

**TECHNICAL**

**Direct Tax**

**CONVERSION TO LIMITED LIABILITY PARTNERSHIP (LLP) – RPGT AND STAMP DUTY EXEMPTION**

The following Exemption Orders granting exemption from real property gains tax (RPGT) and stamp duty arising from the conversion of a conventional partnership or a private company to a Limited Liability Partnership (LLP) were recently gazetted.

- 1. Real Property Gains Tax (Exemption) Order 2014 [P.U.(A) 229]**
- 2. Stamp Duty (Exemption) (No. 2) Order 2014 [P.U.(A) 230]**

The main provisions of the Orders are summarized below:

<b><u>Real Property Gains Tax (Exemption) Order 2014 [P.U.(A) 229]</u></b>	
<b><i>Paragraph No. &amp; Heading</i></b>	<b><i>Summary</i></b>
1. "Citation and commencement"	<ul style="list-style-type: none"> <li>• Citation of the Order is as stated above.</li> <li>• The Order is deemed to have come into operation on 1 January 2013.</li> </ul>
2. "Interpretation"	<ul style="list-style-type: none"> <li>• The words "conventional partnership", "limited liability partnership" and "private company" have the same meaning as assigned to them under the LLP Act 2012.</li> </ul>
3 "Exemption"	<ul style="list-style-type: none"> <li>• Exemption from payment of RPGT on chargeable gains accruing to any person on the conveyance of any chargeable asset relating to the conversion of a conventional partnership or a private company to a LLP registered on or after 1 January 2013 until 31 December 2017.</li> <li>• The date of conveyance is deemed to be the date on which the conventional partnership or private company is registered as a LLP under the LLP Act 2012.</li> <li>• Upon submitting the RPGT return, the person shall furnish the following:               <ol style="list-style-type: none"> <li>a) A confirmation by the Companies Commission of Malaysia that on the date of registration of the LLP, the partners of the LLP are all the partners/ shareholders of the conventional partnership/ private company that converted to be the LLP.</li> <li>b) A list of assets to be transferred to the LLP.</li> </ol> </li> </ul>

**Stamp Duty (Exemption) (No. 2) Order 2014 [P.U.(A) 230]**

<b>Paragraph No. &amp; Heading</b>	<b>Summary</b>
1. "Citation and commencement"	<ul style="list-style-type: none"> <li>Citation of the Order is as stated above.</li> <li>The Order is deemed to have come into operation on 1 January 2013.</li> </ul>
2. "Interpretation"	<ul style="list-style-type: none"> <li>The words "conventional partnership", "limited liability partnership" and "private company have the same meaning as assigned to them under the LLP Act 2012.</li> </ul>
3 "Exemption"	<ul style="list-style-type: none"> <li>Exemption from stamp duty (which would otherwise be charged under the Stamp Act 1949) for all instruments of transfer of land, business, asset and share in relation to the conversion of a conventional partnership or a private company to be a LLP, provided that –               <ol style="list-style-type: none"> <li>The conversion to be a LLP is registered on or after 1 Jan. 2013 until 31 Dec. 2017;</li> <li>The instrument is executed within 12 months from the date of registration of the conversion</li> </ol> </li> <li>The application for exemption must be accompanied by the same documents as listed under paragraph 3 of the RPGT (Exemption) Order 2014 (see table above)</li> </ul>

You may read the Orders in full at the official website of the [Attorney General's Chambers](#).

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