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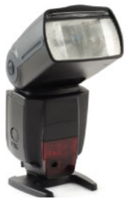
Tax Flash



October 2013 (Special Edition No. 2)

2014 Budget Highlights

Further to our Tax Flash – October 2013 (Special Edition) and with the issuance of Finance Bill (No. 2) 2013 on 30th October 2013, we have updated the key amendments outlined in the 2014 Budget under the following broad categories:-

A. Income Tax – Changes Affecting Individuals
B. Income Tax – Changes Affecting Companies and Unincorporated Businesses
C. Investment Incentives
D. Real Property Gains Tax
E. Petroleum Income Tax
F. Stamp Duty
G. Indirect Taxes
H. Others

Hyperlinks

Advent Consulting Group
Inland Revenue Board

References

2014 Budget Speech

Appendices to Budget Speech

Finance Bill (No. 2) 2013

Event

2014 Budget Seminar

A. Income Tax – Changes Affecting Individuals

1. Reduction in Individual Tax Rates

- Tax rates for resident individuals be reduced by 1% to 3% for chargeable income bands from RM5,001 onwards
- Chargeable income band currently subject to maximum tax rate be broaden from RM100,001 to RM400,001 with reduced tax rates
- A comparison is as shown below:-

Chargeable Income RM	Current Tax Rates %	Proposed Tax Rates %
5,001 – 20,000	2	1
20,001 – 35,000	6	5
35,001 – 50,000	11	10
50,001 – 70,000	19	16
70,001 – 100,000	24	21
100,001 – 250,000	26	24
250,001 – 400,000	26	24.5
Exceeding 400,000	26	25

- Tax rates for non-resident individuals be reduced from 26% to 25%
- Effective year of assessment [“YA”] 2015

2. MTD as Final Tax

- Employees with total income tax equivalent to Monthly Tax Deductions [“MTD”] be exempted from filing of annual tax returns
- Applicable to employees:-
  - who receive employment income prescribed under Section 13 of the Income Tax Act 1967 [“ITA 1967”] other than employment income in respect of use or enjoyment of benefits provided by employers pursuant to Section 13(1)(b) or Section 13(1)(c) of the ITA 1967;
  - whose MTD are made in accordance to the Income Tax (Deduction from Remuneration) Rules 1994;
  - serving under the same employer for a period of 12 months in a calendar year;
  - whose MTD are not borne by employers; and
  - who did not elect for joint assessment with their spouse
- Employees who satisfy the above conditions and did not furnish tax returns are deemed to have elected for MTD as final tax
- However, the Director General of Inland Revenue [“DGIR”] retains the power to raise assessment under Section 90(3) or Section 91 of the ITA 1967 for any year of assessment
- Upon issuance of the assessment, the MTD deemed to be final tax shall be disregarded
- Effective YA 2014

3. Relief for Middle Income Taxpayers

- Special relief of RM2,000 be given to resident individuals with monthly earnings up to RM8,000 (aggregate income up to RM96,000 a year)
- For YA 2013

B. Income Tax – Changes Affecting Companies and Unincorporated Businesses

1. Reduction in Tax Rates for Companies, LLP, Trust Bodies etc

- Tax rate be reduced from 25% to 24% for the following entities:-
  - a company;
  - a trust body;
  - an executor of an estate of an individual who was domiciled outside Malaysia at the time of his death;
  - a receiver appointed by the court; and
  - a limited liability partnership ["LLP"]
- For Small and Medium Enterprise ["SME"] (i.e. a company with paid-up capital not more than RM2.5 million and none of its related companies within the group (related by way of shareholding of more than 50%) is/are having paid-up capital exceeding RM2.5 million), tax rates be reduced from:-
  - 20% to 19% on chargeable income up to RM500,000; and
  - 25% to 24% on chargeable income exceeding RM500,000
- Effective YA 2016

2. Reduction in Tax Rates for Co-operative Societies

- Tax rates for co-operative societies be reduced by 1% to 2% for chargeable income exceeding RM150,000
- A comparison is as shown below:-

Chargeable Income RM	Current Tax Rates %	Proposed Tax Rates %
150,001 – 250,000	20	18
250,001 – 500,000	22	21
500,001 – 750,000	24	23
Exceeding 750,000	25	24

- Effective YA 2015

3. Double Deduction for Implementation of Minimum Wages

- Employers be required to pay their employees minimum wages of RM900 per month in Peninsular Malaysia and RM800 in Sabah, Sarawak and Labuan
- Double deduction be given to employers on the difference between the original salary and the minimum wages paid to their employees
- Effective 1st January 2014 to 31st December 2014

4. Double Deduction for Implementation of FWA

- Companies obtaining Flexible Work Arrangements ["FWA"] status from Talent Corporation Malaysia Berhad be given double deduction on the expenses incurred for training of employees and consultancy fees for designing an appropriate FWA
- Eligible expenses include costs for training in:-
  - optimising a work-life balance;
  - technology orientation;
  - managing a flexible workforce; and
  - helping managers embrace flexible work alternatives

- The above tax incentive be given for a period of 3 years of assessment
- Effective for application received by Talent Corporation Malaysia Berhad from 1st January 2014 to 31st December 2016

5. Double Deduction on Expenses Incurred by Anchor Companies under VDP

- Double deduction be given on operating and development expenses incurred by anchor companies under the Vendor Development Programme ["VDP"] to develop local vendors
- Qualifying expenses:-
  - Cost of product development, research and development, innovation and quality improvement;
  - Cost of obtaining ISO/Kaizen/5S certifications, evaluation programmes and business process reengineering exercises for the purpose of increasing vendor capabilities; and
  - Cost of vendor skills training, capacity building, lean management systems and financial management systems
- Conditions:-
  - Anchor companies are required to sign a Memorandum of Understanding ["MOU"] with the Ministry of International Trade and Industry ["MITI"] on VDP;
  - Qualifying expenses must be certified by MITI prior to the claim for deduction;
  - Qualifying expenses eligible for deduction is restricted to RM300,000 per year; and
  - Double deduction is given for 3 years of assessment
- Effective for MOUs signed by anchor companies with MITI between 1st January 2014 to 31st December 2016

6. Review of ACA for ICT Equipment

- The existing accelerated capital allowance ["ACA"] of 100% claimable on qualifying expenditure incurred on information and communication technology ["ICT"] equipment be extended for another 3 years to YA 2016
- Effective up to YA 2016

7. Deduction for Secretarial and Tax Filing Fees

- Secretarial fee and tax filing fee of up to RM5,000 and RM10,000 respectively be given tax deduction
- Effective YA 2015

8. Double Deduction for Expenses Incurred on GST Related Training

- Employers be given double deduction on the expenses incurred for Goods and Services Tax ["GST"] related training of employees in accounting and ICT
- Effective YA 2014 and YA 2015

9. Amount Receivable from Requisition or Compulsory Acquisition of Stock in Trade

- A new Section 4C of the ITA 1967 be introduced to include amount receivable from stock in trade parted with by any element of compulsion (including on requisition or compulsory acquisition or in a similar manner) as business income

- Any debt owing from stock in trade parted with by any element of compulsion (including on requisition or compulsory acquisition or in a similar manner) shall be treated as gross business income in the basis period in which the debt arose
- Effective YA 2014

10. Taxability of Withdrawal from Deferred Annuity

- Taxability of withdrawal from a private retirement scheme be extended to cover withdrawal from a deferred annuity scheme contracted on or after 1st January 2014
- The withdrawal will be subject to a withholding tax ["WT"] of 8%
- Waiver from application of the above provision be extended to include permanent total disablement, serious disease and mental disability
- Effective upon coming into operation of the Finance (No. 2) Act 2013

11. Definition of "Entertainment"

- The definition of "entertainment" under Section 18 of the ITA 1967 be amended to include expenses incurred by a person or employee of his with or without consideration paid whether in cash or in kind, in promoting the business carried on by that person
- Effective YA 2014

12. Basis Period of a Company, LLP, Trust Body or Co-operative Society Following Change of Financial Year End

- Where a company, LLP, trust body or co-operative society which makes up the accounts for a period of 12 months ending on 31st December changes its financial year end, the DGIR will direct the basis period
- Effective YA 2014

13. Basis Period of a Company, LLP, Trust Body or Co-operative Society for First Year of Assessment

- Where a company, LLP, trust body or co-operative society commences operation, the basis period for the first year of assessment shall be the same as its accounting period, regardless of the length of the accounting period
- Effective YA 2014

14. Interest Income from Loan Transaction Involving Related Parties

- Interest income in respect of loan transaction involving related parties is deemed to be obtainable on demand by the lending party when the interest is due to be paid to that party
- Effective YA 2014

15. Deductibility of Interest Expense from Borrowings

- Interest payable on borrowings for a basis period for a year of assessment shall not be eligible for deduction in that period until such interest is due to be paid
- Effective YA 2014

16. Deduction Not Allowed for Failure to Furnish Information Requested

- A new Section 39(1A) of the ITA 1967 be introduced to provide that where a person fails to furnish any information as requested by the DGIR in accordance with Section 81 of the ITA 1967 to justify the person's claim for deduction in arriving at his adjusted income within the time specified in the notice or such other period as may be allowed by the DGIR, such claim for deduction made by that person shall not be allowed
- Effective YA 2014

17. Expansion of Scope of Deductibility of Donation to Approved Organisation

- Deductibility of approved donation made by a person to an approved organisation established and maintained exclusively to administer and augment a fund established and held solely for the purposes of religious worship or advancement of religion be extended to include fund established and held for the purpose of purchase of building (currently for the construction, improvement or maintenance of a building)
- Effective YA 2014

18. Deduction for Expenditure Incurred by *Takaful* Operators

- Management expenses incurred for general business of a *Takaful* operator be allowed for tax deduction in arriving at adjusted income of the general fund of the operator
- Commission payable and discounts allowed in connection with general business of a *Takaful* operator be allowed for tax deduction in arriving at adjusted income of the shareholders' fund of the operator
- Effective YA 2014

19. Deductible Permitted Expenses of Investment Holding Companies, Close-End Fund Companies and Unit Trusts

- Both exempt dividend and interest be included in the denominator of the prescribed formula for the purposes of computing the amount of deductible permitted expenses of investment holding companies, closed-end fund companies and unit trusts
- Effective YA 2014

20. Amendment to Interpretation of "Director" relating to Director's Liability

- The interpretation of "director" under Section 75A(2)(b) of the ITA 1967 be amended such that any director or other person who is concerned in the management of the company's business, either on his own or with one or more associates, is the owner of or able directly or through the medium of other companies or by any other indirect means to control, not less than 20% (currently more than 50%) of the ordinary share capital of the company, shall be jointly and severally liable for the payment of tax during the period in which the tax is liable to paid by the company
- Effective upon coming into operation of the Finance (No. 2) Act 2013

21. Furnishing of Tax Return Electronically by Companies, LLP, Trust Bodies or Co-operative Societies

- A new Section 77A(1A) of the ITA 1967 be introduced to provide that the tax return must be submitted by way of an electronic medium or electronic transmission
- A new Section 77A(4) of the ITA 1967 be introduced to provide that the tax return furnished must be based on accounts audited by a professional accountant together with a report made by that accountant
- Effective YA 2014

22. Appeal Against Deemed Assessment

- Currently, a taxpayer aggrieved by an assessment issued under various provisions of the ITA 1967 is given the right to file an appeal to the Special Commissioners of Income Tax ["SCIT"] via submission of Form Q to the DGIR
- It is proposed that the right of a taxpayer to appeal to the SCIT is not applicable to the deemed assessment under Section 90(1) or Section 91(A) of the ITA 1967
- Effective upon coming into operation of the Finance (No. 2) Act 2013

23. Appeal to the SCIT

- A new Section 102(1A) be introduced to provide that in the case where a person has applied to invoke a mutual agreement procedure under a double taxation arrangement based on the same grounds as per the appeal made against an assessment, the appeal filed will not be forwarded to the SCIT by the DGIR until finalisation of the mutual agreement procedure
- The person may within 30 days after the determination of the mutual agreement procedure, request the DGIR in writing to forward the appeal to the SCIT
- The appeal must be forwarded to the SCIT within 3 months from the receipt of such request
- Effective upon coming into operation of the Finance (No. 2) Act 2013

24. Submission of Tax Estimate for Newly Commenced SME

- Where an SME first commences operation in a year of assessment and has no basis period in that year of assessment and the immediate following year of assessment, the SME is not required to furnish an estimate of tax payable for that year of assessment and the immediate 2 following years of assessment. For example:-

	*** YA 2014**	**YA 2015**	**YA 2016**	**YA 2017**
Basis period	No	No	Yes	Yes
Estimate of tax payable	Not Required	Not Required	Not Required	Required

* first year of assessment

- The above is only applicable to companies which qualify as SME at the commencement of operations and at the beginning of the immediate 2 following years of assessment
- Effective YA 2014

25. WT on the Distribution of Income from *Takaful* Fund

- WT on the profits distributed or credited to the participant or to the shareholders' fund out of family fund, family re-*takaful* fund or general fund will apply only where a claim for tax deduction has been made on the profits by the *Takaful* Fund operator
- Effective YA 2014

26. Mutual Administrative Assistance Arrangement

- A new Section 132B of the ITA 1967 be introduced to provide for the Government of Malaysia and a foreign government to enter into to a mutual administrative assistance in tax matters such as simultaneous tax examinations, automatic exchange of information or tax administrations abroad
- Effective upon coming into operation of the Finance (No. 2) Act 2013

27. Power of the DGIR to Demand for Payment of WT Due

- A new Section 140(2A) of the ITA 1967 be introduced to empower the DGIR to require any person to remit WT that should be deducted by that person within the time specified by way of a notice
- Effective upon coming into operation of the Finance (No. 2) Act 2013

28. Deemed Interest Income from Loan or Advances to Director

- A new Section 140B of the ITA 1967 be introduced to provide that where a company makes any loan or advances of any money from internal funds to its director, it shall be deemed to derive interest income from such loan or advances
- The sum of deemed interest for each calendar month shall be determined in accordance with the formula as follows:-

$$\frac{1}{12} \times A \times B$$

where A is the total amount of loan or advances outstanding at the end of the calendar month

B is the average lending rate of commercial banks published by the Central Bank at the end of the calendar month or where there is no such average lending rate, such other reference lending rate as may be prescribed by the DGIR

- Where the actual interest on loan or advances charged by the company is more than the aggregate sum of deemed interest, the deemed interest is disregarded
- Where the actual interest on loan or advances charged by the company is less than the aggregate sum of deemed interest, the actual interest is disregarded
- Effective YA 2014

29. Transfer of Assets to LLP

- Control transfer provisions under Paragraphs 39 and 40, Schedule 3 of the ITA 1967 be applied in respect of assets transferred by the converting partnership or company to LLP
- Conditions:-
  - o The conversion is in accordance with the LLP Act 2012;
  - o Initial allowance or annual allowance has been made, or would have been made (if claimed), by the partnership or the company
- For the assets transferred from the partnership or the company to LLP in a particular year of assessment, no claim of capital allowance shall be made by the LLP in the year of assessment if the partners of the partnership or the company has made a claim of the capital allowance on the assets in the said year of assessment
- Upon coming into operation of the Finance (No. 2) Act 2013

30. Deduction of Expenses under Green Lane Policy Programme

- Please refer to C4 below

C. Investment Incentives

1. Extension of Tax Incentives for New 4 and 5-Star Hotels in Peninsular Malaysia, Sabah and Sarawak

- The following tax incentives currently given to investors undertaking new investments in 4 and 5-star hotels be extended for another 3 years until 31st December 2016:-
  - o Peninsular Malaysia
    - \- Pioneer Status ["PS"] with income tax exemption of 70% of statutory income for a period of 5 years; or
    - \- Investment Tax Allowance ["ITA"] of 60% on the qualifying expenditure incurred within a period of 5 years to be set off against 70% of statutory income for each year of assessment
  - o Sabah and Sarawak
    - \- PS with income tax exemption of 100% of statutory income for a period of 5 years; or
    - \- ITA of 100% on the qualifying expenditure incurred within a period of 5 years to be set off against 100% of statutory income for each year of assessment
- Effective for applications received by the Malaysian Investment Development Authority on or before 31st December 2016

2. Tax Incentives for R&D for the Development of Bioeconomy

- The following tax incentives be given for viable projects to encourage the development of Bioeconomy:-
    - o Tax deduction for companies that invest to acquire technology platform in bio-based industry
    - o Import duty exemption on research and development ["R&D"] equipment for investment in pilot plants for the purpose of pre-commercialisation in Malaysia
    - o A special incentive for companies to partially cover the operational cost for human capital development for Centre of Excellence for R&D
- Effective for applications received by Malaysian Biotechnology Corporation Sdn Bhd from 1st January 2014 to 31st December 2018

3. New Tax Incentives for Green Technology

- The following tax incentives be given to encourage the development of green technology:-
    - o ITA on the purchase of green technology equipment; and
    - o Income tax exemption on the use of green technology services and system
- Effective date of this proposal is unknown, pending the gazette of the relevant legislations

4. Extension of Incentives under the Green Lane Policy Programme

- The following incentives under the Green Lane Policy Programme given to SME be extended to applications submitted to the Ministry of Finance ["MOF"] on or before 31st December 2017:-
    - o Interest subsidy of 2% per year subject to a maximum of RM200,000 per year or accumulated amount of RM1,000,000 for a period of 5 years
    - o Stamp duty exemption on loan agreements under the soft loan incentive scheme
    - o Deduction for expenses incurred in obtaining first 1-InnoCERT certification
    - o Government procurement incentive
        - Approved as registered manufacturing company without on-site inspection
        - Bonus marks be awarded for technical evaluation
        - Priority in participating in procurement exercise by MOF Incorporated Companies
- Effective for applications received by MOF on or before 31st December 2017

D. Real Property Gains Tax

1. Review of RPGT Rates

- Real Property Gains Tax ["RPGT"] rates on the gains from disposal of all chargeable assets (including shares in a real property company) be revised to:-

	Proposed RPGT Rates		
Disposal	**Companies**	**Individuals (Citizens and Permanent Residents)**	**Individuals (Non-Citizens)**
Within 3 years	30%	30%	30%
In the 4th year	20%	20%	30%
In the 5th year	15%	15%	30%
In the 6th year or thereafter	5%	0%	5%

- Effective for disposal from 1st January 2014

2. Definition of "Tax Payable" for Penalty as a Result of Incorrect or Wrong Notification of Non-chargeability or Exemption from RPGT

- Under the existing RPGT legislation, a penalty of 10% of the "tax payable" will be imposed on the disposer in the event of incorrect or wrong notification furnished to the acquirer that resulted in failure by the acquirer to retain and remit the 2% of the consideration to the Inland Revenue Board
- It is now proposed that the definition of "tax payable" be defined as the amount of RPGT charged on the chargeable gain excluding any allowable loss arising from the disposal of other chargeable assets
- Effective upon coming into operation of the Finance (No. 2) Act 2013

3. Definition of "Tax which is Payable" for Penalty on Late Submission of RPGT Return

- Currently, a penalty equal to treble the amount of the "tax which is payable" will be imposed on late submission of RPGT return on the disposal of a chargeable asset
- It is now proposed that the definition of "tax which is payable" be defined as the amount of RPGT charged on chargeable gain excluding any allowable loss arising from the disposal of other chargeable assets
- Effective upon coming into operation of the Finance (No. 2) Act 2013

4. Amendment to Interpretation of "Director" relating to Director's Liability

- Please refer to B20 above

E. Petroleum Income Tax

1. Definition of "Entertainment"

- To mirror the changes made under the ITA 1967, the definition of "entertainment" under Section 2 of the Petroleum (Income Tax) Act 1967 ["PITA"] is amended to include expenses incurred by a person or employee of his with or without consideration paid whether in cash or in kind, in promoting the business carried on by that person
- Effective YA 2014

2. Furnishing of Tax Return

- To mirror the changes made under the ITA 1967, a new Section 30(3) be introduced to provide that the tax return furnished by a chargeable person must be based on accounts audited by a professional accountant together with a report made by that accountant
- Effective YA 2014

3. Appeal to SCIT

- To mirror the changes made under the ITA 1967, a new Section 46(1A) be introduced to provide that in the case where a person has applied to invoke a mutual agreement procedure under a double taxation arrangement based on the same grounds as per the appeal made against an assessment, the appeal filed will not be forwarded to the SCIT by the DGIR until finalisation of the mutual agreement procedure
- The person may within 30 days after the determination of the mutual agreement procedure, request the DGIR in writing to forward the appeal to the SCIT
- The appeal must be forwarded to the SCIT within 3 months from the receipt of such request
- Effective upon coming into operation of the Finance (No. 2) Act 2013

4. Implementation of APA

- To mirror the changes made under the ITA 1967, a new Section 71A be introduced to provide that companies which carry out a cross border transaction with an associate person may apply for Advance Pricing Arrangement ["APA"] with the DGIR in order to determine the transfer pricing methodology to be used in any future apportionment or allocation of income or deduction to ensure the arm's length price
- Application shall be made in the prescribed form
- Transaction with an associate person means a transaction between:-
  - o Persons one of whom has control over the other; or
  - o Persons both of whom are controlled by some other person
- The MOF is empowered to make rules pertaining to the scope and procedure of APA issued by the DGIR
- Effective YA 2014

5. **Chargeable Person for the Purposes of Transfer Pricing and Thin Capitalisation**
   - Chargeable person refers to the person to a petroleum agreement who enters into a controlled transaction for the purpose of determining a transfer pricing and thin capitalisation transaction
   - Effective upon coming into operation of the Finance (No. 2) Act 2013

6. **Deduction of QEE**
   - Only the qualifying exploration expenditure ["QEE"] incurred by a chargeable person under a petroleum agreement from an agreement area where chargeable petroleum is not being produced can be deducted against the gross income of another chargeable person in another petroleum agreement where the original parties to the petroleum agreement are the same
   - Where the QEE exceeds the gross income of another chargeable person, the excess of the expenditure shall only be allowed to be deducted against the gross income of that chargeable person for subsequent years of assessment
   - Effective YA 2014

F. Stamp Duty

1. **Exemption of Stamp Duty under the Green Lane Policy Programme**
   - Please refer to C4 above

2. **Duty of Keeping Records in Connection with the Issuance of Instruments**
   - An authorised person shall be required to keep records in connection with the issue of the instruments for a period of 7 years from the year in which such instruments are issued
   - Effective upon coming into operation of the Finance (No. 2) Act 2013

3. **Power of Collectors to Reduce or Remit Penalty for Late Payment of Stamp Duty on Instruments**
   - The Collectors be empowered to reduce or remit any further amount due for late payment of stamp duty on various instruments
   - Effective upon coming into operation of the Finance (No. 2) Act 2013

G. Indirect Taxes

1. Implementation of GST

- The present sales tax and service tax be abolished and replaced by a broad-based consumption tax based on the value-added concept known as the Goods and Services Tax or GST
- The GST rate is fixed at 6%
- It is compulsory for businesses to register for GST when their annual sales reach RM500,000 or more. Businesses below the threshold are not required to be registered but may register on a voluntary basis
- Scope of chargeability of GST:-
  - goods and services at all levels starting from production, manufacture, wholesale and retail
  - goods and services supplied within Malaysia or imported into Malaysia
- Scope of non-chargeability of GST:-
  - supplies made by the Federal and State Government departments (except for certain services prescribed by the MOF)
  - supplies made by the local authorities and statutory bodies in relation to regulatory and enforcement functions
- GST charged on all business inputs such as capital assets and raw materials is known as “input tax”
- GST charged on all supplies made (sales) is known as “output tax”
- The input tax incurred by eligible businesses is fully recoverable from the Government through the input tax credit mechanism

Zero-rated Supply

- “Zero-rated supply” is defined as goods and services sold by businesses which are chargeable to GST at zero rate. GST paid on the inputs for business of zero-rated supply can be claimed as credits from the Government
- Examples of goods and services subject to GST at zero rate are basic food items, supply of treated water to domestic consumers, supply of first 200 units of electricity to domestic household and etc.

Exempt Supply

- “Exempt supply” is defined as goods and services sold by businesses which are exempted from GST. GST paid on the inputs cannot be claimed as credits from the Government
- Examples of goods and services exempted from GST are transportation of passengers, tolled highway, sale, purchase and rental of residential properties, education by private school, childcare, private healthcare services, selected financial services and etc
- Effective 1st April 2015

2. Exemption of Import Duty for the Development of Bioeconomy

- Please refer to C2 above

H. Others

1. Enhancing 1Malaysia Pension Scheme

- Government contribution be increased from 5% to 10% or from a maximum of RM60 to RM120 per year
- Effective 1st January 2014 to 31st December 2017

2. Promoting PRS

- One-off payment of RM500 be given by the Government to contributors of Private Retirement Scheme ["PRS"] aged between 20 and 30 years with a minimum cumulative investment of RM1,000 within a year
- Effective 1st January 2014 to 31st December 2018

3. Threshold Applicable to Foreigners on Acquisition of Properties

- Minimum price of property that can be purchased by foreigners be raised from RM500,000 to RM1,000,000

4. Prohibition of DIBS

- Property developers are prohibited from implementing projects that have features of Developer Interest Bearing Scheme ["DIBS"] i.e. incorporating interest rates on loans in house prices during the construction period
- Consequently, financial institutions are also prohibited from providing final funding for projects involved in the DIBS

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