



Issue 14/2018 | 31 December 2018

Relaxation of Budget 2019 measures in relation to real properties

6 months deferral of increase in stamp duty for value of real property in excess of RM1 million

The stamp duty rates that are applicable for the instrument of transfer of real property that is valued in excess of RM1 million have been revised pursuant to the Finance Act 2018. The revised rates, effective from 1 January 2019 are as follows:

- First RM100,000 - 1%
- Next RM100,001 to RM500,000 - 2%
- Next RM500,001 to RM1,000,000 - 3%
- Next RM1,000,001 and above - **4%** (previously 3%)

Following the passing of the Finance Act 2018, the Ministry of Finance (MoF) has announced that the 3% rate will be maintained for properties valued not more than RM2.5 million effective for the period from 1 January 2019 to 30 June 2019 as follows:

- First RM100,000 - 1%
- Next RM100,001 to RM500,000 - 2%
- Next RM500,001 to RM1,000,000 - 3%
- Next RM1,000,001 to RM2,500,000 - **3%**

Exemption of real property gains tax (RPGT) for citizens or permanent residents involving conditional contracts

Pursuant to the Finance Act 2018, RPGT rates for disposals of real properties after the fifth year from acquisition have been revised. The revised rates, effective from 1 January 2019 are as follows:

- Company, non-citizen, and non-permanent resident individual - increased from 5% to 10%.
- Citizen or permanent resident - increased from 0% to 5%*.

*Following the passing of the Finance Act 2018, the MoF has announced that a citizen or permanent resident who disposes a real property pursuant to a conditional contract (e.g. requiring approval from the Government or State Government) shall be exempted from RPGT on the following conditions:

- The disposal is made after the fifth year from acquisition; and
- The sale and purchase agreement for the disposal is signed before 1 January 2019 (where approval from the Government or State Government is to be obtained from 1 January 2019).