

Contact Persons:

22 AUGUST 2017

Corporate Department

Tay Weng Hwee
Partner
DID: +603 6208 5900
Fax: +603 6201 0122
Email: tw@lh-ag.com

Chia Loong Thye
Partner
Tel: +604 370 1122
Fax: +604 370 5678
Email: clt@lh-ag.com

Ooi Bee Hong
Partner
DID: +603 6208 5805
Fax: +603 6201 0122
Email: obh@lh-ag.com

Megat Hizaini Hassan
Partner
DID: +603 6208 5863
Fax: +603 6201 0122
Email: mh@lh-ag.com

Aniza Osman
Partner
DID: +607 278 3833
Fax: +607 278 2833
Email: ao@lh-ag.com

Steven Tee Shin Yau
Partner
DID: +603 6208 5853
Fax: +603 6201 0122
Email: syt@lh-ag.com

Ong Eu Jin
Partner
DID: +603 6208 5801
Fax: +603 6201 0122
Email: oej@lh-ag.com

Aaron Gerard Sankar
Partner
DID: +603 6208 5811
Fax: +603 6201 0122
Email: ags@lh-ag.com

Tan Gek Im
Partner
Tel: +604 370 1122
Fax: +604 370 5678
Email: tgi@lh-ag.com

Bella Chu Chai Yee
Partner
DID: +603 6208 5887
Fax: +603 6201 0122
Email: cy@lh-ag.com

Stamp Duty Changes — Episode II

The Bill for a Stamp (Amendment) Act 2017

Earlier this year, the Bill for a Stamp (Amendment) Act 2016, introducing substantial amendments to the Stamp Act 1949, was withdrawn by the government after its first reading in Parliament. An overview of that Bill, highlighting the major changes that it sought to introduce, appeared in the April 2017 issue of the *Legal Herald* ("[Stamp Duty Changes](#)").

On 3 August, a new Bill for a Stamp (Amendment) Act 2017 was tabled for its first reading. The new Bill is substantially in the same terms as the earlier version, with one notable difference: the omission of an amendment that would render contracts for the sale of property, stock or marketable securities chargeable with *ad valorem* duty. That amendment would have meant a departure from a long-standing provision in the law for the *ad valorem* duty to be chargeable on the instrument of conveyance or transfer, with nominal stamp duty to be paid on the contract.

This is a welcome change as the stamping of *ad valorem* duty on contracts for sale would have introduced unprecedented complexity. One can imagine the sigh of relief from the real property sector.

The new Bill will introduce several amendments that did not appear in its predecessor.

In addition to a change in the formula for calculation of *ad valorem* duty in Item 1, Part 1, of the First Schedule, the new Bill will increase stamp duty on the transfer of immovable property with a value exceeding RM1 million. Stamp duty will be chargeable at 4% on the value of any property in excess of RM1 million. The earlier Bill did not change the rate of 3% for any amount exceeding RM500,000, which is the current provision.

Stamp duty relief for transfer of property between associated companies will be subject to stricter requirements under clause 17. The transfer must be for the purpose of achieving greater efficiency in operation [*sic*] and the transferee company must have been incorporated in Malaysia.

Item 7, Part 5, of the First Schedule provides for a charge of RM200 on the constitution of a company, an increase of RM100 from the stamp duty hitherto now payable as a matter of practice as the current law caters only for memorandum and articles of association.

Clause 31 seeks to introduce an express power in Section 50A of the Act for the Collector to make an assessment and impose a penalty. It is not clear how Section 50A is to be read in light of clause 31.

The second reading of the new Bill has been deferred, and may be tabled in the next parliamentary session on 23 October 2017.

For details on the above, and other changes in the new Bill, please consult the text of the new Bill [here](#).

Christine Chan Ee Yin

Lee Hishammuddin Allen & Gledhill

Level 6, Menara 1 Dutamas
Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Malaysia

T +603 6208 5888
F +603 6201 0122/0136
E enquiry@lh-ag.com
W www.lh-ag.com

Published by the Corporate Department

© Lee Hishammuddin Allen & Gledhill. All rights reserved. The views and opinions attributable to the authors or editor of this publication are not to be imputed to the firm, Lee Hishammuddin Allen & Gledhill. The contents of this publication are intended for purposes of general information and academic discussion only. It should not be construed as legal advice or legal opinion on any fact or circumstance.

[Feedback](#)

[Unsubscribe](#)