



PROPERTY TAX REFORM

This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

- THE NATIONAL LAND CODE 1965 (NLC) IS A MALAYSIAN LAWS RELATING TO LAND AND LAND TENURE, THE REGISTRATION OF TITLE TO LAND AND OF DEALINGS THEREWITH AND THE COLLECTION OF REVENUE THEREFROM WITHIN THE STATES IN PENINSULAR MALAYSIA (12 STATES) AND FOR SABAH DAN SARAWAK HAS ITS OWN LAND ORDINANCE
- IN SHORT, NLC IS THE LAWS REGARDING THE LAND ADMINISTRATION LAND IN PENINSULAR MALAYSIA

- NO SPECIFIC TAX IS LEVIED ON PROPERTY OWNERS AT FEDERAL GOVERNMENT LEVEL.
- HOWEVER, INDIVIDUAL STATE GOVERNMENTS LEVY A LAND TAX KNOWN AS “QUIT RENT” ON ANNUALLY BASIS. THERE ARE 14 STATES (9 STATES HEADED BY SULTAN/RAJA AND OTHERS BY GOVERNOR OR CHIEF MINISTER)
- THE RATE VARIES WITH LAND CATEGORY AND SIZE, BUT GENERAL THE ANNUAL QUIT RENT IS LITTLE (MINIMUM QUIT RENT IS RM12) EXCEPT INDUSTRIAL LAND A BIT HIGHER.

- PROPERTIES WITHIN LOCAL AUTHORITIES ARE REQUIRED TO PAY AN “ASSESSMENT” OR “CUKAI PINTU”
- IT IS CALCULATED AS A PERCENTAGE OF ANNUAL RENTAL VALUE. IT VARY WITH THE PROPERTY TYPE AND LOCATION OF PROPERTY. IN GENERAL, RESIDENTIAL UNITS ASSESSMENT TAX IS CALCULATED @ 4% OR MORE (DEPENDS ON AREA) OF ANNUAL RENTAL VALUE, PAYABLE IN 2 INSTALMENTS PER ANNUM

TAXES ON ACQUISITION AND TRANSFER OF REAL ESTATE

- STAMP DUTY – PAYABLE BY PUCHASER OF PROPERTY BASED ON THE HIGHER OF THE MONEY VALUE OF THE CONSIDERATION OR CURRENT MARKET VALUE
- THE STAMP DUTY RATE FOR PROPERTIES COSTING:
 - RM100,000 IS 1%;
 - BETWEEN RM100,001 AND RM500,000 IS 2%; AND
 - RM500,001 AND ABOVE 3%

REAL PROPERTY GAINS TAX

- MALAYSIA DOES NOT TAX CAPITAL GAINS FROM SALE OF INVESTMENTS OR CAPITAL ASSETS
- HOWEVER, GAIN DERIVED FROM DISPOSAL OF REAL PROPERTY (LAND AND BUILDING) AND ON THE DISPOSAL OF SHARES IN REAL PROPERTY COMPANY (RPC) IS LIABLE TO REAL PROPERTY GAINS TAX (RPGT).
- REAL PROPERTY GAIN TAX ACT 1976 WAS INTRODUCED ON 7.11.1975 TO REPLACE LAND SPECULATION ACT 1975.
- TO CURB/RESTRAIN SPECULATION ACTIVITIES

• **RPGT EFFECTIVE RATES**

Disposer	Individual (Malaysia citizen and PR)	Non citizen and PR individual	non Company
Disposal period			
Disposal within 3 years from the date of property purchase or acquire	30%	30%	30%
Disposal in the 4 th year	20%	30%	20%
Disposal in the 5 th year	15%	30%	15%
Disposal in the 6 th year and subsequent years	0%	5%	5%

DISPOSAL NOT LIABLE TO RPGT

- GAINS ON DISPOSAL OF ONE PRIVATE RESIDENCE ONLY FOR A MALAYSIAN CITIZEN OR PR.
- ELECTION FOR EXEMPTION SHALL BE MADE IN WRITING AND IRREVOCABLE

CALCULATION OF RPGT

DISPOSAL DATE 12 MAC 2017	SELLING PRICE=	RM500,000
ACQUISITION DATE 10 MAC 2015	PURCHASE PRICE=	<u>RM300,00</u>
		RM200,000
LESS:		
ALLOWABLE EXPENSES LEGAL FEES, STAMP DUTIES, RENOVATION (LET SAY)		<u>RM30,000</u>
	CHARGEABLE GAIN	RM170,000
LESS: WAIVER (INDIVIDUAL ONLY= RM10,000 OR 10% OF CG WHICHEVER IS HIGHER)		<u>RM17,000</u>
	NET CHARGEABLE GAIN	<u>RM153,000</u>
RPGT = RM153,000 @ 30% = RM45,900.		

DISPOSAL NOT LIABLE TO RPGT

- TRANSFER OF ASSETS BY WAY GIFT BETWEEN:
- HUSBAND AND WIFE
- PARENT AND CHILD
- GRANDPARENT AND GRANDCHILD

SUBMISSION OF RPGT FORM

- DISPOSER/SELLER AND ACQUIRER/PURCHASER HAVE TO SUBMIT RPGT FORM TO IRB WITHIN 60 DAYS AFTER THE DATE OF DISPOSAL/THE AGREEMENT SIGNED AND MUST BE STAMPED

DOCUMENTS NEED TO BE SUBMITTED TOGETHER WITH TPGT FORM ARE:

- COPY OF STAMPED SALE AND PURCHASE AGREEMENT IF THE ACQUISITION AND DISPOSAL OF ASSETS
- COPY OF STAMPED TRANSFER OF SECURITIES FORM FOR ACQUISITION OF RPC SHARES AND ALLOTMENT OF SHARES FORM
- COPY OF MEMORANDUM OF TRANSFER
- RECEIPTS AND INVOICES FOR INCIDENTAL COSTS/EXPENSES

DUTY OF ACQUIRER/PURCHASER

- TO RETAIN AND PAY PART OF THE CONSIDERATION NOT EXCEEDING 3% OR 7% (IF THE DISPOSER IS A NON CITIZEN AND NON PR) OF THE TOTAL VALUE OF CONSIDERATION AND SHALL WITHIN 60 DAYS AFTER SUCH DISPOSAL PAY THE AMOUNT TO DGIR
- FAILURE TO RETAIN MAY CAUSED ACQUIRER AN INCREASED AMOUNT BY A SUM OF 10%

The background is a light gray gradient with several realistic water droplets of various sizes scattered in the corners. The droplets have highlights and shadows, giving them a three-dimensional appearance. The text 'THANK YOU' is centered in the middle of the page.

THANK YOU