

2027 BUDGET PROPOSAL – KEY TAX CHANGES FOR INDIVIDUALS, COMPANIES AND UNINCORPORATED BUSINESS



Key Takeaway

- ❖ Budget 2027 combines targeted individual tax relief, support for business investment and MSME financing, while maintaining a focus on fiscal consolidation.

On Friday, 9th October 2026, YAB Dato' Seri Anwar Ibrahim, Prime Minister and Minister of Finance, announced Malaysia's Budget 2027. The Budget introduces proposed tax measures affecting individuals, companies, SMEs and unincorporated business, with implications for personal tax relief, corporate tax rates, tax incentives etc.

This Tax Newsletter highlight the key tax measures announced in Budget 2027 affecting individual taxpayers, companies, sole proprietors and partnerships including changes in personal tax relief and corporate income tax rates.



SUMMARY OF 2027 MALAYSIAN TAX BUDGET

INDIVIDUAL TAX

No	Current	Proposal		Effective Period	
1	Tax Rates for Resident Individual		Chargeable income (RM)	% on excess	Effective YA 2027
			5,000	0	
	20,000	1			
	35,000	3			
	50,000	6			
	70,000	11			
	100,000	18			
	150,000	24			
	400,000	25			
	600,000	26			
	2,000,000	28			
	Exceeding 2,000,000	30			
	2	Personal tax relief for individual and dependent relatives of RM9,000 per YA		Increased to RM12,000 per YA	



3	Tax relief: - Medical treatment expenses (Restricted to RM10,000) - Purchase of breastfeeding equipment (Restricted to RM1,000)	- These 2 Tax reliefs are combined and renamed as “Tax relief for Health and Well-being expenses” (Restricted to RM10,000) - The scope is expanded to include postnatal care service expenses provided by confinement centre or qualified individual (Restricted to RM3,000)	Effective YA 2027
4	Tax relief for lifestyle (Restricted to RM2,500)	The scope is expanded to include: - Subscription expenditures for AI software and applications for personal use, spouse, or child - Pet care expenses incurred for pet adoption from registered animal shelters; and pet vaccinations, spaying or neutering procedures performed by registered veterinary service providers	Effective YA 2027
5	Tax relief for entrance fees to domestic tourist attractions, cultural and arts programmes (Restricted to RM1,000)	N/A	YA 2027 only
6	Tax relief for medical treatment expenses for parents and grandparents (Restricted to RM8,000)	The scope for medical care expenses is expanded to include all types of care expenses which must be supported by a written declaration from the carer or a copy of the carer’s work permit together with the relevant receipts, without verification by any registered medical practitioner	Effective YA 2027
7	Tax relief for sports related lifestyle for self, spouse, child or parents (Restricted to RM1,000)	The scope is expanded to include purchase of sports shoes (Restricted to RM300)	Effective YA 2027



CORPORATE TAX

No	Current	Proposal	Effective Period																
1	Tax Rates for Micro, Small and Medium Enterprises (MSMEs) <table><tr><th>Chargeable income (RM)</th><th>%</th></tr><tr><td>First RM150,000</td><td>15</td></tr><tr><td>150,001 – 600,000</td><td>17</td></tr><tr><td>600,001 and above</td><td>24</td></tr></table>	Chargeable income (RM)	%	First RM150,000	15	150,001 – 600,000	17	600,001 and above	24	<table><tr><th>Chargeable income (RM)</th><th>%</th></tr><tr><td>First RM150,000</td><td>14</td></tr><tr><td>150,001 – 600,000</td><td>16</td></tr><tr><td>600,001 and above</td><td>24</td></tr></table>	Chargeable income (RM)	%	First RM150,000	14	150,001 – 600,000	16	600,001 and above	24	Effective YA 2027
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600,001 and above	24																		
2	Capital allowance (AA 100%) is claimable for small value asset (SVA) at RM2,000 each Total capital allowance amount restricted for non-MSMEs is RM20,000 per YA	• The value of each SVA increased to RM3,000 • Total limit of capital allowance limit claimed by non-MSMEs increased to RM30,000 per YA	Effective YA 2027																
3	Accelerated capital allowance (IA 20%, AA 40%) on qualifying capital expenditure (QCE) for plant, machinery and ICT equipment as follows: • Procurement of heavy machinery from local manufacturers • Procurement of plant and general machinery from local manufacturers • Purchase of ICT equipment and computer software package • Consultation, licensing and incidental fees related to the development of customised computer software	Extended 4 years	For QCE incurred from 1 st January 2027 to 31 st December 2030																
4	Salary expenses paid in cash, non-cash or through any other method of payment are tax deductible	Tax deduction only allowable for salary payments made through financial institutions or cashless payment instruments, except for salary payment transactions by MSMEs. Tax deduction on expenses other than salary payments remains allowable, regardless of the method of payment.	Effective YA 2028																



INCENTIVES

1. Global Services Hub (GSH) incentive

Proposal			Effective Period								
• A new company is a company that has not carried out GSH or Principal Hub; • Existing companies is an approved GSH/PH incentive and undertake additional services; • Base income: Average income over the preceding 3 years for existing companies.			Applications received by MIDA from 1 January 2027								
<table><tr><th>Income category</th><th>New company</th><th>Existing company</th></tr><tr><td>Income ≤ base income</td><td>5%</td><td>15%</td></tr><tr><td>Income > base income</td><td>-</td><td>5%</td></tr></table>			Income category	New company	Existing company	Income ≤ base income	5%	15%	Income > base income	-	5%
Income category	New company	Existing company									
Income ≤ base income	5%	15%									
Income > base income	-	5%									



2. Shipping Companies Incentive

Proposal	Effective Period
Full income tax exemption granted to Malaysian shipping companies subject to the following conditions: a. Strategic management and effective control implemented in Malaysia; b. Annual operating expenditure in Malaysia of at least RM250,000 for each Malaysian ship; and c. Employ at least four (4) Malaysian citizens with an average monthly salary of RM15,000 for each Malaysian ship.	YA2027 ~ YA2036

3. Green Technology Tax Incentive

Incentive	Proposed Qualifying Activity	Incentive rate	Incentive Period
GITA Project — Tier 1	Ocean Thermal Energy Conversion	100% GITA; set-off against 100% or 70% of statutory income	5 + 5 years
GITA Project — Tier 2	• Electric Vehicle Charging Station; • Renewable Energy System (Biomass, Biogas, Mini Hydro, Geothermal, Wind energy)	60% GITA; set-off against 70% of statutory income	5 years

Effective Date : Applications received by MIDA from 1 January 2027 until 31 December 2030



Incentive	Proposed Qualifying Activity	Incentive rate	Effective Date
GITA Assets (Own Consumption) – Tier 1	- List of qualifying assets approved by Finance Minister: (i) Bus, Van, Panel MPV, Movers, Terminal, Tractor, Forklift, Lorry/Light Truck, Lorry and Heavy Vehicle (including prime mover) (ii) Electric vehicle infrastructure (locally produced) (iii) Waste composting and recycling system (locally produced) (iv) Wastewater recycling and rainwater harvesting system (locally produced) - Renewable Energy Integrated System (Biomass, Biogas, Mini Hydro, Solar, Geothermal, Wind Energy) + Battery Energy Storage System (BESS)/Energy Storage System (ESS)	100% GITA; set-off against 70% of statutory income	Purchase of qualifying green technology assets verified by MGTC from 1 Jan 2027 to 31 Dec 2030
GITA Assets (Own Consumption) – Tier 2	- List of qualifying assets approved by Finance Minister (i) Electric vehicle infrastructure; (ii) Waste composting and recycling system; (iii) Wastewater recycling and rainwater harvesting system. - Renewable Energy System (Biomass, Biogas, Mini Hydro, Geothermal, Wind Energy).	60% GITA; set-off against 70% of statutory income	



September 2026 – T58



Webinar

Navigating Budget 2027 What Every Business Needs to Know

Date : 29 October 2026 (Thursday)

Time: 9.00am to 5.00pm

Venue : ZOOM (Online)

Fee inclusive SST : RM 432 / pax (Individual Rate)
(HRDF Claimable) RM 378 / pax (Group Rate for 2
pax and above)



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Budget 2027 is more than just a policy announcement — it may bring significant changes to tax compliance, incentives, business costs and investment planning.

By the end of this webinar, participants will be able to:

- Understand the key tax proposals, incentives and policy changes that could impact businesses;
- Identify how the proposed changes could affect your corporate tax position, business costs, cash flow and expansion decisions;
- Get an update on the latest income tax developments and emerging tax policy directions relevant to businesses;
- Gain practical insights to help management plan ahead, manage tax risks and make informed decisions ahead of the Budget 2027 announcement.

Join us to stay informed, plan ahead and be ready for the tax changes that Budget 2027 may bring.

Programme Outline

- 08.30am – 09.00am Online Registration
- 09.00am – 10.30am Budget proposals affecting individual and corporate income tax
 - (i) Changes affecting Individuals
 - Personal tax reliefs, deductions, and rebates
 - Impact on Individual taxpayers and disposable income
 - (ii) Changes affecting Companies and Non-Companies
 - Tax incentives and investment allowances;
 - Impact on businesses and investment.
- 10.30am – 10.45am Break
- 10.45am – 11.45am Understand the overview of:
 - e-Invoice Compliance Review Framework
 - e-Invoice Special Voluntary Disclosure Programme (SVDP)
- 11.45am – 12.45pm Changes affecting:-
 - (i) Stamp duty
 - (ii) Real Property Gain Tax ("RPGT") / Capital Gain Tax
 - (iii) Indirect Taxes (i.e Sales Tax and Service Tax)
 - (iv) New Taxes
- 12.45pm – 02.00pm Lunch Break



- 02.00pm – 03.30pm Covers:-
 - (i) 2023 TP Rules and 2024 TP Guidelines
 - (ii) Intercompany financing
 - (iii) 2025 TP Audit Framework
 - (iv) Pillar 2 requirements
- 03.30pm – 03.45pm Break
- 03.45pm – 04.30pm
 - (i) New Incentive Framework
 - (ii) Proposed new tax incentives
 - (iii) Extension of time and scope of existing tax incentives
- 04.45pm – 05.00pm Forum Discussion and Q & A

Our Speakers



RICHARD OON HOCK CHYE
National Tax Director, ShineWing TY TEOH Tax

He has over 30 years of experience in tax and advisory and also is a member of several accounting bodies. He also sits on the board of a listed company and is an author of 5 books.



SHEAZANITA BINTI ABD MUTALIB
Tax Director, ShineWing TY TEOH Tax Incentive and Advisory

She is a member of Malaysian Institute of Accountants ("MIA") and has more than 20 years of experience handling various areas of taxation, including tax reviews, incentives, and audits. She has also been involved in indirect tax matters, including sales tax, service tax, and LMW licensing.



LAI FUNG YAW
Associate Director, ShineWing TY TEOH Tax Advisory

He has more than 14 years of experience in corporate taxation and involved in tax advisory and incentive applications. He is also a Member of Chartered Tax Institute of Malaysia (CTIM) and Association of Chartered Certified Accountants (ACCA).



DIVIYA K MOHAN
Director, Transfer Pricing

She has over 14 years of experience in Transfer Pricing and is a proud member of CPA Australia. She has experience in various industries and has been actively involved in several Transfer Pricing audit cases with the tax authorities.



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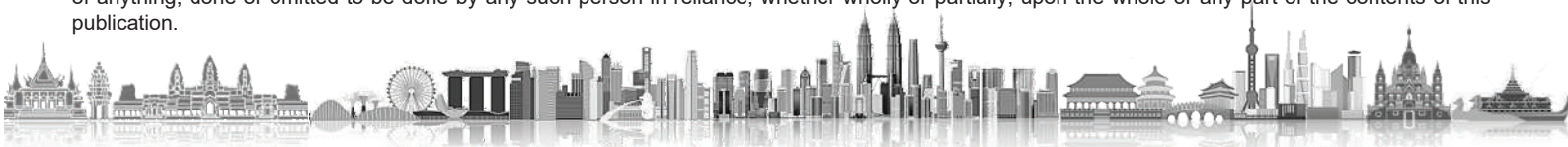
Payment Details

- For HRDF claim, employers are advised to submit the HRD Corp Grant Application 3-4 weeks in advance to allow sufficient processing time, ensuring Grant Approval is obtained **at least 14 days before the training commencement date**.
- For direct payment, our invoice will be issued before the training commencement date. Please make payment to "**ShineWing TY TEOH Academy Sdn Bhd**". (Bank account no.: **Ambank 888 102 463 289 6**) either via bank transfer or cheque and thereafter, email the bank remittance advice to us at bank@shinewingtyteoh.com
- Fee includes softcopy training materials and Certificate of Attendance.

Terms and Conditions

(i) The webinar link will be emailed one (1) day before the event. (ii) No cancellation, refund or changes to reservation is allowed within one (1) week prior to the event (iii) ShineWing TY Teoh (SWTYT) reserves the right to change the speaker(s), date(s) or to cancel the programme should circumstances beyond its control arises. SWTYT also reserves the right to make alternative arrangements without prior notice should it be necessary to do so. Upon signing the engagement letter, you are deemed to have read and accepted the terms and conditions.

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