person who furnishes a return under section 35A of Act 378 to amend the return by an electronic medium at any time in the case where the amendment to the description or particulars does not affect the liability of an instrument to duty. This *clause* also provides that a person may amend the return within thirty days after the return is furnished in the case where the amendment of facts and circumstances in that return affects the liability of an instrument to duty. The amendment of the return shall only be made once in the case where the description or particulars of the instrument does not affect the liability of an instrument to duty and shall also be made once in the case where the facts and circumstances affect the liability of the instrument to duty.

This amendment comes into operation on 1 January 2027.

16. *Clause 24* seeks to substitute the First Schedule to Act 378 to facilitate references and calculations of stamp duty and to provide for persons liable to pay stamp duty.

This amendment comes into operation on 1 July 2027.

17. *Clause 25* seeks to delete the Third Schedule to Act 378.

This amendment comes into operation on 1 July 2027.

AMENDMENT TO THE LABUAN BUSINESS ACTIVITY TAX ACT 1990

Chapter IV of this Bill seeks to amend the Labuan Business Activity Tax Act 1990.

18. *Clause 27* seeks to introduce a new section 6E into Act 445 to provide for a relief to a Labuan entity in respect of an excessive assessment arising from an error or mistake in a return or statement furnished to the Director General and to provide for the procedure relating to such relief.

This amendment comes into operation on 1 January 2027.

19. *Clause 28* seeks to amend section 17D of Act 445 to provide that the ownership of shares for the purpose of determining control may be held directly or indirectly in the same manner as provided in paragraph 17C(6)*(a)* of Act 445.

This amendment comes into operation on 1 January 2027.

AMENDMENTS TO THE PETROLEUM (INCOME TAX) ACT 1967

Chapter V of this Bill seeks to amend the Petroleum (Income Tax) Act 1967.

20. *Clause 30* seeks to amend section 16 of Act 543.

Subclause 30(a) seeks to substitute subsection 16(7B) of Act 543 to expand the scope of deduction in relation to a charity or community project to include a project for the maintenance of a building designated as a heritage site by the Commissioner of Heritage under the National Heritage Act 2005. This *subclause* also seeks to provide that—

(a) if the expenditure under the proposed subsection does not exceed three hundred thousand ringgit, the expenditure and the charitable or community project must be verified and approved by the relevant government authority; and

(b) if the expenditure under the proposed subsection exceeds three hundred thousand ringgit, the expenditure must be verified by the relevant government authority and the charitable or community project must be approved by the Minister.

Subclause 30(b) seeks to substitute subsection 16(7BA) of Act 543 to provide that the expenditure incurred by a chargeable person under the proposed subsection on the provision of infrastructure in relation to his business which is available for public use shall be subject to the following conditions:

(a) if the expenditure under the proposed subsection does not exceed three hundred thousand ringgit, the expenditure and the provision of infrastructure in relation to his business must be verified and approved by the relevant government authority; and

(b) if the expenditure under the proposed subsection exceeds three hundred thousand ringgit, the expenditure must be verified by the relevant government authority and the provision of infrastructure in relation to his business must be approved by the Minister.

Subclause 30(c) seeks to substitute subsection 16(7E) of Act 543 to increase the aggregate limit of the deduction for expenditure incurred on the sponsorship of arts, cultural or heritage activities to one million ringgit, of which the deduction for expenditure incurred on the sponsorship of foreign arts, cultural or heritage activities shall not exceed three hundred thousand ringgit. This *subclause* also provides that such activities must be approved by the Minister responsible for arts, culture or heritage.

These amendments have effect for the year of assessment 2027 and subsequent years of assessment.

21. *Clause 31* seeks to amend the provisos to subsections 22(1), 22(1E) and 22(1F) of Act 543 to increase the amount for deduction under such provisos from seven per cent to ten per cent of its statutory income relating to—

(a) any gift of money made by that chargeable person to an approved institution or organization;

(b) any gift of money made by that chargeable person for any sports activity approved by the Minister or to any sports body approved by the Commissioner of Sports appointed under the Sports Development Act 1997; and

(c) any gift of money or cost of contribution in kind made by that chargeable person for any project of national interest approved by the Minister.

These amendments have effect for the year of assessment 2027 and subsequent years of assessment.

22. *Clause 32* seeks to amend paragraph 3A of the First Schedule to Act 543.

Subclause 32(a) seeks to substitute subparagraph 3A(2) of the First Schedule to Act 543 to clarify that the determination of qualifying exploration expenditure incurred by a chargeable person, which may be allowed as a deduction against the gross income of another chargeable person based on the formula provided under that subparagraph, shall be subjected to the new subparagraph (2A).

Subclause 32(b) seeks to introduce new subparagraphs 3A(2A) and (2B) into the First Schedule to Act 543.

The proposed new subparagraph 3A(2A) provides that the qualifying exploration expenditure determined in accordance with the formula under subparagraph (2) shall only be allowed as a deduction equally over a period of five years of assessment.

The proposed new subparagraph 3A(2B) provides that where the amount of deduction for a year of assessment under the proposed new subparagraph 3A(2A) exceeds the gross income from a petroleum operation for that year of assessment, the excess amount may be carried forward and any such excess amount shall not be transferable to another chargeable person where the original parties to the petroleum agreement are the same.

These amendments have effect for the year of assessment 2027 and subsequent years of assessment.

23. *Clause 33* seeks to amend subparagraph 54(2) of the Second Schedule to Act 543 to provide that any claim made by a chargeable person under the Schedule shall be furnished with a return made under section 30 of Act 543.

This amendment has effect for the year of assessment 2027 and subsequent years of assessment.

AMENDMENT TO THE FINANCE ACT 2025

Chapter VI of this Bill seeks to amend the Finance Act 2025.

24. *Clause 35* seeks to amend subsection 3(2) of Act 874 to extend the period for the individual tax deduction for the year of assessment 2026 to the year of assessment 2027 in respect of expenditure incurred or deemed to have been incurred on entrance fees to tourist attractions or for participation in a cultural and arts programme.

This amendment has effect for the years of assessment 2026 and 2027.

GENERAL

25. Other amendments not specifically dealt with in this Explanatory Statement are minor or consequential in nature.

FINANCIAL IMPLICATIONS

This Bill will not involve the Government in any extra financial expenditure.

[PN(U2)3467]