

Malaysia's New Stamp Duty Self-Assessment and Audit Framework: Is Your Corporation Ready?

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1. Introduction

The recent changes to Malaysia's stamp duty framework have prompted many corporations to strengthen their internal compliance processes, particularly in anticipation of potential stamp duty audits by the Inland Revenue Board of Malaysia (LHDNM).



Stamp duty is a form of direct tax imposed on written instruments arising from various commercial and legal transactions, including agreements, contracts, transfers of real property, share transactions, property leases, loans, and other similar arrangements.

The imposition of stamp duty on such instruments must be assessed accurately and in accordance with the provisions of the Malaysian Stamp Act 1949. Read our previous article on stamp duty [here](#).

2. The Recent Key Changes to the Stamp Duty framework

The method of stamping has also evolved alongside advancements in information technology. Initially, stamp duty was paid through manual methods, such as the use of revenue stamps and franking machines. With the development of digital technology, the system has gradually transitioned to digital franking, and more recently to a fully online stamping process through the *Sistem Taksiran dan Pembayaran Duti Setem* (STAMPS) and the newly introduced Self-Assessment system.

2.1 Introduction of the Stamp Duty Self-Assessment System – to expedite the stamping process

What is SASDS?

- The Self-Assessment Stamp Duty System (SASDS) is an initiative introduced by the LHDNM to modernise and expedite the stamping process for instruments. The



system is implemented in phases based on the type of instrument or agreement, which started from 1 January 2026.

Who can use this system?

- SASDS allows stamp duty payers such as individuals, law firms, or appointed agents to self-assess and calculate the amount of stamp duty payable for certain instruments.

How is assessment and payment could be made?

- Prior to the introduction of the SASDS, all submissions were made through STAMPS where the LHDNM will assess the instrument and issue assessment notices at their discretion. The notice will contain the chargeable stamp duty amount together with the deadline to make the payment.
- Under the SASDS, corporations may appoint agents as payer to conduct the SASDS on behalf of the company. The appointed agent must submit the relevant form together with the instrument to be stamped. Each declaration of instruments will be treated as having been assessed by the LHDNM at the time of submission.
- The payer must upload the instrument and complete the required form in the system. Based on the information provided, the system will automatically calculate the stamp duty payable.
- Once the amount is confirmed and the form is submitted, the payer can proceed to make payment and print the stamp certificate generated by the system, which must then be attached to the physical instrument.

SASDS schedule

- The implementation of the SASDS will be in phases as follows:

Phases	Implementation Date	Categories of Instruments
Phase 1	1 January 2026	Lease / Mortgage, Security and General Stamping
Phase 2	1 January 2027	Transfer of Real Properties
Phase 3	1 January 2028	Other than Category for phase 1 and phase 2

- Based on the above, it is important to understand the system, the applicable instruments and rates of stamp duty in order to ensure all submissions and payments are accurately made.

2.2 Stamp Duty Audit Framework

Overview of the Audit Framework



- To strengthen compliance under the new self-assessment regime, LHDNM has introduced a formal Stamp Duty Audit Framework effective 1 January 2025 where LHDNM may now review and verify the accuracy of stamp duty declared by taxpayers. As part of this process, LHDNM officers may conduct audits and, where necessary, visit a company's premises to inspect documents and chargeable instruments. The key features include:

(a) Audits may be General or Comprehensive in scope, conducted on random basis:

General	<p>A general review entails the inspection of documents submitted by an auditee with its stamp duty application made through SASDS or STAMPS.</p> <p>A general review is carried out at the LHDNM's officer, and an auditee may be called for an interview at the LHDNM's office if more information is required.</p>
Comprehensive	<p>A comprehensive review involves all executed instruments in an auditee's possession.</p> <p>A comprehensive review may be carried out either at the auditee's premises, the LHDNM's office or any place agreed upon between the LHDNM and the auditee.</p>

- (b) A notification or visit letter will be issued to the company/auditee on the scheduled date of audit with the list of required instruments to be inspected.
- (c) The standard audit period is 3 years (extendable in cases of fraud or negligence). For example, audit will cover on instruments subject to stamp duty payable by a company which were executed from year 2022, 2023 and 2024.
- (d) the audit focus on ensuring proper stamping, correct duty amounts, and timely compliance.

Result of audit

- The taxpayer (auditee) will first receive a Case Review Findings Letter explaining the audit results and reasons.
- The taxpayer has the chance to give feedback or clarifications on the findings.
- If not satisfied, the taxpayer can formally object within 14 working days by sending extra information or evidence.
- The LHDNM will review the objection and issue a Final Assessment Notice / Amended Assessment (consisting of the correct amount of stamp duty payable) together with an Audit Completion Letter.
- If no objection is received within 14 working days, the findings are treated as accepted, and the LHDNM will issue an Amended Assessment with penalty.

Timeline to complete audit cases:

- Comprehensive review audit → within 60 working days from the audit visit letter.

- General review audit → within 7 working days from the request letter.

2.3 Other notable changes:

Chapter IV of the Finance (No.2) Act 2023 (Act 851) (the “Act”) which came into operation since the 1st January 2024 has also enforced notable changes to the Stamp Duty framework in Malaysia. Among the changes include the following:

Increased penalties

- An instrument must be stamped within 30 days from the date it is executed in Malaysia, or within 30 days after it is received in Malaysia if it was executed outside Malaysia.
- If the instrument is not stamped within the prescribed period, a penalty will be imposed based on the duration of the delay. The Act has amended the penalty to be higher than before:
 - (a) RM50.00 or 10% of the deficient duty, whichever is higher, if stamped within 3 months after the time for stamping;
 - (b) RM100.00 or 20% of the deficient duty, whichever is higher, if stamped after 3 months from the time for stamping;

**Note: the above rates are effective from 1 January 2025. Please refer to our previous article [here](#) to see the previous rate of penalty.*

Amendments to the First Schedule of Stamp Act 1949 concerning foreign entities

- Previously, Item 27(a)(ii) of the First Schedule to the Stamp Act 1949 provided that stamp duty on foreign currency loan instruments (including loan agreements and related security documents) was charged at 0.5%, subject to a cap of RM2,000. Effective 1 January 2024, the cap has been removed, resulting in stamp duty being calculated at 0.5% of the loan amount without any maximum limit, which may significantly increase the duty payable depending on the loan value.
- In the case of a sale of any property, a new paragraph (aa) below was inserted under item 32 of the First Schedule of the Stamp Act 1949:

(aa) other than stock, shares, marketable securities, or accounts receivable/book debts as referred to in paragraph (c)—to a foreign company or to a person who is neither a citizen nor a permanent resident, stamp duty is chargeable at the rate of RM4.00 for every RM100 or part thereof. The duty is calculated based on the higher of the consideration amount stated in the instrument or the market value of the property.

3. Conclusion

As appointed agents for our valued clients, our lawyers are trained to conduct Stamp Duty Self-Assessment on our clients’ behalf and ensure that the correct stamp duty rates are

applied. With the introduction of stricter compliance measures by the LHDNM, including formal audit procedures and increased penalties, many corporations are now strengthening their internal processes to manage stamp duty obligations more carefully.

Should you have any questions regarding stamp duty compliance or wish to appoint us as your agent to assist with the assessment and stamping process, please feel free to contact us.

4. References

Stamp Duty Audit Framework 2025

<https://www.hasil.gov.my/media/x5hn0ha0/rangka-kerja-audit-duti-setem-2025.pdf>

Operational Guidelines for Stamp Duty Self-Assessment

<https://www.hasil.gov.my/media/1umbwe0w/20251226-garis-panduan-operasi-permohonan-penyeteman-melalui-sistem-taksir-sendiri-duti-setem.pdf>

Finance (No.2) Act 2023 (Act 851)

[https://mysst.customs.gov.my/assets/document/SST%20Act/Finance%20\(No.%202\)%20Act%202023.pdf](https://mysst.customs.gov.my/assets/document/SST%20Act/Finance%20(No.%202)%20Act%202023.pdf)

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She is an attorney qualified in Malaysia and a qualified Advocate and Solicitor of the High Court of Malaya. She has numerous years of experience in both in-house and private practice and her main areas encompass commercial and corporate advisory work, real estate disposal and acquisition, technology-based contract negotiation and more. After joining One Asia Lawyers in 2021, her practice is focused primarily on general corporate matters, structuring and handling cross border transactions involving joint ventures, mergers and acquisitions, business transfers and restructuring of share capital, foreign investments, regulatory compliance and corporate governance, employment and industrial law related matters.

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