



Caregiving Leave Additional Employer Tax Deduction



Key Takeaway

- ❖ Employers can claim extra tax deductions for eligible caregiving leave.

The Income Tax (Deduction for Payment of Additional Paid Leave for the Care of Child or Sick or Disabled Immediate Family Member) Rules 2026 [P.U. (A) 289/2026] were gazetted on 11 August 2026, introducing an additional tax deduction for qualifying employers that provide additional paid leave to employees to care for:

- a child; or
- a sick or disabled immediate family member.

The following employers are NOT eligible for this tax incentive:

- companies directly or indirectly controlled by the employee
- sole proprietorships, or
- employers that are relatives of the employee, including:
 - a parent including a parent-in-law
 - a child including a stepchild or an adopted child
 - a sibling
 - a grandparent, a grandchild or a spouse.



What is the tax benefit?	Who is considered an immediate family member?	What are the key conditions?
- A qualifying employer can claim an extra tax deduction of 50% of the qualifying salary paid to a full-time employee who is given additional paid leave to: - care for a child under 2 years old; - care for a sick immediate family member; or - care for an immediate family member with a disability.	- spouse; - parents, including parents-in-law, step-parents and adoptive parents; - children, including stepchildren and adopted children; - siblings, including step-siblings and adopted siblings; and - grandparents	- The employee must be a full-time employee; - For a sick immediate family member, a medical certificate from a Malaysian Medical Council-registered medical practitioner must confirm that a caregiver is required; - For a disabled immediate family member, certification from Department of Social Welfare must confirm that the family member is a person with a disability. - The relevant conditions are subject to verification by Talent Corporation Malaysia Berhad from 1 January 2025 to 31 December 2027. - The additional deduction is limited to 12 consecutive months for each year of assessment

For more details, please refer to :

Source : Malaysian Federal Gazette (Warta Kerajaan Persekutuan, Income Tax (Deduction for Payment of Additional Paid Leave for the Care of Child or Sick or Disabled Immediate Family Member) Rules 2026.
[P.U. (A) 289/2026]

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