

## Malaysia issues stamp duty relief guidelines

---

### **NEW!** EY Tax News Update: Global Edition

EY's new Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

---

### Executive summary

The Malaysian Inland Revenue Board (MIRB) released, on 26 February 2019, guidelines for stamp duty relief under Sections 15 and 15A of the *Stamp Act 1949* (the Guidelines). The Guidelines take into account the tightening of the stamp duty relief provisions proposed in the 2019 Budget.<sup>1</sup>

This Alert summarizes the key aspects of the Guidelines.

### Detailed discussion

#### **Stamp duty relief under Section 15**

Section 15 provides relief from stamp duty in cases of reconstructions or amalgamations of companies.

The Guidelines stipulate that to qualify for the exemption, the application will have to be filed with the Collector of Stamp Duties (Collector) via submission to any State Offices, or online via the MIRB's website through the Stamp Duty Assessment and Payment System (STAMPS), followed by the submission of supporting documents by hand delivery.

The standard statutory declaration<sup>2</sup> for the Section 15 stamp duty relief application is set out in an Appendix to the Guidelines. The process for approved or rejected applications is also explained in the Guidelines. In addition, the Guidelines also outline the documents which are to be furnished in support of the application.

### Stamp duty relief under Section 15A

Section 15A provides relief from stamp duty in cases of transfer of property between associated companies.

The 2019 Budget proposed several changes to tighten the stamp duty relief conditions and the proposals were subsequently enacted on 27 December 2018.<sup>3</sup> One of the additional requirements is that the transfer of property is to achieve “greater efficiency” in the operations of both transferor and transferee. The Guidelines explain that to justify “greater efficiency,” a three-year operational plan of both companies will need to be provided. The plan should include an explanation of “greater efficiency” in the form of a narrative, graph, chart, schedule, etc. It should also clearly outline the objective and strategy in achieving the level of stipulated operational efficiency in three years, along with any other supporting documents, where relevant.

If “greater efficiency” will not be achieved, the company must provide a reasonable justification for the Collectors’ consideration. It is to be noted that the Collectors’ decision is final.

It is also noted that the Guidelines stipulate the following:

- i) Section 15A stamp duty relief would not apply on the transfer of a business
- ii) Generally, transactions such as the transfer of shares and real property would qualify for relief

It is understood that the MIRB is strictly observing the above Guidelines and as such would seek to restrict Section 15A stamp duty relief only to transactions involving the transfer of shares or real property.

Similar to the application for relief under Section 15, the application should be filed with the Collector via submission to any State Offices, or online via the MIRB’s website through STAMPS, followed by the submission of supporting documents by hand delivery. The statutory declaration<sup>4</sup> for the application of this relief is included as an Appendix to the Guidelines.

---

## Endnotes

1. See EY Global Tax Alert, [Malaysia releases 2019 Budget](#), dated 4 December 2018.
2. A formal statement affirming that the particulars are true and to be signed in the presence of the Commissioners of Oaths.
3. See EY Global Tax Alert, [Malaysia enacts 2019 Budget proposals](#), dated 3 January 2019.
4. A formal statement affirming that the particulars are true and to be signed in the presence of the Commissioners of Oaths.

For additional information with respect to this Alert, please contact the following:

**Ernst & Young Tax Consultants Sdn Bhd, Kuala Lumpur**

- ▶ Amarjeet Singh                      amarjeet.singh@my.ey.com
- ▶ Anil Kumar Puri                      anil-kumar.puri@my.ey.com
- ▶ Asaithamby Perumal                      asaithamby.perumal@my.ey.com

**Ernst & Young LLP, Malaysia Tax Desk, New York**

- ▶ Meng Hui Chua                      meng.hui.chua1@ey.com

**Ernst & Young LLP, Asia Pacific Business Group, New York**

- ▶ Chris Finnerty                      chris.finnerty1@ey.com
- ▶ Kaz Parsch                      kazuyo.parsch@ey.com
- ▶ Bee Khun Yap                      bee-khun.yap@ey.com

#### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](https://ey.com).

Indirect Tax

© 2019 EYGM Limited.  
All Rights Reserved.

EYG no. 000761-19Gbl

1508-1600216 NY  
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

**[ey.com](https://ey.com)**