



## Reminder!!!

### Urgent Year-end Tax Planning Exercise



That time of the year has come around again...

...as we approach the year-end and prepare to welcome a brand-new year in 2026.

As always, this is the ideal time to be **tax-ready** for your upcoming tax filing. When it comes to year-end tax returns, we all share a common objective — **to maximise our tax reliefs and secure the highest possible tax savings**.

To make your filing process easier, we have compiled all your **insurance and investment information for 2025** to help you identify and maximise your eligible tax refunds where applicable. Take a moment to familiarise yourself with these items so you won't miss out on any tax incentives available for the year 2025.

Here are a few important reminders:

#### COMPANIES



##### 1. Purchase of Tangible Fixed Assets

Any plans to purchase tangible fixed assets for business use is to be made before the year-end, so that the company can enjoy the **FULL** year of capital allowance claim in the Year of Assessment 2025.

##### 2. Estimated Tax Submission CP204

To forecast corporate tax for Year of Assessment 2025 and to voluntarily make higher CP204 tax payments if forecasted tax estimate will be higher than the submitted tax estimate CP204. This can be used as a basis to appeal against any under-estimation penalty at a later date.

##### 3. Closing Inventories

For companies with closing inventories, do consider carrying out a detailed review of the stock-in-hand for any obsolete and slow-moving stocks in order to reduce tax profits to improve cash-flow.

##### 4. Overdue Trade Receivables

Check on long outstanding trade receivables (i.e. old trade debts) and ascertain if there is a need to write-off and/or take the necessary actions to recover them.



## 5. Overdue Trade Payables

Check on long overdue trade payables and ascertain if there is a need to write-off and/or arrange for early settlement to avoid queries from Inland Revenue Board (IRB) in a tax audit and/or Bank Negara under the Unclaimed Money Act 1965.

## 6. CP204 Revisions

This is applicable to companies with Accounting Year Ending 31 January, 31<sup>st</sup> March & 30<sup>th</sup> June 2026, where the 6<sup>th</sup> 9<sup>th</sup> and 11<sup>th</sup> months revision respectively, is due on 31<sup>st</sup> December 2025. This is crucial to avoid the hefty underestimation penalty of 10% if the actual tax is more than estimation by 30%.

## 7. E-invoicing

An e-Invoice is a digital representation of a transaction between a supplier and a buyer. e-Invoice replaces paper or electronic documents such as invoices, credit notes, and debit notes.

An e-Invoice contains the same essential information as traditional document, for example, supplier's and buyer's details, item description, quantity, price excluding tax, tax, and total amount, which records transaction data for daily business operations.

Commencement date

### 1 July 2025:

- Turnover > RM5 million to commence E-invoicing

### 1 January 2026:

- Turnover between RM1 million and RM5 million to commence E-invoicing



For further details, please click on

- <https://www.hasil.gov.my/en/e-invoice/about-e-invoice/>



## 8. SST New Rules

### Rate Revision for Non-Essential Goods:

- A new 5% sales tax was introduced for certain previously exempted non-essential items, while a 10% rate was applied to luxury goods.

### 5% tax items:

- Includes high-value food items like salmon, cod, king crab, truffles, and certain imported fruits (except apples, oranges, mandarin oranges, and dates, which remain exempt).



### 10% tax items:

- Includes luxury items such as racing bicycles, antique artworks, leather goods, and alcoholic drinks.

### Essential Goods Exemption:

- Basic necessities like rice, chicken, beef, vegetables, books, medicines, and basic construction materials remain exempted (0% sales tax) to alleviate the cost of living for the public.

### Key Changes to Service Tax (Effective July 1, 2025)

- The service tax scope was expanded to include several new sectors, generally at a rate of 8%, though some specific services remain at 6%.

### New Taxable Services (generally 8% rate):

#### Rental or Leasing:

- Applies to commercial property and equipment leasing (excluding residential property).

#### Financial Services:

- Fee-based services (e.g., commissions, brokerage fees) are subject to an 8% tax (credit/charge card annual fees remain RM25).

#### Wellness and Beauty:

- Originally proposed, the tax on services like facial treatments, manicures, and hairdressing was ultimately *removed* from the expansion after feedback.

### Specific Services at 6% Rate:

#### Construction Services:

- Applies to all construction works, including those for residential buildings within mixed development projects (previously mostly exempt).

#### Private Healthcare:

- Services provided to non-Malaysian citizens are taxed at 6% (healthcare for Malaysian citizens remains exempt).

#### Education Services:

- Private education where fees exceed RM60,000 per student annually is taxed at 6%. Services for non-citizen students in higher education are also taxable.

### 9. Tax 2% on dividend

- A new 2% tax is introduced for individual shareholders receiving annual taxable dividend income exceeding RM100,000 per year.





## INDIVIDUALS



### 1. Personal Charity Donations

- To obtain and keep official receipts for charity donations made as the deduction allowed for approved donations of up to 10% of aggregate income for persons other than a company.

### 2. Relief for Skim Simpanan Pendidikan Nasional (SSPN)

- Relief of RM8,000

### 3. Life insurance and approved provident funds

- Relief of RM4,000 for approved provident funds like EPF and also RM3,000 for life insurance



### 4. Education & Medical insurance premiums

- Increased from RM3,000 to **RM4,000** for Year of Assessment 2025



### 5. Sports equipment and activities

- Relief of RM1,000 expanded to include for parents

### 6. SOCSO

- Relief of RM350 for SOCSO and EIS contribution

### 7. Fees for child care centres and kindergartens

- Relief of RM3,000 for children up to 6 years old enrolled in child care centres or kindergartens registered with the Department of Social Welfare or the Ministry of Education increased to **RM4,000**.

### 8. Medical expenses for self, spouse and children

- Relief of RM10,000 now covers full medical check-ups, mental health-check-ups and wider range of self-testing medical devices



### 9. Medical expenses for parents



- Amount relief of RM8,000 expanded to include grandparents.



AC and DC charging station

### 10. EV Charging facility

- Relief of up to RM2,500 now includes the purchase of food waste composting machines for household use. (claimable once every 3 years)

### 11. Disabled individual

- Relief increased from RM6,000 to **RM7,000**

### 12. Disabled spouse

- Increased from RM5,000 to **RM6,000**

### 13. Unmarried disabled child

- Amount relief increased from RM6,000 to **RM8,000**

### 14. New Homeowner Tax Relief:

- A new tax relief on housing loan interest payments has been reinstated for first-time homebuyers, with varying limits based on the property price, applicable from Year of Assessment 2025 to Year of Assessment 2027.



### 15. Tax Receipts

- Ensure that the relevant receipts are kept to claim for tax reliefs when preparing the Tax Return for Year of Assessment 2025. Make copies of the original receipts as the ink may fade on the original copy and therefore, IRB may not allow the tax claim.



*thank you*



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