

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>Guidelines and Procedures on Incentive of Stamp Duty Exemptions on Mergers and Acquisitions (“M&A”) by Small and Medium Enterprises (“SMEs”)</p>	<p><u>Purpose of the Stamp Duty Exemption and the Guidelines</u></p> <p>The stamp duty exemption on instruments executed for M&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&A.</p> <p>These Guidelines are to draw a process flow on the steps taken to vet through the applications and to verify the authenticity of the M&A exercise.</p> <p><u>Stamp Duty Exemption</u></p> <p>On instruments executed for the M&A exercise by SMEs as follows: -</p> <ul style="list-style-type: none"> • Contracts or Agreements for sale or lease of properties (including land, building, machinery and equipment); • Instrument of Transfer and Memorandum of Understanding; • Loans or Financing Agreements; and • First Tenancy Agreements. <p>According to Appendix 13 of the Proposed Tax Measures under PENJANA, 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"> • The eligibility criteria are as follows: <ul style="list-style-type: none"> ○ 100% Malaysian owned; and ○ 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 ○ 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.

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

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