

MALAYSIA'S UPCOMING STAMP DUTY SELF-ASSESSMENT REGIME: A NEW ERA OF COMPLIANCE

Introduction

Malaysia is set to implement a significant reform to its stamp duty framework with the introduction of a **Stamp Duty Self-Assessment System** (*Sistem Taksir Sendiri Duti Setem – “STSDS”*), commencing from **1 January 2026**. This reform represents a shift in the administration of stamp duty, transferring the responsibility for assessing, declaring, and paying stamp duty from the Inland Revenue Board of Malaysia (“**IRB**”) to taxpayers themselves. The move aligns stamp duty administration more closely with Malaysia's existing self-assessment regimes for income tax and real property gains tax, and forms part of the Government's broader effort to modernise and digitalise tax administration.

As stamp duty applies to a wide range of commercial and legal instruments, including leases, financing documents, share transfers, and conveyancing instruments, the new regime will have far-reaching implications for individuals, businesses, and professional advisers alike.

Overview of Stamp Duty in Malaysia

Stamp duty in Malaysia is governed primarily by the Stamp Act 1949, which imposes duty on certain “instruments” rather than transactions per se. Historically, stamp duty compliance has been based on an official assessment system, under which instruments are submitted to the IRB for adjudication. The IRB determines the applicable duty, following which payment is made and the instrument is stamped.

While this system has provided a measure of certainty, ongoing developments in transaction volumes and complexity support the adoption of a more streamlined and efficient mechanism.

Rationale for the Shift to Self-Assessment¹

The introduction of stamp duty self-assessment reflects several policy objectives:

First, it seeks to **improve administrative efficiency** by reducing the IRB's role in routine assessments and allowing resources to be redirected toward enforcement, audits, and higher-risk cases.

Second, it aims to **shorten processing times** for stamping, thereby facilitating faster execution of commercial transactions and reducing friction in the business environment.

Finally, the self-assessment model encourages **greater taxpayer accountability**, requiring parties to understand the stamp duty implications of their transactions and to ensure accurate reporting.

Phased Implementation of the New Regime²

Recognising the breadth of instruments subject to stamp duty and the learning curve involved, the IRB has adopted a phased implementation approach spanning three years.

Phase 1, effective from **1 January 2026**, will cover selected categories of instruments, including:

- Tenancy and lease agreements
- General stamping instruments
- Securities-related instruments

These categories are generally more standardised in nature and are considered suitable for early adoption under a self-assessment model.

Phase 2, commencing from **1 January 2027**, will extend self-assessment to instruments involving the transfer of property ownership. Given the higher values and greater complexity typically involved in property transactions, this phase allows additional time for system testing and stakeholder readiness.

Phase 3, beginning from **1 January 2028**, will bring all remaining chargeable instruments within the self-assessment framework, completing the transition from official assessment to full self-assessment.

This gradual rollout is intended to give taxpayers, legal practitioners, and tax agents sufficient time to familiarise themselves with the new processes and compliance expectations.

Digitalisation and the e-Duti Setem Platform³

A key feature of the new regime is the use of the MyTax portal, through which stamp duty self-assessment will be carried out. The existing STAMPS system will be replaced by a new *e-Duti Setem* module, designed to support electronic submission of stamp duty returns, automated calculations, and online payment.

Under the new platform, taxpayers will be required to submit relevant details of the instrument, declare the applicable duty, and make payment within the prescribed timeframe. The system is intended to provide immediate confirmation of stamping, thereby reducing delays traditionally associated with physical adjudication.

Taxpayers and agents are encouraged to familiarise themselves with the new platform ahead of full implementation, as early adoption will be critical in ensuring smooth compliance once self-assessment becomes mandatory.

Penalty Waiver and Transitional Relief⁴

To ease the transition, the IRB has announced a **penalty waiver for the first year of implementation**, covering the period from **1 January 2026 to 31 December 2026**. During this time, no penalties will be imposed for errors or understatements in stamp duty self-assessments, provided that the submissions are made in good faith.

This concession reflects the IRB's recognition that taxpayers may require time to adjust to the new regime, particularly in interpreting stamp duty provisions and applying them correctly without prior adjudication.

However, it is important to note that this relief is temporary. Once the transitional period ends, inaccuracies, late submissions, or underpayments may give rise to penalties, additional duty, and enforcement action under the Stamp Act 1949.

Implications for Taxpayers and Practitioners

The move to self-assessment will significantly change how stamp duty compliance is managed in practice.

For taxpayers, particularly businesses that regularly enter into chargeable instruments, the new regime increases the importance of internal controls and documentation. Accurate classification of instruments, correct application of duty rates, and timely submission will be essential to mitigate compliance risks.

For legal practitioners, company secretaries, and tax agents, self-assessment may require

enhanced advisory roles, including assisting clients in determining stamp duty exposure, reviewing self-assessed returns, and advising on exemption or remission applications.

The likelihood of post-submission audits is also expected to increase, as the IRB shifts its focus from upfront assessment to retrospective compliance checks.⁵ As such, maintaining comprehensive records and supporting documents will be critical.

Preparing for the New Stamp Duty Landscape

In anticipation of the STSDS, taxpayers should take proactive steps to prepare, including:

- Reviewing existing templates and standard agreements to identify stamp duty implications
- Training relevant staff on stamp duty rules and the use of the MyTax platform
- Engaging advisers early to assess readiness and identify potential risk areas
- Monitoring guidance and updates issued by the IRB as implementation approaches

Early preparation will be particularly important for organisations with high transaction volumes or complex contractual arrangements.

Conclusion

The introduction of stamp duty self-assessment marks a pivotal development in Malaysia's tax administration landscape. While the reform promises greater efficiency, faster processing, and enhanced digital integration, it also places greater responsibility on taxpayers to ensure accurate and timely compliance.

The phased rollout and initial penalty waiver provide a valuable window for adjustment. Nevertheless, as with any self-assessment regime, success will ultimately depend on taxpayer awareness, preparedness, and compliance practices. As Malaysia moves toward full implementation, stakeholders would be well advised to treat stamp duty not merely as an administrative afterthought, but as an integral component of transaction planning and risk management.

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1. Inland Revenue Board, 'STSDS', <<https://www.hasil.gov.my/en/stamp-duty/sistem-taksir-sendiri-dutisetem-stsds/>> accessed 23 December 2025.
 2. Inland Revenue Board, 'STSDS', <<https://www.hasil.gov.my/en/stamp-duty/sistem-taksir-sendiri-dutisetem-stsds/>> accessed 23 December 2025.
 3. Business Today, 'Early Access For e-Stamp Duty System Ahead Of Jan 1, 2026 Implementation', <https://www.businesstoday.com.my/2025/12/17/early-access-for-e-stamp-duty-system-ahead-of-jan-1-2026-implementation/?utm_source> accessed 23 December 2025.

4. The Edge, 'LHDN: No penalties in first year of Self-Assessment Stamp Duty System', <<https://theedgemalaysia.com/node/786703>> accessed 23 December 2025.
5. The Edge, 'My Say: Stamp duty: Navigating the shift from official assessment to self-assessment', <<https://theedgemalaysia.com/node/765170>> accessed 23 December 2025.

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