

e-CTIM TECH-IT 1/2021

4 January 2021

TO ALL MEMBERS

TECHNICAL

**Indirect Taxation**

**SME CORP – GUIDELINES AND PROCEDURES ON INCENTIVE OF STAMP DUTY EXEMPTIONS ON M&A BY SMEs**

Guidelines	Remarks (Please access the Guidelines for the full details)
<p><b>Guidelines and Procedures on Incentive of Stamp Duty Exemptions on Mergers and Acquisitions (“M&amp;A”) by Small and Medium Enterprises (“SMEs”)</b></p>	<p><u>Purpose of the Stamp Duty Exemption and the Guidelines</u></p> <p>The stamp duty exemption on instruments executed for M&amp;A by SMEs which was announced by the Government through the announcement of PENJANA on 5 June 2020 is to encourage SMEs to build up domestic capacity in view of the ongoing liberalisation of the services and manufacturing sectors and to be globally competitive through M&amp;A.</p> <p>These <a href="#">Guidelines</a> are to draw a process flow on the steps taken to vet through the applications and to verify the authenticity of the M&amp;A exercise.</p> <p><u>Stamp Duty Exemption</u></p> <p>On instruments executed for the M&amp;A exercise by SMEs as follows: -</p> <ul style="list-style-type: none"> <li>• Contracts or Agreements for sale or lease of properties (including land, building, machinery and equipment);</li> <li>• Instrument of Transfer and Memorandum of Understanding;</li> <li>• Loans or Financing Agreements; and</li> <li>• First Tenancy Agreements.</li> </ul> <p>According to Appendix 13 of the <a href="#">Proposed Tax Measures under PENJANA</a>, the above-mentioned instruments must be executed not later than 31 December 2021.</p> <p><u>Eligibility Criteria</u></p> <ul style="list-style-type: none"> <li>• The eligibility criteria are as follows: <ul style="list-style-type: none"> <li>○ 100% Malaysian owned; and</li> <li>○ Have annual sales turnover of less than RM50 million or full-time employees of less than 200, as per the definition of SMEs in the manufacturing sector; or</li> <li>○ Have annual sales turnover of less than RM20 million or full-time employees of less than 75, as per the definition of SMEs in the services sector.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"><li>• All applications must be validated of its SME Status through the SME Registration Status System, a registration system platform developed by SME Corporation Malaysia ("SME Corp").</li><li>• Eligible applications are for merger and acquisition exercises undertaken from 1 July 2020 until 30 June 2021.</li></ul> <p><u>Further details</u> Services Eligible, Application Mechanism, M&amp;A and Flow Chart of the <a href="#">Guidelines</a>.</p> <p><u>References</u></p> <ul style="list-style-type: none"><li>• Guidelines on the website of <a href="#">SME Corp</a>.</li><li>• Frequently Asked Questions dated 1 July 2020 on the website of <a href="#">SME Corp</a>.</li><li>• <a href="#">Application Form</a> and <a href="#">Checklist</a> on the websites of the <a href="#">Institute</a> and SME Corp.</li><li>• Appendix 13 of the <a href="#">Proposed Tax Measures under PENJANA</a> (see our <a href="#">e-CTIM TECH-DT 58/2020</a> dated 4 August 2020).</li></ul>
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You may write to the Institute at [technical@ctim.org.my](mailto:technical@ctim.org.my) in respect of any suggestions, concern or comments you may have on the above [Guidelines](#).

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