

TECHNICAL

Stamp Duty

Briefing on the Review of the Stamp Act 1949 and the proposed Stamp Bill 2015

Please be informed that the Tax Division of Ministry of Finance together with the Lembaga Hasil Dalam Negeri Malaysia (LHDNM) conducted a briefing on 29 January 2015 to announce the proposals under the Stamp Bill 2015. The Institute was one of the stakeholders invited. Some of the key proposals are listed below:

- Ad Valorem duty on the transfer of stock, shares or marketable securities will be **reduced** from 0.3% to 0.1%
- Sale and Purchase agreements for real property will attract ad valorem stamp duty upon execution with RM10 being imposed on the eventual instrument of transfer
- Self-assessment will apply if a duty payer opts to have the instrument stamped via e-stamping. There will therefore be a choice of adjudication by the Collector or for the duty-payer to self-assess his stamp duty liability. In a self-assessment situation, the duty will be due and payable within 14 days of submission. Where there is an error in the return, the duty-payer will be required to notify the Collector within 12 months with an explanation for the mistake. Where the mistake is genuine and stamp duty has been over-paid, a refund may be available.
- Section 15 exemption – the holding period for shares in a reconstruction/amalgamation under Section 15 will be extended from 2 years to 3 years and any change in the holding must be notified to the Stamp Office within 30 days. A failure to provide such notification will be a criminal offence with a penalty of RM10,000.
- Section 15A exemption – similar to Section 15, a holding period of 3 years will be imposed with the same requirements and consequences as those outlined for Section 15 above.
- Changes to the penalty regime, including an increase in the maximum penalty from RM5,000 to RM10,000, as well as the introduction of a new criminal offence for failure to provide information and for failure to be present upon issuance of a notification, etc.
- The First Schedule of the Stamp Act 1949 will be streamlined and simplified
- The previous proposal to increase the ad valorem stamp duty under Item 32(a) of the First Schedule to 4% for values in excess of RM1,500,000 has been removed. Hence the ad valorem rates of stamp duty under Item 32(a) will remain unchanged.

The proposed new Stamp Bill is expected to be tabled in Parliament in the near future and is expected to take effect from 2016. The Institute will be submitting its comments on the proposals by mid-February, 2015.

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