PKF

Belanjawan 2027
MALAYSIA MADANI

# KEY BUDGET TAX HIGHLIGHTS 2027

# BUDGET 2027 PERSPECTIVES

**Vincent Chew**
Managing Partner

Greetings from PKF!

We are pleased to share a summary of key takeaways from Malaysia's Budget 2027 with this year theme "Belanjawan MADANI Kelima: Menggapai di Langit, Mengakar di Bumi", as delivered by the Prime Minister and Minister of Finance on 09 October 2026.

*Economic outlook:*

Malaysia's economy is projected to grow between 4.2% and 5.2% in 2027, and expected to be supported by resilient domestic demand, sustained investment activity, infrastructure spending, and continued expansion in strategic sectors such as semiconductors, digital services and artificial intelligence. Despite ongoing global uncertainties and geopolitical risks, the country's economic fundamentals is forecast to remain broadly resilient.

The Government continues its fiscal consolidation agenda while maintaining an expansionary stance to support growth. Federal Government revenue is projected to increase to RM380.8 billion, while the overall fiscal commitment rises to RM510.0 billion. The fiscal deficit is expected to improve further to 3.3% of GDP, compared to 3.6% in 2026.

*From a sectoral perspective:*

The technology and digital economy sectors are expected to benefit from continued investments in AI, cloud infrastructure and digital transformation initiatives.

The semiconductor, advanced manufacturing and E&E industries remain key growth drivers, supported by strategic investment initiatives and Malaysia's position within the global technology supply chain.

The construction and infrastructure sectors are expected to remain robust, driven by development expenditure on transportation networks, healthcare facilities, schools, flood mitigation projects and digital connectivity.

The renewable energy and green technology sectors continue to gain momentum through tax incentives and investments supporting Malaysia's energy transition agenda.

The tourism and hospitality sector is expected to benefit from the continuation of tourism promotion initiatives under Visit Malaysia 2027 and ongoing investments in tourism infrastructure.

*Tax and Fiscal measures:*

Budget 2027 introduces targeted measures aimed at supporting households and businesses while maintaining fiscal discipline. Key initiatives include enhanced personal tax reliefs, reduced tax rates for SMEs, stamp duty exemptions for eligible first-home buyers and continued incentives for strategic sectors.

The Government remains focused on improving income levels and productivity through wage reforms, including an increase in the minimum wage to RM2,000, while continuing efforts to strengthen tax compliance and broaden the revenue base.

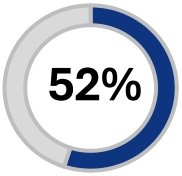
Overall, Budget 2027 may be viewed as a growth-oriented budget that seeks to balance economic expansion, social support and investment promotion with continued progress towards fiscal sustainability.

# 5th MADANI

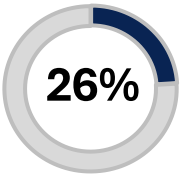
## ECONOMIC OUTLOOK 2027

| GDP Forecast | Fiscal Deficit | Federal Expenditure | Debt-to-GDP |
|---|---|---|---|
| **4.2% - 5.2%** | **3.3% of GDP** | **RM459.8 billion** | **63.7%** |
| (4.0% - 4.5% in 2026) | (3.6% in 2026) | (RM443.0 billion in 2026) | (64.0% in 2026) |

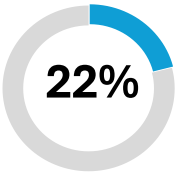
### Revenue
**RM 380.8 billion**




Direct Taxes
RM199.9 bn

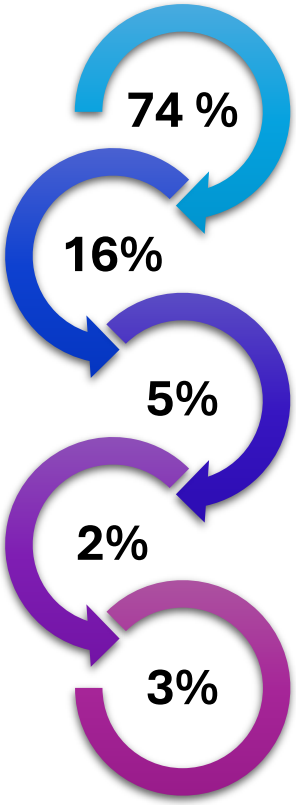



Indirect Taxes
RM97.2 bn




Non-Tax Revenue
RM83.7 bn

### Expenditure
**RM 510.0 billion**




Operating Expenditure
RM376.8 bn

Development Expenditure
RM83.0 bn

GLIC Investment
RM25.0 bn

Public-Private Investments
RM11.0 bn

Statutory Bodies & MKD Companies
RM14.2 bn

**Budget 2027 Key Business Beneficiaries**

AI & Digital Economy | Semiconductors & E&E | Construction & Infrastructure | SMEs | Renewable Energy | Tourism & Hospitality | Startups & Innovation

**Budget 2027 Key Rakyat Beneficiaries**

B40 & M40 Households | Employees & Workers | Graduates & Young Professionals | First-Time Homebuyers | Women Entrepreneurs | TVET Trainees | STR & SARA Recipients

# At a glance | Individuals

REVISED

## 1% Reduction

**Tax Rate Changes**

RM 70,001 to RM 100,000 – From 19% to 18%
RM 100,001 to RM 150,000 – From 25% to 24%

**EFFECTIVE DATE**
YA 2027

REVISED

## 2% Increase

**Tax Rate Changes**

RM 1,000,000 and above – From 28% to 30%

**EFFECTIVE DATE**
YA 2027

REVISED

## Increased to RM12,000

**Individual Self Relief**

Increased from RM 9,000 to RM 12,000 after remaining unchanged for over 17 years

**EFFECTIVE DATE**
YA 2027

EXPANDED

## Up to RM8,000

**Parents & Grandparents Relief**

Includes all types of care expenses and no longer require Registered medical practitioner certification

**EFFECTIVE DATE**
YA 2027

EXPANDED

## Up to RM10,000

**Health & Well-being (Medical) Relief**

Breastfeeding equipment relief merged under this relief (capped at RM 1,000)
To include postnatal care services (capped at RM 3,000)

**EFFECTIVE DATE**
YA 2027

EXPANDED

## Up to RM7,000

**Education & Skills Training Fees Relief**

To cover Certificates & Diplomas
RM3,000 – TVET upskilling or self-enhancement
RM2,000 – non-employment related course, and children's STEM, arts, language and religion

**EFFECTIVE DATE**
YA 2027

# At a glance | Individuals

EXPANDED

## Up to RM 2,500

**Lifestyle Relief**

To include AI software and application subscription and pet adoption costs, vaccinations, spaying and neutering procedures

**EFFECTIVE DATE**
YA 2027

EXPANDED

## Up to RM 1,000

**Sport -related Lifestyle Relief**

Expanded to include purchase of sport shoes, capped at RM 300.

**EFFECTIVE DATE**
YA 2027

EXPANDED

## Up to RM350 + RM150

**SOCSO Relief (GIG Worker & Hawker)**

To include mandatory employee contributions under Lindung Kendiri
Additional relief for voluntary contributions to Lindung 24 and Lindung Kendiri of RM150

**EFFECTIVE DATE**
YA 2027

EXTENDED

## Up to RM1,000

**Domestic Tourism Expenses Relief**

Extended to YA 2027

Entrance fees on tourist attractions, cultural and arts programmes.

**EFFECTIVE DATE**
YA 2026 & YA 2027

# At a glance | Corporate

REDUCED

## 1% Lower Tax for MSME

**Reduced Corporate Income Tax Rates for MSMEs**

| Chargeable Income | New Tax Rate |
|---|---|
| First RM150,000 | 14% |
| RM150,001 – RM600,000 | 16% |

**EFFECTIVE DATE**
YA 2027

ENHANCED

## Up to RM3,000 per Asset

**Capital Allowance for Small Value Assets**

- Qualifying value of each small value assets increased from RM2,000 to **RM3,000**.
- Annual limit for non-MSMEs increased from RM20,000 to **RM30,000** for each year of assessment.

**EFFECTIVE DATE**
YA 2027

ENHANCED

## Scope of Fund

**Tax Treatment for School Public Contribution Fund (Tabung Sumbangan Wang Awam Sekolah – TSUWAS)**

Scope of TSUWAS be enhanced to cover: -

- Administrative and operating expenses;
- Repair and maintenance;
- Procurement of equipment; and
- School programmes for students

**EFFECTIVE DATE**
YA 2027

REVISED

## 40% Exemption on Statutory Income

**Income Tax Exemption for Shariah-Compliant Fund Management Services Provider Companies**

- Exemption rate fixed at 40% on statutory income
- Exemption period extended for 3 years

**EFFECTIVE DATE**
YA 2028 until 2030

# At a glance | Corporate

NEW

## Cashless Salaries

### Deduction of Salary Expense (Non-MSMEs)

- Salaries are deductible only if paid through financial institutions or cashless payment instruments
- Salaries paid in cash will not be deductible
- Other expenses are not impacted

**EFFECTIVE DATE**
YA 2028

EXTENDED

## Incurred from 1 Jan 2027 to 31 Dec 2030

### Acceleration Capital Allowance

Qualifying capital expenditure incurred from 1 January 2027 until 31 December 2030

Initial allowance – 20%
Annual allowance – 40%

**EFFECTIVE DATE**
YA 2027

REINTRODUCED

## PTPTN Repayments Deduction

Employers eligible for tax deduction on repayments made on behalf of employees' PTPTN from 1 Jan 2027 to 31 Dec 2028, subject to conditions

**EFFECTIVE DATE**
1 Jan 2027 to 31 Dec 2028

NEW

## Deduction on Sukuk Prisma Costs

### Tax Deduction on Issuance Costs of Sukuk Prisma

Issuance costs for Sukuk Prisma are tax deductible, subject to the approval or lodged with Securities Commission

**EFFECTIVE DATE**
YA 2027 until 2030

# At a glance | Tax Incentives

NEW

## Up to max. of 30 years

### Global Services Hub (GSH)

- Tax rate:
  - New GSH qualify for 5% tax rate on qualifying income.
  - Existing GSH / Principal Hub qualify for 5% tax rate on income above agreed baseline or 15% on income below agreed baseline.
- Qualifying services:
  - Regional P&L / Business Management Unit;
  - Strategic business planning and
  - Corporate development
  - Minimum of two qualifying activities of the following: -
    - Strategic services / Business Services (including treasury fund management) / Shared services
- Incentives can be renewed every 5 years, up to 30 years.
- Companies with treasury fund management are exempt from withholding tax on interest paid to non-resident and 100% stamp duty exemption on intercompany loan agreements in foreign currencies, including Johor-Singapore Special Economic Zone (JS-SEZ) incentive package.

**EFFECTIVE DATE**

For application received by MIDA from 1 Jan 2027.

NEW

## For 10 years

### Malaysian Shipping Companies

Full income tax exemption for Malaysian shipping companies with:

- strategic management and effective control in Malaysia,
- annual local operating expenditure of at least RM250,000 per ship, and
- at least four Malaysian employees earning an average monthly salary of RM15,000, per ship.

**EFFECTIVE DATE**

YA 2027 to YA 2036

# At a glance | Tax Incentives

EXPANDED & EXTENDED

## For 3 years

### Green Technology Incentives

- GITA Project - Companies undertaking green and sustainable technology projects and electric vehicle charging station projects are eligible for Investment Tax Allowance (ITA) of up to 100%.
- GITA Asset - Companies purchasing green technology assets for their own use are eligible for ITA of up to 100%

**EFFECTIVE DATE**
For application received by MIDA/MGTC from 1 Jan 2027 until 31 Dec 2030.

EXTENDED

## For 4 years

### Equity Crowdfunding (ECF)

Tax exemptions for individual investors investing in startups and MSMEs via ECF will be extended for 4 years.

**EFFECTIVE DATE**
Investment made from 1 Jan 2027 until 31 Dec 2030

EXTENDED

## For 4 years

### Angel Investors

Tax exemptions for individual investors investing in startups companies at the pre-seed and seed stages will be extended for 4 years.

**EFFECTIVE DATE**
Investment made from 1 Jan 2027 until 31 Dec 2030

EXTENDED

## For 3 years

### International Events & Tourism

Tax incentives for organizing international incentive trips, conferences, and trade exhibitions will be extended until the year of assessment 2030.

**EFFECTIVE DATE**
YA 2028 to YA 2030

NEW

## Up to RM5,000,000

### Automotive Hi-Tech Valley

Wholly Malaysian-owned automotive vendors relocating their operation to Tanjung Malim can claim up to RM 5 million in eligible relocation cost.

**EFFECTIVE DATE**
From 1 Jan2027 to 31 Dec 2030

# At a glance | Stamp Duty

EXPANDED

## Up to RM750,000

**First residential home purchase - Malaysian**

100% exemption on the first RM500,000 and 50% exemption on the remaining balance on the loan agreements and instrument of transfer.

**EFFECTIVE DATE**
SPA executed from 1 Jan 2027 to 31 Dec 2030

REINTRODUCED

## For 3 years

**Revival of Abandoned Housing Projects**

100% exemption on loan agreements and instruments of transfer executed by rescue contractors or developers and original buyers.

**EFFECTIVE DATE**
Agreement executed from 1 Jan 2027 to 31 Dec 2030

NEW

## For Individuals & MSMEs

**Opening of savings and current accounts**

100% exemption on instruments for opening savings and current accounts that contains an undertaking of obligation, indemnity or guarantee.

**EFFECTIVE DATE**
From 1 Jan 2027

NEW

## Up to RM2,000/RM5,000

**Foreign Currency Loan Agreements (FCLA)**

Cap of RM 2,000 for FCLA up to RM 100million and Cap of RM 5,000 for FCLA exceeding RM 100million for loan provided by banks in Malaysia.

**EFFECTIVE DATE**
FCLA executed from 1 Jan 2027

EXTENDED

## For 2 years

**Financing facilities for CAKNA I Scheme**

Remission on stamp duty exceeding RM10 for financing agreements to obtain early payment for completed Government Contracts via sale of approved invoices.

**EFFECTIVE DATE**
Agreement executed from 1 Jan 2029 to 31 Dec 2030

REINTRODUCED

## For 3 years

**Financing facilities for CAKNA II Scheme**

Remission on stamp duty exceeding RM10 for financing agreements to finance timely implementation and completion of Government Contracts valued up to RM1.5 million.

**EFFECTIVE DATE**
Agreement executed from 1 Jan 2027 to 31 Dec 2030

# At a glance | Stamp Duty

NEW

## For 3 years

### Financing agreement via P2P platforms

Remission on stamp duty exceeding RM10 for peer to peer (P2P) loans or financing agreements executed between MSMEs and investors.

**EFFECTIVE DATE**
Agreement executed from 1 Jan 2027 to 31 Dec 2030

NEW

## For 3 years

### Excess credit facility for MTCs

Remission on stamp duty exceeding RM10 for excess credit facility to MSMEs between mid-tier companies (MTCs) and financial institutions.

**EFFECTIVE DATE**
Agreement executed from 1 Jan 2027 to 31 Dec 2030

NEW

## Up to RM2,000/RM5,000

### Purchase or Construction of Malaysian Ships

Cap of RM 2,000 for loan or financing amounting up to RM 100million and Cap of RM 5,000 for loan or financing exceeding RM 100million for purchase or construction of Malaysian ships.

**EFFECTIVE DATE**
Loan or Financing agreement executed from 1 Jan 2027.

# At a glance | Indirect Tax

REVISED & EXPANDED

## List of Eligible Goods

### Import duty exemption for Langkawi Origin

**Additions**: Curry puffs, chips, buffalo milk ice cream, pineapple tarts, crystal products, etc.
**Removals**: Eggs, copra, mangrove wood, sawn rubber wood, etc.

**EFFECTIVE DATE**
1 Jan 2027

INCREASED

## Up to RM10,000

### Duty-free purchases in Langkawi & Labuan

The **goods value limit** for import duty and sales tax exemption increased to **RM10,000** for **eligible goods**, subject to a **minimum stay of 48 hours**.

**EFFECTIVE DATE**
1 Jan 2027

NEW

## Sales Tax Refund

### Refund facility for local trader & distributor

Refund of Sales Tax paid on **qualifying machinery, spare parts, equipment and manufacturing inputs** supplied to manufacturers.

**EFFECTIVE DATE**
1 Jan 2027

REVISED

## 8% to 6%

### Service Tax on elderly care services

**Service tax exemption** on annual care fees **up to RM96,000 per person**. Fees **exceeding RM96,000** will be subject to **6% Service Tax.**

**EFFECTIVE DATE**
1 Jan 2027

EXTENDED & EXPANDED

## Relief Until 2030

### Entertainment duty in Federal Territories

Existing exemptions **extended to 2030**, with a **full exemption** for local films screenings and theatre performances held in the Federal Territories.

**EFFECTIVE DATE**
Application received by MOF from 1 Jan 2027 until 31 Dec 2030.

EXPANDED

## Full exemption

### Entertainment duty at Stadium Merdeka & Stadium Negara

Exemption expanded to **arts, cultural, entertainment and sporting activities** held at both stadiums.

**EFFECTIVE DATE**
1 Jan 2027

# At a glance | Grant

HIGHER GRANT

## Up to RM10,000

**Rukun Tetangga**

Increased the annual grant for each active, registered Rukun Tetangga neighbourhood committee nationwide from RM6,000 to RM10,000

**EFFECTIVE DATE**
YA 2027

EXTENDED

## Allocation of RM20 M

**Disaster Response Network (GDRN) Matching Grant**

Objective of this grant is for assistance to natural disaster & flood relief operations

HALAL INCENTIVES

## Up to RM5,000

**MSME**

Matching grants of up to RM5,000 to micro, small and medium enterprises seeking halal certification for the first time.

HALAL INCENTIVES

## Up to RM25,000

**MSME**

Grants of RM25,000 to strengthen halal micro, small and medium enterprises in sectors such as cosmetics and pharmaceuticals.

SPORTS

## Allocation of RM30 M

**Sport Matching Grant**

To encourage sports associations, clubs and non-governmental organisations to organise high-performance sporting events.

PADDY FARMERS

## Aid of RM2.62 B

Allocated for paddy subsidies and incentives (approximately RM4,300 per hectare)

Harvesting incentives doubled to RM100 per hectare per season

RM300 million in ploughing assistance is maintained and extended to Sabah and Sarawak.

# At a glance | Grant

## SMALL TRADERS

### Rental support

More than 10,000 small traders renting DBKL premises, including those at public markets, food courts and hawker centres, will be given a 50% rental discount in 2027

Festive season bazaar rates will start from as low as RM400 (Special rent)

## HIRE-CARS & BUS DRIVERS

### Taxi and School Bus Drivers

A one-off RM1,000 cash incentive will be provided to 38,000 taxi and hire-car drivers and 15,000 school bus drivers, totalling RM53 million

Payments are scheduled for October 2026

## LISTING EXPENSES

### Matching grants for listing expenses in both markets-Malaysia and Hong Kong

For ease for Malaysian businesses to list in both markets, the Securities Commission Malaysia and the Hong Kong Securities Regulator have formalised collaboration

Listing expenses will be covered by matching grants

## FISHERIES

### Government Aid

RM30 million allocated to expand special sampan licences from 17,000 to 20,000 fishermen

RM178 million for catch incentives and living allowances

Continued subsidised diesel at RM1.65 per litre for eligible fishermen.

## FISHERIES

### Financing Aid

Agrobank will provide RM40 million in financing for aquaculture projects and fisheries modernisation

# At a glance | Grant

**TOURISM**

### Tourism and Culture

Allocation: RM935 million
Incentive grants for industry players to promote and organise tourism events.

**WOMAN ENTREPRENUERS**

### MADANI Peaceful Grant

Allocation: RM200 million
Equipment and training for 40,000 recipients, in particular woman, through equipment assistance and skills training to support small businesses, entrepreneurship and income generation

**OIL PALM SMALLHOLDERS**

### Oil palm smallholder replanting

Allocation: RM300 million
RM100 m: Oil palm replanting in hybrid financing benefiting 4,500 smallholders (50% grant, 50% repayable financing)

RM200 m: Soft loans at 2% interest, with a four-year repayment deferment for replanting areas up to 40 hectares

**CHILDCARE**

### Childcare providers

Allocation: RM100 million
To strengthen the childcare ecosystem and train 6,000 childcare providers in more than 50 new areas across nine states

**MEDICAL AID**

### First-Year MediAsas Premium Subsidy

SMEs with fewer than 75 employees will receive RM200 per eligible worker towards the first-year MediAsas premium, capped at 50 workers or RM10,000 per company.

**TOURISM**

### Matching grants for international and charter flights

Allocation: RM935 million (Part of the allocation in first box)
Applicable for new direct flights from China, India, Central Asia and Europe

This grant will also extend to cruise, ferry and tour buses.

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# BUDGET TAX CONFERENCE 2027

## KUALA LUMPUR

5 November 2026

Tropicana Golf & Country Resort

9:30 AM - 5:00 PM

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SCAN ME! REGISTRATION

## IPOH

11 November 2026

Weil Hotel, Ipoh

9:30 AM - 5:00 PM

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## PENANG

12 November 2026

Cititel Penang

9:30 AM - 5:00 PM

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