

# STAMP DUTY (EXEMPTION) (NO. 4) ORDER 2019

PU (A) 394

31 December 2019

IN exercise of the powers conferred by subsection 80(1) of the Stamp Act 1949 [Act 378], the Minister makes the following order:

## CITATION AND COMMENCEMENT

**1(1)** This order may be cited as the **Stamp Duty (Exemption) (No. 4) Order 2019**.

**1(2)** This Order comes into operation on 1 January 2020.

## EXEMPTION

**2(1)** Subject to subparagraphs (2), (3) and (4), instrument of transfer executed between the transferor and the transferee at the stage as specified in the Schedule under the Rent-to-Own Scheme for the purchase of only one unit of residential property the value of which is not more than five hundred thousand ringgit (RM500,000.00) shall be exempted from stamp duty.

**2(2)** The exemption under subparagraph (1) shall only be granted if—

- (a)** the sale and purchase agreement between the developer and the financial institution for the purchase of the residential property is executed on or after 1 January 2020 but not later than 31 December 2022 and is stamped at any branch of the Inland Revenue Board of Malaysia;
- (b)** the rent-to-own agreement between the individual and the financial institution for the rental of the residential property is executed on or after 1 January 2020 but not later than 31 December 2022;
- (c)** the sale and purchase agreement between the financial institution and the individual for the purchase of the residential property is stamped at any branch of the Inland Revenue Board of Malaysia;
- (d)** the value of the residential property shall be based on the purchase price in the sale and purchase agreement between the developer and the financial institution; and
- (e)** the individual has never owned any residential property including a residential property which is obtained by way of inheritance or gift, which is held either individually or jointly.

**2(3)** For the purpose of subparagraph (2)(b)—

- (a)** the period of rental under the rent-to-own agreement between the individual and the financial institution must not exceed five years; and
- (b)** the tenant may opt to purchase the residential property after a rental period of one year.

**2(4)** The application for the exemption under subparagraph (1) shall be accompanied by a statutory declaration under the Statutory Declarations Act 1960 [Act 783] by the individual referred to in subparagraph (1) confirming that the individual has never owned any residential property including a residential property which is obtained by way of inheritance or gift, which is held either individually or jointly.

**2(5)** In this paragraph—

“residential property” means a house, a condominium unit, an apartment or a flat, purchased or obtained solely to be used as a dwelling house, and includes a service apartment for which the property developer has obtained a housing developer’s licence and an advertisement and sale permit under the Housing Development (Control and Licensing) Act 1966 [Act 118];

“individual” means a purchaser or co-purchaser, who is a Malaysian citizen;

“financial institution” means a financial institution regulated by Bank Negara Malaysia which has obtained the approval of Bank Negara Malaysia to offer the Rent-to-Own Scheme;

“property developer” means a property developer who has obtained a housing developer’s licence and an advertisement and sale permit under the Housing Development (Control and Licensing) Act 1966; and

“Rent-to-Own Scheme” means an alternative financing scheme under the Government of Malaysia which is regulated by the National Housing Department, Ministry of Housing and Local Government to assist home ownership wherein a residential property is initially purchased and rented out by a financial institution and subsequently the tenant is given an option to purchase that residential property based on Shariah compliant principles.

#### **SCHEDULE**

Stage	Transferor	Transferee
First transfer	Property developer	Financial institution
Second transfer	Financial institution	Individual