



Stamp Duty in Malaysia

(as of June 2018)

1. Definition

The Stamp Duty is a Malaysian tax levied on certain transactions, written instruments and documents that have financial, legal or commercial implications. All documents and instruments that require to be stamped at the Inland Revenue Board (LHDN) are listed in the First Schedule of the Stamp Duty Act (SDA) 1949. Such documents include sales and purchase agreements, tenancy agreements and since 2009 service agreements for example.

2. Legal implications of the Stamp Duty

Without the statutory stamp, documents are either not valid or in case of a validity, they are not admissible in court or arbitration proceedings as an evidence. Any failure to comply with the SDA is an administrative offence.

3. Types of Stamp Duty

There are two types of Stamp Duty: Fixed Duty and Ad Valorem Duty. The Fixed Stamp Duty is chargeable regardless of the consideration or the amount prescribed in the instrument or document. Examples are education loan agreements, constitutions and memoranda of articles and associations, insurance policies, collateral instruments etc.

The Ad Valorem Stamp Duty is either chargeable based on the consideration in the instrument or document or the market value. Examples are transfers of property, shares, business, lease or loan agreements, and service agreements. From 1st January 2011 onwards, the Ad Valorem Stamp Duty applies to service agreements and will be imposed on the services portion (not material costs).



4. Stamping procedure and time of stamping

All documents or instruments have to be stamped at LHDN either a) within 30 days from the date they were signed if executed in Malaysia or b) within 30 days after they were first received in Malaysia if executed outside of the country. A penalty for late stamping will be imposed if documents or instruments were not stamped within the stipulated period.

Only original signed documents can be stamped. Digital signatures or scanned copies will not be accepted by LHDN. Usually, the client, tenant or purchaser bears the Stamp Duty.

Disclaimer of liability: This information is intended to provide a general overview on the Stamp Duty in Malaysia. No responsibility for loss to any person acting or refraining from acting as a result of any information in this overview can be accepted by the Malaysian-German Chamber of Commerce and Industry. Recipients should not act on the basis of this information without seeking professional advice of a tax agent.

Sources: Lembaga Hasil Dalam Negeri Malaysia (2017): *Stamp Duty*. LHDNM/R14/17. Online accessible via: http://lampiran2.hasil.gov.my/pdf/pdfam/14_2017_2.pdf, 21st of June 2018; Malaysian Institute of Certified Public Accountants/Malaysian Institute of Accountants/Chartered Tax Institute of Malaysia (2016): *2017 Budget Commentary and Tax Information*. Rawang: Vivar Printing Sdn Bhd.