

Capital Gains Tax from the Cessation of Ownership or Rights in Shares



Key Takeaway

- ❖ CGT exposure may arise even where there is no conventional sale of shares.

Effective from 1 January 2026, The Finance Act 2025 has expanded the meaning of “disposal” under section 65C of the Income Tax Act 1967 (“ITA 1967”) for capital gains tax (“CGT”) purposes.

Previously, a “disposal” would generally be understood as a sale or transfer of a capital asset. From 1 January 2026, the definition is broader and can cover situations where a person’s ownership or rights in shares come to an end, even if the shares are not sold.

The amended section 65C specifically includes:

- the extinguishment of rights due to the dissolution or winding up of a company;
- reduction of share capital;
- conversion of shares;
- redemption of shares;
- a company purchasing its own shares; and
- other situations where ownership of the capital asset ends.



Why does this matter?

This means that CGT considerations may arise from certain corporate actions, even where there is no straightforward sale of shares.

For example, where a company is wound up and the shareholder's rights in its shares are extinguished, the event may fall within the expanded meaning of "disposal" under section 65C.

Chargeable person

- A company;
- Limited liability partnership;
- Trust body or co-operative society;
- Labuan entity that is subject to tax under the ITA 1967.

What should taxpayers do?

Companies and shareholders should consider the CGT implications when undertaking winding-up, dissolution, strike-off, capital reduction, share redemption, share buy-back or other corporate restructuring exercises.

Accordingly, the relevant consideration is no longer limited to whether the shares have been sold. Tax payers should also consider whether the transactions results in the cessation, extinguishment or disposal of ownership rights or interest in the shares.

For more details, please refer to :

Inland Revenue Board of Malaysia ("IRBM"), Guideline on Capital Gains Tax for Unlisted Shares dated 21 September 2026.

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