

Income Tax Treatment For Social Media Influencers

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The rapid growth of the social media economy has transformed online influence into a viable profession. In response, the Inland Revenue Board of Malaysia (IRB) issued a new guideline on 14 January 2026 clarifying the income tax treatment of earnings derived from influencer activities.

The guidelines aim to assist taxpayers and administrators in interpreting the relevant provisions of the Income Tax Act 1967 (ITA) in the context of digital content creation and social media marketing.

The move reflects a broader effort by tax authorities globally to ensure that income generated in the digital economy falls within existing tax frameworks. As monetisation opportunities across social platforms expand, the IRB's clarification signals that influencer earnings will be treated as a conventional form of taxable income.

A Broad Definition Of Influence

The guideline recognises social media influencing as a legitimate profession capable of generating income through both platform-based and marketing-related activities. Influencers are broadly defined as individuals capable of shaping the behaviour or views of others through their presence, expertise or relationship with audiences on social and digital media regardless of follower numbers.

Importantly, the IRB distinguishes between two categories of influencers: individual influencers and object-based influencers.

Individual influencers encompass people from a wide range of backgrounds including politicians, artists, athletes, professionals, students and homemakers, who create content to engage with audiences and build trust online.

Object-based influencers, by contrast, refer to non-human digital personas such as animated or fictional characters that maintain social media followings. Examples include popular Malaysian animated characters such as Upin & Ipin and BoBoiBoy, as well as corporate mascots or branded accounts.

The guideline also sets out an expansive view of influencer activities. These include producing and uploading content, appearing in social media events or programmes, promoting products and services online, or receiving gifts or benefits as a result of one's online presence. The scope deliberately captures both active content creation and passive benefits linked to digital visibility.

Multiple Streams Of Income

Influencers typically earn income from a diverse set of sources, and the guideline identifies several common categories.

These include direct payments from platforms for engagement metrics such as views or followers; advertising revenue or sponsored posts; commissions from subscriptions; ambassador or endorsement fees; and income from selling products or services, including digital goods such as e-books or training sessions.

Other monetisation channels include the sale of social media accounts with large followings, licensing arrangements that generate royalties from an influencer's image or character, and payments for appearances at events, seminars or entertainment programmes.

Crucially, the IRB emphasises that taxable income is not confined to cash payments. Goods, discount vouchers, complimentary services and other benefits with monetary value fall within the tax net. The guidance therefore closes a potential grey area in the treatment of non-cash compensation that is common in influencer marketing.

Tax Treatment

Under the guideline, income earned by individual influencers from their activities is generally treated as business or professional income under Section 4(a) of the ITA. This means such earnings must be declared as taxable income, regardless of whether payments arise from formal contracts or informal arrangements.

For object-based influencers, the tax liability rests with the owner of the character or account receiving the income. Where the copyright holder differs from the account owner, the entity that ultimately receives the revenue will be subject to tax.

Deductions And Allowances

Influencers are permitted to deduct expenses incurred wholly and exclusively in generating income, consistent with Section 33(1) of the ITA. These may include costs associated with internet services, filming equipment, editing software, production activities and other operational expenditures.

Personal expenses or capital expenditure remain non-deductible under Section 39. However, influencers may claim capital allowances on qualifying assets used in their activities such as cameras, lighting equipment or other production tools in accordance with Schedule 3 of the ITA.

Compliance Obligations

The guideline also clarifies compliance requirements. Influencers deriving non-employment income may fall within the instalment payment regime, commonly referred to as CP500, which requires taxpayers to make advance tax payments based on prior-year assessments.

In addition, influencers must maintain proper documentation of income and supporting records for at least seven years. This obligation is particularly significant in the influencer economy, where compensation often includes non-cash benefits and informal commercial arrangements.

Conclusion

The IRB's guidelines reflect the growing economic importance of the creator economy in Malaysia and the IRB's intention to ensure that emerging digital professions are properly integrated into the tax system.

As influencer marketing continues to expand, the message from regulators is clear - online visibility may generate new opportunities but it also carries the same tax responsibilities that apply to more traditional forms of business income.

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