

Client Alert

April 2017

Withdrawal of the Stamp (Amendment) Bill 2016

Our Client Alert dated 5 January 2017 ([see here](#)) discusses the significant amendments to the Stamp Act 1949 ("**Stamp Act**") proposed by the Stamp (Amendment) Bill 2016 ("**Stamp Bill**").

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Briefly, the enactment of the Stamp Bill would have resulted in, amongst others, the following changes:

- the replacement of the current official system with a self assessment system;
- the imposition of ad valorem stamp duty on the agreement for conveyance upon execution and nominal stamp duty on the instrument of conveyance (in contrast to the current position where ad valorem duty is paid on the instrument of conveyance and the agreement is charged with nominal stamp duty);
- more stringent stamp duty relief requirements (for e.g., for transfers of property between related parties, the proposed changes entail that the asset acquired must remain with the transferee for a period of 3 years and it is intended that the transferor and transferee remain associated for a period of 3 years from the date of conveyance or transfer);
- revisions to the Schedules to the Stamp Act; and
- increased penalties.

The contents of the Stamp Bill are consistent with the Malaysian government's recent efforts to widen the tax base and increase revenue collection measures.

Wong & Partners have submitted comments on the Stamp Bill through various bodies to the Ministry of Finance highlighting the issues and concerns arising from the Stamp Bill and urging that the proposed Stamp Bill be reconsidered.

We are pleased to note that the Stamp Bill was withdrawn during the last Parliament session in April 2017. The withdrawal of the Stamp Bill is welcomed in light of concerns that its implementation may have unintended practical implications that result in uncertainties for taxpayers.

No official reason was given for the withdrawal of the Stamp Bill, and at the date of writing, it is unknown whether the provisions of the bill will resurface in the future.

For now, it appears that there will be no substantial changes to the Stamp Act – the first meeting of the fifth session for the Dewan Rakyat ended on 6 April 2017, and the next meeting is scheduled to start on 24 July 2017.

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