MALAYSIA:
2019 BUDGET HIGHLIGHTS

NOVEMBER 2018

EXECUTIVE SUMMARY

The highly anticipated 2019 Budget is the first budget to be tabled by a new government since Malaysia's independence six decades ago. Entitled "A Resurgent Malaysia, A Dynamic Economy, A Prosperous Society", the 2019 Budget allocates a total of RM314.5 billion in expenditure with RM259.8 billion being set aside for Operating Expenditure while RM54.7 billion will be allocated for Development Expenditure. The Government revenue collection in 2019 is expected to be RM261.8 billion, an increase of 10.7% from RM236.5 billion in 2018.

2019 Budget will have three focus areas with twelve key strategies to restore the Malaysian economy as an Asian Tiger.

Under focus area one, a two pronged approach will be taken to raising government revenue, namely leveraging on government assets and reviewing taxation policies. To privatise infrastructure assets, the Government intends to set up the world's first "Airport Real Estate Investment Trust (REIT)".

To enhance Malaysia's revenue collection and minimise losses,

- A time limit of 7 years will be placed on the carry forward of unutilised business losses, capital allowances, reinvestment allowance, investment tax allowance and pioneer losses.
- The Real Property Gains Tax (RPGT) rate will be increased for disposals of properties or shares in real property companies after the fifth year to 10% for companies and foreigners and 5% for Malaysian individuals.
- The maximum rate of stamp duty for the transfer of real property shall be revised to 4%.
- The option of tax of RM20,000 under the Labuan Business Activity Act 1990 will be removed effective 1 January 2019.
- Imported business-to-business (B2B) services will be subject to Service Tax from 1 January 2019 whilst imported online services such as downloaded software, music, video or digital advertising will be subject to Service Tax from 1 January 2020.
- Taxes, fees and levies on the gaming industry shall be increased.

To further enhance the effectiveness of the taxation system,

- Service Tax exemptions will be granted to specific registered B2B entities.
- A credit system for Sales Tax will be introduced for small manufacturers who purchase products from importers as opposed to registered manufacturers.
- A Special Voluntary Disclosure Program will be introduced to encourage voluntary disclosure of unreported income with reduced penalty rates until 30 June 2019.

KEY CHANGES

- CORPORATE TAX
- PERSONAL TAX
- INCENTIVES
- SALES TAX
- SERVICE TAX
- EXCISE DUTY
- IMPORT DUTY
- DUTY FREE ZONE
- REAL PROPERTY GAINS TAX
- STAMP DUTY

EXECUTIVE SUMMARY (Con't)

To ensure the socio-economic well-being of Malaysians under focus area two,

- Sugar sweetened beverages will be subject to excise duty with effect from 1 April 2019.
- The minimum wage will be increased and standardised to RM1,100 per month effective 1 January 2019.
- Tax relief for EPF and life insurance will now be separated into RM4,000 and RM3,000 respectively, up from a combined total of RM6,000 effective 1 January 2019.
- To address the property overhang, stamp duty will be waived for first time purchasers of homes from housing developers valued between RM300,001 and RM1,000,000 for a 6 month period from 1 January 2019 until 30 June 2019.

Last but not least, under focus area three, to foster an entrepreneurial economy, the corporate tax rate on chargeable income of up to RM500,000 for SMEs will be reduced from 18% to 17%.

Although 2019 Budget is seen as a "tough" budget, it is a step in the right direction as the government has to juggle between mounting debts, maintaining economic growth and addressing the widening socio-economic divide in Malaysia.

Outlined below are some of the key tax changes.

BUDGET HIGHLIGHTS		COMMENTS
CORPORATE TAX		
Review of corporate income tax rate for Small and Medium Enterprises (SMEs) and Limited Liability Partnerships (LLPs)	The income tax rate for SMEs and LLPs on chargeable income of up to RM500,000 is to be reduced from 18% to 17%. ***(Effective from YA 2019)***	This proposal aims to assist SMEs and LLPs to be more competitive and boost economic growth.
Group relief for companies under Section 44A of the Income Tax Act 1967	Currently, group relief allows current year adjusted loss of a company (after 12 months of the surrendering company commencing operation) to be set off against total income of another company within the same group. The adjusted loss may be surrendered indefinitely. For companies that are enjoying Investment Tax Allowance (ITA) or Pioneer Status (PS), group relief will only be applicable upon the expiration of ITA or PS incentives. It is proposed that: i. The surrendering of losses is to be allowed only after the 12th month period of surrendering company commencing its operations and is limited up to 3 consecutive years of assessment; and ii. The claimant company, which has unutilised ITA or unabsorbed pioneer losses upon the expiry of its ITA or PS incentives, will not be eligible to claim the group relief. ***(Effective from YA 2019)***	The proposal is to strengthen the implementation of group relief and minimise the revenue loss to the Government.
Review of tax treatment on unabsorbed losses and unutilised capital allowance	Currently, the unabsorbed business losses and unutilised capital allowances in the current year of assessment can be carried forward indefinitely until they are fully absorbed / utilised. It is proposed that: i. The unabsorbed losses in a year of assessment be allowed to be carried forward for a maximum period of 7 consecutive years of assessment; and ii. The unutilised capital allowances in a year of assessment be allowed to be carried forward for a maximum period of 7 consecutive years of assessment. ***(Effective from YA 2019)***	The proposal is to limit the use of unabsorbed losses and unutilised capital allowances, which should reduce the revenue loss to the Government.
Review of tax treatment on unutilised Reinvestment Allowance (RA) and Investment Allowance for Services Sector (IASS)	Currently, the unutilised RA under Schedule 7A and unutilised IASS under Schedule 7B of ITA 1967 in the current year of assessment can be carried forward indefinitely. It is proposed that the unutilised RA or IASS is only allowed to be carried forward for a maximum period of 7 consecutive years of assessment upon expiry of the qualifying period of RA and IASS. ***(Effective from YA 2019)***	This proposal is to limit the use of RA and IASS, which should reduce the revenue loss to the Government.

BUDGET HIGHLIGHTS		COMMENTS
CORPORATE TAX		
Review on tax treatment for Labuan International Business Financial Centre (IBFC)	Currently, Labuan entities which carry out offshore trading activity are given election to be taxed at 3% on net profit or RM20,000 under the Labuan Business Activity Tax Act (LBATA) 1990, subject to the restrictions on: i. Transactions conducted in Ringgit Malaysia (RM); and ii. Transactions between Labuan entity and non-resident or other Labuan entity. It is proposed that the Labuan IBFC tax treatment to be restructured as follows: **A. Abolishment of current tax treatment and conditions:** i. Election for tax at RM20,000 under LBATA 1990; ii. Restriction on transactions conducted in RM; and iii. Restriction on transactions between Labuan entity and resident of Malaysia. **B. Imposition of new conditions:** i. Labuan IBFC activity is subjected to conditions as determined by a committee; ii. Income from intellectual property assets held by Labuan entity is subjected to tax under Income Tax Act 1967; and iii. Resident who transacts with Labuan entity is entitled for tax deduction on expenditure incurred (limited to 3% of allowable expenditure) ***(Effective from 1 January 2019)***	This proposal is aimed to further promote long term competitiveness of Labuan as an international financial hub and ensure compliance with internationally agreed taxation standards.
Extension of tax incentive for issuance of Sukuk Ijarah and Sukuk Wakalah	Currently, further deductions given on the additional costs incurred on the issuance of Sukuk under the principles of Ijarah and Wakalah are as follows: i. Professional fees relating to due diligence, drafting and preparation of prospectus; ii. Printing costs of prospectus; iii. Advertisement costs of prospectus; iv. Securities Commission prospectus registration fees; v. Bursa Malaysia processing fees and initial listing fees; vi. Bursa Malaysia new issue crediting fees; and vii. Primary distribution fees. It is proposed that the existing tax incentives be extended for a duration to be confirmed. ***(Effective from YA 2019 – the duration of the above shall be specified in the statutory order)***	This proposal aims to further promote Malaysia as the hub and pioneer of the Sukuk markets under the principles of Ijarah and Wakalah.
Extension of tax incentive for issuance of retail bond and retail Sukuk	Currently, double deductions given on the additional costs incurred on the issuance of retail bonds and retail Sukuk under the principles of Mudharabah, Musyarakah, Istisna', Murabahah, and Bai'Bithaman Ajil based on Tawarruq are as follows: i. Professional fees relating to due diligence, drafting and preparation of prospectus; ii. Printing costs of prospectus; iii. Advertisement costs of prospectus; iv. Securities Commission prospectus registration fees; v. Bursa Malaysia processing fees and initial listing fees; vi. Bursa Malaysia new issue crediting fees; and vii. Primary distribution fees. It is proposed that the above tax incentive be extended for a duration to be confirmed. ***(Effective from YA 2019 – the duration of the above shall be specified in the statutory order)***	This proposal aims to further promote Malaysia as the hub and pioneer of the bond and Sukuk markets.

<table>
<tr><th colspan="2">BUDGET HIGHLIGHTS</th><th>COMMENTS</th></tr>
<tr><th colspan="3">CORPORATE TAX</th></tr>
<tr><td>Income tax deduction for employers on PTPTN loan paid by employers on behalf of employees</td><td>Currently, Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) introduced various programs to encourage repayment of loans by offering discounts and various methods to facilitate loans repayment including salary deductions, on-line payments and automatic deductions via bank accounts (auto-debit).

It is proposed that employers who have made payments of PTPTN loans on behalf of their full-time employees are eligible for a tax deduction on the repayment amount (provided no repayment of PTPTN loans by the employees to the employers).

(Effective for payments made between 1 Jan 2019 and 31 Dec 2019)</td><td>This proposal aims to improve PTPTN's loan repayment performance.</td></tr>
<tr><td>Double deduction on remuneration paid to senior citizens and ex-convicts</td><td>Currently, remuneration paid to employees is allowed for tax deduction from the company's income tax perspective.

It is proposed that further deduction to be given on the remuneration paid by employers to senior citizens above 60 years old or ex-convicts employed as full time employees whose monthly remuneration does not exceed RM4,000.

(Effective from YA 2019 to YA 2020)</td><td>The objective of this proposal is to encourage employment of employees in these categories</td></tr>
<tr><td>Donations to schools and institutions of higher learning</td><td>Currently, a donation to an institution approved by the Ministry of Finance would qualify for deduction against aggregate income under Section 44(6) of the Income Tax Act 1967.

It is proposed that all donations to national schools and public institutions of higher learning (IPTA) registered with the Ministry of Education for the purposes of upgrading infrastructure will be tax deductible. The details and conditions for the above are not yet available. For the other schools and institutions of higher learning, the tax exemption will be granted if:
i. It is registered with the Ministry of Education; and
ii. Approval is obtained from the Ministry of Finance.

(Effective from 1 January 2019)</td><td>This proposal aims to incentivise and recognise Malaysians who contribute directly towards nation building.</td></tr>
<tr><td>Special Voluntary Disclosure Program</td><td>Currently, a person may voluntarily declare any unreported income which results in tax or additional tax by making amendments to the tax return pursuant to Section 77B(1) of the Income Tax Act 1967.

The penalty rates are as follows:
<table><tr><th>Revision Timeframe</th><th>Rate</th></tr><tr><td>Within 60 days from the due date for furnishing the tax return</td><td>10%</td></tr><tr><td>More than 60 days but not later than 6 months from the due date of furnishing the tax return</td><td>15.5%</td></tr><tr><td>More than 6 months from the due date of furnishing the tax return</td><td>35%</td></tr></table>
It is proposed that Special Voluntary Disclosure Program will be offered to taxpayers who voluntarily declare any unreported income and the penalty rates will be as follows:
<table><tr><th>Timeframe</th><th>Rate</th></tr><tr><td>3 November 2018 until 31 March 2019</td><td>10%</td></tr><tr><td>1 April 2019 until 30 June 2019</td><td>15%</td></tr></table>
After 30 June 2019, the penalty rates will range from 80% to the maximum of 300%.</td><td>This proposal aims to encourage voluntarily disclosure of any unreported income including any income received in offshore accounts.</td></tr>
</table>

BUDGET HIGHLIGHTS		COMMENTS
PERSONAL TAX		
Relief on contributions to an approved fund or takaful or life insurance premiums	Income tax relief on contributions made to approved funds such as the Employees Provident Fund (EPF) and payment for life insurance premiums or takaful contributions of RM6,000 per year of assessment is to be increased to RM7,000 and separated as follows: i. Contribution to approved provident funds – up to RM4,000; and ii. Takaful contributions or payment for life insurance premiums – up to RM3,000. Public servants under the pension scheme would be eligible for a relief of up to RM7,000 on takaful contributions or payment for life insurance premiums. ***(Effective from YA 2019)***	The objective of this proposal is to further encourage savings for old age.
Additional tax relief on net savings in the National Education Savings Scheme (SSPN)	Currently, a resident individual is eligible to claim income tax relief of up to RM6,000 annually on net savings in the SSPN effective from YA 2012 until YA 2020. It is proposed that the above tax relief is to be increased to RM8,000 annually. ***(Effective for YA 2019 and YA 2020)***	The objective of this proposal is to further encourage savings for the purpose of financing tertiary education of children.
Income tax deduction on contribution to social enterprise	Income tax deduction is proposed to be given for contributions to any social enterprise subject to a maximum of 10% of the aggregate income of a company or 7% of the aggregate income of a person other than a company. **(Pending the issuance of the Finance Bill, no further details on the definition of social enterprise and conditions are available on the above deduction)**	The objective of this proposal is to support social enterprises that are involved in uplifting the underprivileged and marginalised communities.
INCENTIVES		
Incentive for Industry4WRD	Companies which are aligned with the Industry4WRD Policy and meet the specified conditions would be eligible for the following incentives: **A. Income Tax Incentive for the Industry4.0 (I4.0) Readiness Assessment (I4.0-RA)** It is proposed that a tax deduction is to be claimed on the readiness assessment expenses of I4.0-RA of up to RM27,000 paid to the Malaysian Productivity Corporation. ***(Effective from YA 2019 to YA 2021)*** **B. Income Tax Incentive for Industry4WRD Vendor Development Program** An anchor company which develops local vendors in I4.0 is eligible to claim a double deduction on expenses incurred for implementing the Industry4WRD Vendor Development Program as follows: i. Operating expenditure on costs of product development, upgrading capabilities of vendors and skill training of vendors, as verified by the Ministry of International Trade and Industry (MITI); and ii. The qualifying operating expenditure of up to RM1 million per year for 3 consecutive years of assessment. ***(Effective for MOU signed between company and MITI from 1 January 2019 to 31 December 2021)***	The purpose of these incentives are to attract companies in the manufacturing and manufacturing-related services sectors towards the application of I4.0 technology and creating a comprehensive ecosystem for I4.0.

BUDGET HIGHLIGHTS		COMMENTS
INCENTIVES		
Incentive for Industry4WRD	**C. Income Tax Incentive for Human Capital Development** To enhance the skills of the existing workforce and talent development to be in line with the I4.0 requirement, the following incentives are proposed: i. Double deduction on scholarships provided by companies to Malaysian students pursuing studies at technical and vocational levels, diplomas and degrees in the fields of engineering and technology. The eligibility criteria are as follows: a. A Malaysian citizen and resident in Malaysia; b. Receives full time study; c. Has no means on his own; and d. Whose parents or guardian have total monthly income not exceeding RM8,000. ***(Effective from YA 2019 to YA 2021)*** ii. Tax deduction on expenses incurred by companies participating in the National Dual Training System Training Scheme for the I4.0 program approved by the Ministry of Human Resources; ***(Effective for programmes implemented from 1 January 2019 to 31 December 2019)*** iii. Tax deduction on expenses for development of new I4.0 technology and engineering courses by the Private Higher Education Institutions. The new courses must be verified by Ministry of Education; ***(Effective from YA 2019 to YA 2021)*** iv. Double deduction on expenditure incurred by a company in upgrading and developing its employees technical skills in I4.0 technology for training programmes approved by the Malaysian Investment Development Authority (MIDA); ***(Effective for companies participating in the Readiness Assessment Intervention Plan from 1 January 2019 to 31 December 2019)*** v. Double deduction on expenditure incurred by a company in conducting internship programme approved by the Ministry of Human Resources for undergraduate students in fields of engineering and technology; and ***(Effective from YA 2019 to YA 2021)*** vi. Tax deduction on equipment and machinery contributed by companies to Skills Development Centres, Polytechnics or Vocational Colleges certified by the Ministry of Human Resources or the Ministry of Education. ***(Effective for contributions made from 1 January 2019 to 31 December 2021)***	

BUDGET HIGHLIGHTS		COMMENTS
PERSONAL TAX		
Extension of period for application on Venture Capital Tax Incentive	Currently, tax incentives for the venture capital industry in respect of applications received by the Securities Commission Malaysia (SC) up to 31 December 2018 are as follows: i. Venture Capital Management Corporation (VCMC) Income tax exemption on management fees, performance fees and income from profit sharing received on investment made by venture capital companies (VCC). ii. Venture Capital Company a. Income tax exemption on statutory income from all sources of income except interest income from savings or fixed deposits and profits from Shariah-compliant deposits; and b. Exemption for a period of 5 years from the year of assessment 2018 until the year of assessment 2022 for investments made in the Venture Company (VC). The VCC must be registered with the SC. The VCC needs to invest at least 50% of funds in the early stage, seed and start up and the remaining 50% is allowed for other levels of investment. The VCC and VC must not be related companies. iii. Investment in VCC Companies or individuals with business income investing into VCC funds created by VCMC are given a tax deduction equivalent to the amount of investment made in VCC and limited to a maximum of RM20 million per year for each company or individual. iv. Investment in VC Companies or individuals with business income investing in a VC are given tax deduction equivalent to the amount of investment made in the VC at the adjusted income level. It is proposed that the application period for the incentive be extended for another year. ***(Effective for applications received by SC Malaysia until 31 December 2019)***	The purpose of the extension is to encourage the growth of the venture capital activities.
Concessionary income tax rate on existing Principal Hub companies	Currently, existing Principal Hub companies are eligible for full tax exemption on the Value Added Income. Value Added Income is calculated as statutory income for the basis period for the year of assessment less the base income adjusted by inflation. It is proposed that a concessionary income tax rate of 10% be available for the total statutory income related to the existing companies involved in Principal Hub activities for a period of 5 years.	The purpose of the concessionary income tax rate for the total statutory income is to encourage existing companies to increase its investment in Principal Hub activities.
Tax incentive for the production of environmentally-friendly plastics based on bio-resin and biopolymer	It is proposed that companies that produce environmentally-friendly plastics based on bio-resin and biopolymer will be eligible for the following tax incentive: i. Pioneer Status of 70% on statutory income for a period of 5 years; or ii. Investment Tax Allowance of 60% on qualifying capital expenditure for a period of 5 years. ***(The details of the conditions and effective date are yet to be determined.)***	The purpose of the tax incentive is to reduce the use of conventional plastics to preserve the environment.

<table>
<tr><th colspan="2">BUDGET HIGHLIGHTS</th><th>COMMENTS</th></tr>
<tr><th colspan="3">SALES TAX</th></tr>
<tr><td>Introduction of a credit system for Sales Tax deduction</td><td>To assist the problems faced by small manufacturers who purchase their products from importers instead of other registered manufacturers, the Government will introduce a credit system for Sales Tax deduction.

(Effective from 1 January 2019)</td><td>This proposal aims to prevent compounded taxation and in turn will prevent the increase of cost of doing business.</td></tr>
<tr><th colspan="3">SERVICE TAX</th></tr>
<tr><td>Treatment of Service Tax on imported services</td><td>Currently, Service Tax is only imposed on prescribed services provided by service providers who are located in Malaysia.

It is proposed that Service Tax be imposed on the taxable services imported into Malaysia. The imposition of Service Tax on imported services will be carried out in phases as follows:

i. Services imported by businesses (business to business - B2B) be implemented from 1 January 2019; and
ii. Services imported by consumers (business to consumer - B2C) be implemented from 1 January 2020.

For importation of prescribed services by businesses (B2B), a new provision will be introduced in the Service Tax Act 2018 to enable the recipients of the imported services to account, declare and pay the Service Tax to the Royal Malaysian Customs Department.

For importation of digital products and services by consumers (B2C), a new provision will be introduced in the Service Tax Act 2018 requiring the foreign suppliers who provide such services to consumers in Malaysia to register and charge Service Tax.

(Effective from 1 January 2019 for importation of services by businesses (B2B) and from 1 January 2020 for importation of services by consumers (B2C))</td><td>This proposal is to ensure equal treatment for services supplied by both local and foreign service providers.</td></tr>
<tr><td>Exemption from Service Tax</td><td>Currently, exemption from Service Tax is only available for certain types of services provided between companies within a group provided that the same services are not provided to other companies outside the group.

It is proposed that the Government will grant Service tax exemptions for specific business-to-business services provided by entities registered for Service Tax.

(Details of the conditions and commencement of the above exemption are not yet available)</td><td>This proposal aims to prevent the increase in the cost of doing business as a result of compounded taxation and protect the competitiveness of our local service industry.</td></tr>
<tr><th colspan="3">EXCISE DUTY</th></tr>
<tr><td>Imposition of excise duty on sugar sweetened beverages</td><td>It is proposed that excise duty at the rate of RM0.40 per litre be charged on sugar sweetened beverages based on the sugar content as follows:

i. Fruit juices and vegetable juices whether or not containing added sugar or other sweetening matter under the tariff heading of 20.09, which contains sugar exceeding 12 grams per 100 millilitres; and

ii. Beverages including carbonated drink containing added sugar or other sweetening matter or flavoured and other non-alcoholic beverages under the tariff heading of 22.02, which contains sugar exceeding 5 grams per 100 millilitres.

(Effective from 1 April 2019)</td><td>This measure is aimed at curbing the increase in the percentage of Malaysian population with diabetes caused by high sugar-content food and beverages.</td></tr>
</table>

BUDGET HIGHLIGHTS		COMMENTS

IMPORT DUTY

Review of import duty rate on bicycles

Currently, bicycles are subjected to import duty rates as follows:

Tariff Code	Description	Import Duty Rates
8712.00.10 00	Racing bicycles	0%
8712.00.20 00	Bicycles designed to be ridden by children	0%
8712.00.30 00	Other bicycles	25%

It is proposed that the import duty rate for bicycles falling under the tariff code 8712.00.30 00 be reduced from 25% to 15%.

(Effective from 1 January 2019)

Comments: The objective of this proposal is to further support healthy lifestyle through cycling activity and to ensure that bicycles are more affordable.

DUTY FREE ZONE

Expansion of duty free zone

The government will provide tax free incentives to Penang's Swettenham Pier in the form of duty-free shops and declare Pulau Pangkor as a duty free island. The duty-free island status of Pulau Langkawi has been enhanced and will be further expanded.

(Details of the scope and conditions of the above incentives are not yet available)

Comments: The objective of this proposal is to boost the tourism industry and develop the tourism potential in the specific locations.

REAL PROPERTY GAINS TAX

Increase in the rate of Real Property Gains Tax (RPGT)

The rate of RPGT on gains from the disposal of real properties or shares in real property companies in the sixth year after acquisition and thereafter be revised as follows:

Disposer	Current rate	Proposed rate
Company	5%	10%
Other than company and other than non-citizen and non-permanent resident individual	0%	5% (Note)
Non-citizen and non-permanent resident individual	5%	10%

Note: Exemption will be given to Malaysian citizens for the disposal of low cost, low-medium cost and affordable homes priced RM200,000 and below.

(Effective from 1 January 2019)

Comments: Taxpayers who are planning to dispose of chargeable assets in the near future are advised to review their plans to ascertain whether the disposals can take place before the rate increase takes effect.

<table>
<tr><th colspan="2">BUDGET HIGHLIGHTS</th><th>COMMENTS</th></tr>
<tr><th colspan="3">STAMP DUTY</th></tr>
<tr><td>Increase in the rate of stamp duty on transfer of real property</td><td>The rate of stamp duty on transfer of real property is to be restructured as follows:
<table>
<tr><th>Property value (RM)</th><th>Current rate</th><th>Proposed rate</th></tr>
<tr><td>First RM100,000</td><td>1%</td><td>1%</td></tr>
<tr><td>RM100,001 to RM500,000</td><td>2%</td><td>2%</td></tr>
<tr><td>RM500,001 to RM1,000,000</td><td>3%</td><td>3%</td></tr>
<tr><td>RM1,000,001 and above</td><td>3%</td><td>4%</td></tr>
</table>
(Effective from 1 January 2019)</td><td>This is not a new proposal, as it was announced in the 2017 Budget Speech but was not enacted.

With the revival of this proposal, any planned transfers of real property should be reviewed to ascertain whether they can be executed before the restructured rates take effect.</td></tr>
<tr><td>Exemption for Perlindungan Tenang products</td><td>It is proposed that stamp duty exemption be given on insurance policies/ certificates under the Perlindungan Tenang insurance products with annual premium/ contribution not exceeding RM100.

(Effective for policies/certificates issued from 1 January 2019 to 31 December 2020)</td><td>The proposal is to encourage households in the lower income group to get insurance protection under the Perlindungan Tenang insurance products.</td></tr>
<tr><td>Exemption for purchase of first residential home</td><td>From 1 January 2017 to 31 December 2018, first-time buyers of homes priced up to RM500,000 are exempted from stamp duty in respect of the instrument of transfer and loan agreement on the first RM300,000 of the price of the home. It is proposed that this exemption be extended for two years until 31 December 2020 for homes priced up to RM300,000.

(Effective for sale and purchase agreements executed from 1 January 2019 to 31 December 2020)

For first time buyers of homes priced between RM300,001 and RM500,000 where the sale and purchase agreements are executed from 1 July 2019 to 31 December 2020, exemption from stamp duty in respect of the instrument of transfer and loan agreement will be limited to the first RM300,000 of the price of the home.

(Effective for sale and purchase agreements executed from 1 July 2019 to 31 December 2020)

In addition, it is proposed that stamp duty exemption be given in respect of the instrument of transfer for the purchase of a first home priced between RM300,001 and RM1 million from any housing developer for a period of six months from 1 January 2019 to 30 June 2019.

(Effective for sale and purchase agreements executed from 1 January 2019 to 30 June 2019)</td><td>With the extension of the stamp duty exemption, the Government continues to support first-time home buyers in realising their goal of home ownership.

The additional stamp duty exemption is part of the National Home Ownership Campaign to help alleviate the current residential property over-hang in the country.</td></tr>
</table>

NB. The commentary above is based on information available as at 2 November 2018 and is subject to the issuance of the Finance Bill 2019 and the relevant bills.

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