

STAMP DUTY GUIDE FOR HR DOCUMENTS (MALAYSIA 2025–2026)

What HR Needs to Know About Stamping Under the Stamp Act 1949

SECTION 1: What Is Stamp Duty?

- A tax on written documents ("instruments").
- Applies to contracts, agreements, and legal documents under the First Schedule.
- Unstamped documents = NOT admissible in court until stamped (with penalty).
- Enforcement increased starting 2025, stricter under STSDS in 2026.



SECTION 3: Documents That Do NOT Require Stamping

- Increment Letter
- Promotion Letter
- Confirmation Letter
- Resignation Letter
- Bonus Letter
- Internal Secondment / Internal Transfer
- These are administrative documents, not new agreements.



SECTION 4: Exemptions Employment contract exemption ONLY IF:

- Salary ≤ RM300 (current rule)
- Salary ≤ RM3,000 (effective 1 Jan 2026)



Since minimum wage is far above RM300, almost all employment contracts today require stamping.

SECTION 6: Simple Analogy

Stamp duty is like a speed limit sign that always existed—but now LHDN has set up checkpoints. Compliance is now actively monitored and enforced.



SECTION 2: Documents That MUST Be Stamped

1. EMPLOYMENT CONTRACT

- Stamping: YES (Mandatory)
- Duty: RM10 per copy
- Reason: Legally creates the employer–employee relationship
- Note: Heavily enforced by LHDN since 2025

2. TRANSFER LETTER (INTER-COMPANY)

- Stamping: YES
- Duty: RM10
- Reason: Transferring to a different legal entity = NEW contract

3. OFFER LETTER (IF IT FUNCTIONS AS THE CONTRACT)

- Stamping: YES
- Duty: RM10
- Reason: If signed by both parties and sets employment terms → treated as a contract
- Includes trainees/interns IF employment relationship exists

4. EXTENSION OF PROBATION (IF ISSUED AS ADDENDUM)

- Stamping: YES
- Reason: Addendums/supplements are treated as separate instruments subject to duty

SECTION 5: Why Stamping Matters

1. Legal Validity in Court

- Unstamped contracts cannot be used as evidence.

2. Compliance Requirement (LHDN)

- Stamp Duty Audit Framework (2025)
- Self-Assessment System (STSDS) from 2026

3. Penalties for Late Stamping

- Must stamp within 30 days of signing
- Automatic penalties from 2026 onwards



For HR, Employers & Business Owners — Stay Compliant. Avoid Penalties.

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