

TECHNICAL

Dialogue on Stamp Duty

In 2 November 2011, the Inland Revenue Board had a briefing session with the professional bodies on the Government's intention to revamp the Stamp Act 1949. Feedback was sought from the stakeholders. A Stamp Duty Task Force was formed by CTIM together with The Malaysian Institute of Certified Public Accountants to look into stamp duty issues. A paper, entitled [Joint Review on Stamp Act 1949](#) was submitted to the IRB on 30 January 2012.

Following from the submissions made by the various stakeholders, a dialogue was called by the Ministry of Finance (MOF) on Friday, 5th July 2013 to provide feed-back on the stamp duty review proposals received. The meeting was held at Menara Hasil, Cyberjaya and chaired by Puan Khodijah, Senior Deputy Under-Secretary (Policy) of Tax Analysis Division.

Several of the key proposals by CTIM/MICPA and other stakeholders were rejected by the authorities, including:

- Proposal to remove ad valorem stamp duty and to reintroduce fixed duty (RM10) on service agreements;
- Proposal to remove "instruments of any kind whatsoever" in related to Item 22 and to expressly specify the instruments to which item 22 applies;
- Proposal to exempt all facility documents which are ancillary to a Contract Note where the Contract Note, as the principal instrument, is chargeable with stamp duty;
- Proposal to increase the grace period for stamping from 30 days to 60days.

CTIM/MICPA's proposal to allow a stamp duty exemption for transfers by way of gift between parent and child; grandparent and grandchild is still under consideration.

The IRB went on to present its proposals including the following:

- Proposal to widen the term "instrument" to include electronic documents – the IRB indicated that they would provide guidance on what this would encompass
- Proposal to introduce an optional self-assessment system for stamp duty in relation to transfers of real property, shares, leases of real property and financial transactions
- Proposal to impose stamp duty on agreements for the sale of real property or on the first instrument relating thereto
- Proposal to increase the rate of stamp duty in relation to item 32(a) by introducing a 4% rate in relation to property values in excess of RM1,500,000. The current maximum rate of 3% will apply to property between RM500,000 to RM1,500,000
- Proposal to reduce the rate of stamp duty on share transfers under item 32(b) to 0.1%
- Proposal to allow the Collector of Stamp Duty to make an assessment based on 'best judgement.'

Several of the stakeholders provided their initial comments and concerns in relation to the IRB's proposals and it was agreed that the stakeholders would provide their written feed-back by the end of July 2013 for further deliberation by the authorities.

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