C2 STAMP DUTY

STAMP DUTY RATES

Stamp duty is chargeable on certain instruments and documents. The rate of duty varies according to the nature of the instruments/documents and transacted values. Exemption of stamp duty is given on certain instruments and documents. The following are rates of stamp duty for some more common instruments and documents.

Conveyance, assignment or transfer

	Value		Duty payable
(a) Properties	*RM*	*Rate*	*RM*
On the first	100,000	RM1 per RM100 or part thereof	1,000
On the next	400,000	RM2 per RM100 or part thereof	8,000
	500,000		9,000
In excess of *	500,000	RM3 per RM100 or part thereof	

* Prior to 1 January 2001, rate of duty for value in excess of RM2,000,000 shall be RM4 for every RM100 or part thereof.

	Rate
(b) Stock, shares or marketable securities	RM3 per RM1,000 or part thereof

Agreement or memorandum of agreement

Agreement or memorandum of agreement made under hand and not otherwise charged with any duty

– Up to 31 December 2000	RM3
– From 1 January 2001 onwards	RM10

Abolishment of adjudication fee

The adjudication fee is abolished with effect from 1 January 2009.

Charge or mortgage (including that under the Syariah), bond, covenant, debenture (not being a marketable security)

(a) Being the principal security (except in certain instances) in respect of:

• Foreign currency loans or *Syariah* financing in foreign currency	RM5 per RM1,000 or part thereof with total duty payable not exceeding RM500
• Any other case (other than loans for small and medium enterprise)	RM5 per RM1,000 or part thereof

• Loan for the purposes of small and medium enterprise approved by the Minister of Finance	
– for an amount not exceeding RM250,000 of the aggregate loans or of the aggregate financing under the *Syariah* in a calendar year	RM0.50 for every RM1,000 or fractional thereof
– for each additional RM1,000 not exceeding RM1,000,000	RM2.50 for every RM1,000 or fractional thereof
– for each additional RM1,000 or part thereof	RM5.00

"Small and medium enterprise" is defined in S. 2 of the Stamp Act 1949 as follows:

- in relation to the manufacturing, manufacturing related services and agro-based industries sectors, an enterprise with full-time employees not exceeding 150 people or annual turnover not exceeding RM25 million; and
- in relation to the services, primary agriculture and information and communication technology sectors, an enterprise with full-time employees not exceeding 50 people or annual turnover not exceeding RM5 million.

(b) Transfer, assignment or disposition of any charge or mortgage, bond, covenant or debenture (not being a marketable security)	2/5 of the duty which would be chargeable or a charge or mortgage for the amount transferred

Memorandum of association of a company	RM100
Share warrant or stock certificate to bearer	RM1 for every RM100 or fractional part of RM100 of the nominal value of the shares or stock specified in the warrant

Lease or agreement for lease of any immovable property and for securing the payment for the provision of services or facilities or to other matters or things in connection with such lease

	When the lease is for a period		
	Less than 1 year	*1 year to 3 years*	*More than 3 years*
(a) Without fine or premium when the average rent and other considerations calculated for a whole year:			
(i) does not exceed RM2,400	Nil	Nil	Nil
(ii) for every RM250 or part thereof in excess of RM2,400	RM1	RM2	RM4

		When the lease is for a period		
		Less than 1 year	*1 year to 3 years*	*More than 3 years*
(b)	In consideration of a fine or premium and without rent	The same duty as for a conveyance for a sum equal to the amount of such consideration		
(c)	In consideration of a fine or premium and reserving a rent or other considerations	The same duty as for a conveyance on sale in consideration of the fine or premium and a lease for the rent		

Stamp duty on loan and services agreements

		Rate
(a)	All loan and service agreements (except education loans)	*Ad valorem* of RM5 for every RM1,000 or part thereof – effective 1 January 2009
(b)	Education loan agreements	Fixed at RM10

**Note: Stamp duty on service agreement instruments*

Under the Stamp Duty (Remission) Order 2009, the Minister of Finance in exercising his powers under S. 80(2) of the Stamp Act 1949 has agreed that service agreement instruments executed from 15 September 2009 until 31 December 2010 will be subject to stamp duty of up to RM50 only and the excess duty will be remitted.

With effect from 1 January 2011, stamp duty at *Ad valorem* rates will be imposed on service agreement instruments. Consequently, a company is required to include the *Ad valorem* stamp duty cost in the total project cost or total service cost.

To minimise stamp duty costs, companies are advised to separate the portion (percentage) of raw material costs from the cost of services in a service agreement. In this situation, the payment of stamp duty will be minimised as the *Ad valorem* duty will only be charged on the portion of service costs.

At the same time, it is informed that commencing from 1 January 2011, the approval for stamp duty remission on construction contract instruments as announced earlier (see below) is applicable.

Stamp duty on construction contract instruments

Service agreements include construction contract instruments. Since construction projects generally involve multiple tiers, multiple levels of stamp duty at *Ad valorem* rate would be levied on the same project. The Ministry of Finance has reviewed the situation and issued the following guideline:

(i) For contracts awarded by the Government where the agreement is signed between the Government and the principal contractor, the contract is exempted from stamp duty. Stamp duty at *Ad valorem* rate will be levied on second level contracts (i.e. contracts between the principal contractor and the sub-contractors). Stamp duty for contracts at the third and subsequent levels will be fixed at RM50.00, and any stamp duty paid in excess will be remitted.

(ii) For contracts awarded by any party other than the Government, stamp duty at *Ad valorem* rate will be levied on the contract between such party and principal contractor. Stamp duty for contracts at the second and subsequent levels will be fixed at RM50.00, and any stamp duty paid in excess will be remitted.

(iii) For projects that are cancelled by the parties who had offered the contracts, and stamp duty for all such contract had been paid, only the stamp duty at the *Ad valorem* rate will be refunded. Stamp duty at the fixed rate of RM50.00 will not be refunded.

The remission of stamp duty is effective from 15 July 2009.

Payment of stamp duty using private valuation – effective 1 January 2008

Effective 1 January 2008, private valuation by a practicing valuer is accepted for the determination of an "initial duty" payable in order to expedite the transfer of real property prior to the official JPPH valuation being issued.

The payment for the initial duty must be made together with a bank guarantee valid for a period of not less than six months. The amount of the bank guarantee is computed based on the difference in stamp duties between the JPPH valuation and the private valuation, with the JPPH valuation being deemed to be 35% higher than the private valuation.

The amount of the bank guarantee is computed based on the following formula:

Bank guarantee amount = A – B

Where A is the duty chargeable on such instrument based on the value of immovable property where the value is ascertained in accordance with the following formula:

$$Y \times 100/65$$

Where Y is the market value of such property as submitted by that person

B is the amount of stamp duty chargeable on such instrument based on the market value submitted by that person

If based on the subsequent JPPH valuation the proper stamp duty is higher than the initial duty paid, the Collector may within three (3) months after payment of the initial duty issue an additional assessment for the additional duty payable.

Where the additional duty is not paid within 30 days of the service of the additional assessment, the Collector shall call upon the bank guarantee. If the bank guarantee amount is insufficient, the remaining duty unpaid shall be increased by 10%.

In addition, where the proper duty chargeable exceeds the sum of the initial duty plus the bank guarantee ("the amount") by more than 30% of the proper amount of duty chargeable, the difference between the amount and 30% of the proper duty chargeable shall be increased by 10% of the difference.

An appeal against the additional assessment may be made within 30 days of date of the additional assessment.

Penalty for late stamping

An instrument which is not stamped within the period specified may be stamped on payment of the unpaid duty and a penalty of:

	Rate
(a) On or before 31 December 2000	RM25 or four times of the amount of the deficient duty whichever is greater
(b) On or after 1 January 2001	RM25 or 50% of the amount of deficient duty whichever is greater if the instrument is stamped within three months after the time for stamping RM50 or 100% of the amount of the deficient duty whichever is greater if the instrument is stamped later than three months but not later than six months after the time for stamping RM100 or 200% of the amount of the deficient duty whichever is the greater if the instrument is stamped after six months
(c) On or after 1 January 2003	RM25 or 5% of the amount of the deficient duty whichever is greater if the instrument is stamped within three months after the time for stamping
	RM50 or 10% of the amount of the deficient duty whichever is greater if the instrument is stamped later than three months but not later than six months after the time for stamping
	RM100 or 20% of the amount of the deficient duty whichever is greater if the instrument is stamped after six months

Introduction of payment of stamp duty through electronic medium

Effective 1 January 2009, a “stamp certificate” will be issued by the stamp office upon payment under the new electronic medium to be attached to an instrument to denote duty paid by electronic medium. The tax authorities have indicated that this is restricted for the time being to the stamping for transfers of property only. Prior registration with the stamp office to pay under the electronic medium is required.

Any person who misuses the stamp certificate shall be guilty of an offence and shall be liable on conviction to a fine not exceeding RM5,000.

Introduction of stamping using digital franking machine

Instruments can be stamped using the digital franking machine as an additional mode to the postal franking machine.

REMISSION OF STAMP DUTY

Financing instruments

1. Instruments relating to a term loan agreement for refinancing any existing term loan obtained for business purposes.
2. Stamp duty on any instrument of:
   (a) A term loan agreement executed between a borrower and a financial institution; or
   (b) An Asset Sale Agreement for a term loan under the *Syariah* law executed between a customer and a financial institution, for the purpose of refinancing any existing term loan, is remitted to the extent of the duty that would be payable on the balance of the principal amount of the existing term loan.

   Provided that the existing term loan was obtained for the purposes of a business, other than for working capital, and the instrument for the existing term loan had been duly stamped.
3. Stamp duty on any instrument of Asset Sale Agreement for a loan executed between a customer and a financier under the *Syariah* law pursuant to the change of scheme for financing an existing loan from conventional to *Syariah* is remitted to the extent of the duty that would be payable on the balance of the principal amount of the existing loan provided that the instrument for the existing loan had been duly stamped.
4. Stamp duty on any instrument of Asset Sale Agreement executed between a customer and a financier made under the principles of the *Syariah* law for the purpose of rescheduling or restructuring any existing Islamic financing facility is remitted to the extent of the duty that would be payable on the balance of the principal amount of the existing Islamic financing facility provided that the instrument for the existing Islamic financing facility had been duly stamped.
5. 20% of the stamp duty on principal or primary instruments of financing under the principles of the *Syariah* law and chargeable pursuant to subsubparagraph 22(1)(a) or subparagraph 27(a) of the First Schedule is remitted between 2 September 2006 to 31 December 2015 and subject to the condition that the instrument is approved by the Bank Negara Malaysia Syariah Advisory Council or the Securities Commission Syariah Advisory Council.
6. 50% of the stamp duty chargeable on any instrument of transfer for the purchase of one unit only of residential property by an individual costing not more than RM250,000 in relation to a Sale and Purchase Agreement executed on or after 8 September 2007 up to 31 December 2010.
7. 50% of the stamp duty chargeable on loan agreement instruments relating to purchase of residential properties not exceeding RM250,000 provided that the Sale and Purchase Agreement is executed on or after 30 August 2008 up to 31 December 2010. This exemption is granted to only one residential property per individual. This exemption is now extended to loan agreement instruments relating to Sale and Purchase Agreements executed on or after 1 January 2011 to 31 December 2012 and the threshold of the value of the residential property is increased to RM350,000 (Budget 2011).
8. Any stamp duty payable in respect of any agreement, note, instrument and document, as the case may be, in relation to the issue of the Islamic Medium Term Note or the Guarantee shall be remitted in full – effective 10 July 2009.

Property instruments, share instruments and others

1. 50% of the stamp duty chargeable on any instrument of transfer of any immovable property operating as a voluntary disposition between parent and child is remitted.
2. Stamp duty in excess of RM200 payable upon instruments of contract notes relating to the sale of any shares, stocks or marketable securities in companies incorporated in Malaysia or elsewhere between a local broker and an authorised nominee on behalf of a foreign broker is remitted.
3. Stamp duty in excess of RM200 payable on all instruments of contract notes relating to the sale of any shares, stock or marketable securities which are listed on stock market of a stock exchange approved under subsection 8(2) of the Securities Industry Act 1983 [Act 280] is remitted.
4. 50% of the stamp duty chargeable on any instrument of transfer for purchase of a house not exceeding RM250,000 executed on or after 8 September 2007 but not later than 31 December 2010 (both days inclusive). This exemption is granted to only one residential property per individual. This exemption is now extended to the instrument of transfer of a residential property executed on or after 1 January 2011 to 31 December 2012 and the threshold of the value of the residential property is increased to RM350,000 (Budget 2011).

EXEMPTION OF STAMP DUTY

Property instruments, share instruments and others

1. Instruments in connection with the reconstruction or amalgamation of companies, provided prescribed conditions per S. 15 of the Stamp Act 1949 are satisfied.
2. Instruments in connection with the transfer of property or shares between associated companies, provided prescribed conditions per S. 15A of the Stamp Act 1949 are satisfied.
3. Instruments relating exclusively to immovable property situated out of Malaysia or relating exclusively to things done or to be done out of Malaysia.
4. Transfer of securities listed on Malaysian Exchange of Securities Dealings and Automated Quotation (MESDAQ) executed in favour of a borrower or lender and transfer of collateral in respect of a securities borrowing and lending transaction made under a Securities Borrowing and Lending Agreement.
5. Instruments which are executed by an offshore company in connection with an offshore business activity.
6. Memorandum and Articles of Association of an offshore company.
7. Transfer of shares in an offshore company.
8. Instruments executed by any foreign insurer licensed under S. 16 of the Insurance Act 1996 [Act 553] to transfer its property, business and liabilities in Malaysia to a public company incorporated under the Companies Act 1965 [Act 125] pursuant to Para 217(b) of the Insurance Act 1996.
9. Instruments of transfer of shares, stock and marketable securities in companies not listed or removed from the list on the Kuala Lumpur Stock Exchange executed in favour of the Malaysian Central Depository Sendirian Berhad; or

Instruments of transfer of the beneficial interest of such shares, stock and marketable securities in companies not listed or removed from the list on the Kuala Lumpur Stock Exchange held for the account of the transferor by the Malaysian Central Depository Sendirian Berhad.

10. Specified instruments which are executed on or after 1 July 2002 in connection with the purchase of low cost houses.

11. All instruments executed pursuant to a scheme of transfer of the Islamic banking business and/or the Islamic financial business by a licensed institution to its related corporation licensed or to be licensed under the Islamic Banking Act 1983 approved by the Minister of Finance on the recommendation of the Central Bank of Malaysia pursuant to subsection 49(7) of the Banking and Financial Institutions Act 1989 – effective 1 March 2005.

12. Instruments executed on or between 27 August 2003 and 31 December 2005 by Pengurusan Danaharta Nasional Berhad or its specified wholly-owned subsidiary companies. All instruments which involve Pengurusan Danaharta Nasional Berhad or its specified wholly-owned subsidiaries executed on or after 1 January 2006 but not later than 31 December 2008.

13. All instruments where the stamp duty would ordinarily be payable pursuant to a scheme of merger:

    (a) to rationalise banking business and finance company business and which involves the merger of the whole or any part of the business and operations of a licensed bank and a licensed finance company;

    (b) provided that each licensed bank and licensed finance company involved in the scheme of merger has made a complete and detailed submission of documents for necessary approval pursuant to the provisions of the Banking and Financial Institutions Act 1989 and any other document required by the Central Bank of Malaysia for the purpose of such scheme of merger between 15 January 2004 until 14 January 2006;

    (c) merger, acquisition or sale and purchase agreements pursuant to a merger or acquisition of higher educational institutions that has been approved by the Ministry of Higher Education where such instruments are executed on or between 11 September 2004 until 31 December 2006;

    (d) undertaken by public listed companies on Bursa Malaysia approved by the Securities Commission from 1 October 2005 to 31 December 2007 and applicable to mergers and acquisitions completed not later than 31 December 2008;

    (e) of the whole or any part of the business and operations of a licensed discount house, licensed merchant bank or dealer where the merger would result in the establishment of an investment bank provided that each licensed discount house, licensed merchant bank and dealer involved in the scheme of merger has made a complete and detailed submission of documents for necessary and relevant approval pursuant to the provisions of the Banking and Financial Institutions Act 1989 or the Securities Industry Act 1983 and any other document required by the Central Bank of Malaysia or the Securities Commission for the purpose of such merger between 1 July 2005 until 30 June 2007;

    (f) undertaken by public listed companies on Bursa Malaysia approved by the Securities Commission from 1 August 2008 until 31 December 2010 and such mergers and acquisitions completed not later than 31 December 2011; and

    (g) undertaken by vendors licensed with PETRONAS on or after 8 September 2007 and such mergers and acquisitions completed not later than 31 December 2010 .

14. Instruments in connection with the transfer of immovable property operating as a voluntary disposition between husband and wife – effective 8 September 2007.

15. Instruments executed pursuant to a scheme of merger or acquisition approved by the Malaysian Biotechnology Corporation Sdn Bhd between a BioNexus status company and a biotechnology company from 2 September 2006 until 31 December 2011.
16. Instruments executed from 24 October 2009 until 31 December 2014 pursuant to the transfer of ownership of buildings and residential properties awarded Green Building Index certificates, bought from real property developers.

Financing instruments

1. Specified instruments executed on or after 1 January 2001 for the purpose of a securitisation transaction.
2. Instruments of the Asset Sale Agreement or the Asset Purchase Agreement executed between a customer and a bank made under the principles of the *Syariah* Law for the purpose of renewing any Islamic overdraft financing facility, if the instruments for the Islamic overdraft financing facility had been duly stamped.
3. An *Al-Ijarah* Head Lease Agreement on immovable property executed between a customer and a financier pursuant to a scheme of *Al-Ijarah* Term Financing Facility.
4. The issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debentures approved by the Securities Commission under S. 32 of the Securities Commission Act 1993 and the transfer of such debentures.
5. Instruments executed between Bumiputera entrepreneurs and financial institutions under the Tabung Pemulihan dan Pembangunan Usahawan (TPPU) programme managed by Syarikat ERF Sdn. Bhd.
6. Facility agreement executed between a company (as a borrower) and Bank Pembangunan dan Infrastruktur Malaysia Berhad for the purpose of financing the development of federal project(s) approved by the Economic Planning Unit or Ministry of Finance under the deferred payment financing scheme.
7. All instruments executed by any person in relation to the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase the *Sukuk* Bank Negara Malaysia – *Ijarah* issue and the transfer of such securities.
8. All instruments executed by BNM Sukuk Berhad in relation to the *Sukuk* Bank Negara Malaysia – Ijarah.
9. Instruments of the *Bai Inah* Sale Agreement or the *Bai Inah* Purchase Agreement executed between a customer and a financial institution made under the principles of the *Syariah* law for the purpose of the issuance of credit cards.
10. Instruments of the Asset Sale Agreement or the Asset Purchase Agreement executed between a customer and a bank made under the principles of the *Syariah* law for the purpose of renewing any Islamic revolving financing facility are exempted from stamp duty if the instrument for the existing Islamic revolving financing facility had been duly stamped.
11. Loan instruments executed pursuant to a scheme under the Special Relief Guarantee Facility (SRGF) for a business affected by SARS (Severe Acute Respiratory Syndrome) outbreak.
12. Instruments relating to transactions involving Cagamas Berhad.

13. All loan instruments executed pursuant to a Micro Credit Scheme for an amount not exceeding RM50,000 between a borrower and Bank Simpanan Nasional and between a borrower and Bank Pertanian Malaysia – effective 1 June 2003.
14. The stamp duty on any instrument of an Asset Lease Agreement executed between a customer and a financier made under the principles of the *Syariah* for the purpose of rescheduling or restructuring any existing Islamic financing facility is remitted to the extent of the duty that would be payable on the balance of the principal amount of the existing Islamic financing facility – effective 13 September 2003.
15. All instruments of an Asset Sale Agreement or an Asset Lease Agreement executed between a customer and a financier made under the principles of the *Syariah* for the purpose of renewing any Islamic revolving financing facility are exempted from stamp duty if the instrument for the existing Islamic revolving financing facility had been duly stamped.
16. The stamp duty on any instrument of an Asset Lease Agreement for a term loan under the principles of the *Syariah* executed between a customer and a financier for the purpose of refinancing any existing term loan, is remitted to the extent of the duty that would be payable on the balance of the principal amount of the existing term loan – effective 13 September 2003.
17. All instruments relating to a purchase of property by any financier for the purpose of lease back under the principles of the *Syariah*, or any instrument by which the financier shall assume the contractual obligations of a customer under a principal sale and purchase agreement – effective 13 September 2003.
18. All additional instruments of financing executed pursuant to approved Islamic financial and capital market products which are not required to be executed for conventional products – effective 11 September 2004.
19. All loan instruments which are in force to secure a loan not exceeding RM10,000 made under the principles of conventional or Islamic banking granted or to be granted by Bank Pertanian Malaysia for the purpose of financing agriculture based project – effective 11 April 1986.
20. Instruments executed pursuant to a scheme of financing which is in accordance with the principles of *Syariah* approved by the Central Bank, or the Securities Commission (with effect from 11 September 2004), or the Labuan Offshore Financial Services Authority (with effect from 1 January 2010).