

Baker Tilly TaxSnaps

19 October2026

Budget 2027 Highlights | Further Tax Measures

Following HASiL's National Tax Seminar 2026, we highlight additional tax measures to supplement our 2027 Budget Highlights, together with our observations on their potential implications for businesses and taxpayers. The proposals are subject to implementation guidance and pending the Finance Bill 2027 to be issued.

Budget 2027 Highlights – Further Tax Measures

Cost of issuing new shares

Costs relating to newly issued shares provided to employees under the Employee Share Option Scheme (ESOS), including specified payments to holding or subsidiary companies, are proposed to be non-deductible from Year of Assessment (YA) 2027.

Companies should distinguish new-share costs from qualifying treasury-share costs when reviewing their deductions.

E-commerce platform requirements [e-Invoice]

With effect from 1 January 2027, it is proposed that Malaysian e-commerce platform providers be required to issue self-billed e-Invoices for platform transactions, regardless of whether the seller and customer are in Malaysia or overseas.

For an overseas platform provider, the requirement applies where the seller or customer is in Malaysia. It does not apply where the platform provider, seller and customer are all outside Malaysia.

Affected platforms should review their transaction flows and system readiness before implementation.

Unilateral tax credit

From YA 2027, unilateral tax credit is proposed to be available to Malaysian residents on income which is both taxed in Malaysia and in a jurisdiction where Malaysia has a limited double taxation agreement, subject to conditions.

This may provide relief from double taxation, although eligibility and credit limits require careful assessment.

Budget 2027 Highlights – Further Tax Measures

Stamp duty administration

Proposals effective from 1 January 2027 include electronic submissions for endorsement of instruments (under the general exemption), applications for appeal, extension of time, cancellation of duty, and claims for refunds etc.

Clearer procedures should provide certainty to taxpayers and facilitate accurate submissions for stamp duty purposes.

Education loan exemption

Full stamp duty exemption is proposed for both secured and unsecured education loans from 1 January 2027, replacing the existing ad valorem duty for secured loans and RM10 duty for unsecured loans.

The proposal would reduce borrowing costs, particularly for secured education loans currently attracting ad valorem duty.

Review of Reinvestment Allowance

The Government is reviewing the eligibility criteria and the manner in which Reinvestment Allowance is granted to improve and strengthen industrial competitiveness.

Businesses which are planning to undertake reinvestments should revisit their investment plans to optimize their tax incentives opportunities.

Budget 2027 Highlights – Further Tax Measures

Regional Automotive Hub Status

A deduction is proposed for qualifying relocation costs of up to RM5 million incurred by wholly locally owned automotive vendor companies during 2027-2030 under the regional automotive hub initiative.

Eligible vendors may benefit from lower relocation costs, subject to confirmation of qualifying locations, expenditure and approval requirements.

Businesses should review these developments to assess their potential tax and compliance implications. Our tax team can assist in evaluating the impact, identifying applicable incentives and addressing the relevant requirements. Please contact us to discuss how we can support your business.

Disclaimer:
The information contained in this document is based on current taxation laws and other related legislation, including proposals and measures contained in the 2027 Malaysian Budget announcement and relevant sources and is subject to the issuance of the impending Finance Bill.

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TAX & BUDGET SEMINAR

Thursday, 22 October 2026

1.30 pm – 4.30 pm

Auditorium, Level 26, Menara AFFIN @ TRX

Register Now!

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Disclaimer:
The information contained in this document is based on current taxation laws and other related legislation, including proposals and measures contained in the 2027 Malaysian Budget announcement on 9 October 2026. Every effort has been made to ensure that the information contained in this leaflet is accurate and based upon our understanding and interpretation of the relevant information obtained from the Budget 2027 Speech, Appendices and relevant sources, and is subject to the issuance of the impending Finance Bill.

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Now, for tomorrow

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