Tax Adviser 2012

Malaysian Budget 2013

The Budget 2013 themed "Prospering the nation, enhancing well-being of the rakyat: a promise fulfilled" is a gesture of appreciation to Malaysians. It is designed to boost investments that further advance the Economic Transformation Programme (ETP) and achieve the objectives of Malaysia becoming a high-income nation.

This Budget analysis provides details on various tax measures that were announced in the 2013 Budget speech.

The Budget has given focus on improving the quality of life of the rakyat, ensuring sustainable economic growth, spending prudently and reducing the fiscal deficit with the overall objective of prioritizing the well-being of the rakyat. The 5 key areas identified are:

First focus: Boosting Investment Activity
Second Focus: Strengthening Education and Training
Third Focus: Inculcating Innovation, Increasing Productivity
Fourth Focus: Fiscal Consolidation and Enhancing the Public Service Delivery
Fifth Focus: Enhancing the Well-being of the Rakyat

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INDIVIDUAL TAX

1. Review of individual and co-operative income tax

i. It is proposed that the resident individual income tax rate be reduced by 1 % point for chargeable income bands from RM2,501 to RM50,000 as follows :

- RM2,501 to RM5,000 be reduced from 1% to 0%;
- RM5,001 to RM20,000 be reduced from 3% to 2%;
- RM20,001 to RM35,000 be reduced from 7% to 6%; and
- RM35,001 to RM50,000 be reduced from 12% to 11%.

ii. As for co-operative, it is proposed that the rate be reduced by 1 % point to 7 % points at all chargeable income bands as follows:

- RM20,001 to RM30,000 be reduced from 2% to 0%;
- RM30,001 to RM40,000 be reduced from 6% to 5%;
- RM40,001 to RM50,000 be reduced from 9% to 5%;
- RM50,001 to RM60,000 be reduced from 12% to 5%;
- RM60,001 to RM75,000 be reduced from 12% to 10%;
- RM75,001 to RM100,000 be reduced from 16% to 10%;
- RM100,001 to RM150,000 be reduced from 20% to 15%;
- RM150,001 to RM250,000 be reduced from 23% to 20%;
- RM250,001 to RM500,000 be reduced from 26% to 22%;
- RM500,001 to RM750,000 be reduced from 26% to 24%; and
- Exceeding RM750,000 be reduced from 26% to 25%.

Effective date: Y/A 2013

2. Review on the taxpayer relief in relation to amount deposited into Skim Simpanan Pendidikan Nasional (SSPN) for his/her child

It is proposed that a personal deduction for an individual be increased from RM3,000 to RM6,000 in respect of an amount deposited by that individual for his/her child into the Skim Simpanan Pendidikan Nasional (SSPN) account in a basis year for a year of assessment. The amount deposited may be reduced by any withdrawal made by that individual from that account in the basis year for the year of assessment.

Effective date: Y/A 2012 to Y/A 2017

3. Review on child relief

It is proposed to increase child relief from RM4,000 to RM6,000 for the following taxpayers:

a) Individual who has an unmarried child above the age of 18 years; and
b) Individual who has a disabled child.

where that child is pursuing an education at any educational establishment approved by the relevant government authority or serving under articles or indentures with a view to qualifying in a trade or profession.

Effective date: Y/A 2013

4. Private retirement scheme

Currently, withdrawals of contributions from private retirement scheme by an individual before the age of 55 other than by reason of death or permanently leaving Malaysia is subject to tax in the hands of the individual.

It is proposed that the private retirement scheme provider to deduct at the rate of 8% and pay the amount to the Director General within 1 month after paying such amount to an individual in relation to a withdrawal of contribution by that individual before he reaches the age of 55.

In addition, where a person fails to pay to the Director General by the due date he is required to pay an increased amount equivalent to 10% of the amount that he fails to pay.

Effective date: 1 January 2013

CORPORATE TAX

1. Review of time bar for income tax assessment

Currently, assessment or additional tax assessment may be raised if it is found that a taxpayer did not submit an assessment or submitted an assessment with lower tax compared to the actual tax payable. These assessments may be raised within a period not exceeding 6 years after the expiration of the relevant year of assessment.

To provide certainty to taxpayer and in tandem with best pratices, it is proposed that the time bar for raising income tax assessment or additional assessment be reduced from 6 years to 5 years.

The time bar is not applicable for cases related to investigation, false declaration, willful late payment and negligence.

The proposal will not change the requirement to keep records for 7 years in accordance with sections 82 and 82A of the Income Tax Act 1967.

Effective date: 1 January 2014

2. Extending the tax incentives for commercialisation of public sector research and development (R&D) findings

Currently, tax incentives for commercialisation of resource-based R&D findings of public research institutions are as follows:

A. Investor company

Tax deduction equivalent to the valufalsee of investment made in the subsidiary company that undertakes commercialisation of R&D findings of public research institutions; and

B. Subsidiary company that undertakes commercialisation of R&D findings of public research institutions

Income tax exemption of 100% of statutory income for 10 years.

The incentive is effective for applications received by the Malaysia Investment Development Authority (MIDA) from 11 September 2004.

To ensure that the R&D findings of the public research institutions are widely commercialised, it is proposed that the commercialisation of non-resource based R&D findings be given the following incentives:

A. Investor company

Tax deduction equivalent to the value of investment made in the subsidiary company that undertakes commercialisation of R&D findings of public research institutions; and

B. Subsidiary company that undertakes commercialisation of R&D findings of public research institutions

Income tax exemption of 100% of statutory income for 10 years.

Non-resource based activities/products are subject to the list of promoted activities/products under the Promotion of Investment Act 1986.

Effective date: For applications received by the Malaysia Investment Development Authority (MIDA) from 29 September 2012 until 31 December 2017

3. Review of tax incentive for angel investor

Currently, an angel investor who invests in a venture company at seed capital financing, start-up financing and early stage financing is eligible to claim deduction on the total value of investment. The deduction is limited to business income.

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To attract more angel investors to provide funding to venture companies, it is proposed that the total investment by an angel investor in a venture company be allowed as a deduction against all income.

Among the qualifying criteria for the incentive are as follows:

A. Angel investor

i. An individual is not associated to the venture company prior to investing;

ii. A tax resident with an annual income not less than RM180,000;

iii. Holds at least 30% of the shares in the venture company for a period of at least 2 years; and

iv. All his shares in the venture company must be paid in cash.

B. Venture company

i. 51% shares in the company is owned by Malaysians;

ii. Qualifying activities of venture company are approved by the Minister of Finance; and

iii. Accumulated profit is not more than RM5 million and has a track record of less than 3 years (based on the latest financial report at the time of application).

Effective date: For applications received by the Ministry of Finance from 1 January 2013 until 31 December 2017

4. Review of tax incentives for tour operators

Currently, tax incentives for tour operators are as follows:

i. 100% tax exemption on statutory income derived from the business of operating tour packages to Malaysia participated by not less than 500 inbound tourists per year; and

ii. 100% tax exemption on statutory income derived from the business of operating tour packages within Malaysia participated by not less than 1,200 local tourists per year.

The incentive was given from Y/A 2007 to Y/A 2011.

To make Malaysia as an attractive destination and a preferred choice among local and foreign tourists, it is proposed that tour operators be given the following tax incentives:

i. 100% tax exemption on statutory income derived from the business of operating tour packages to Malaysia participated by not less than 750 inbound tourists per year; and

ii. 100% tax exemption on statutory income derived from the business of operating tour packages within Malaysia participated by not less than 1,500 local tourists per year.

Effective date: Y/A 2013 until Y/A 2015

5. Tax incentive for childcare centres

Currently, employers who provide childcare centres to their employees are given the following tax incentives:

i. Deduction on expenditure incurred for the provision and maintenance of childcare centres;

ii. Deduction on childcare allowance given to employees; and

iii. Industrial Building Allowance at an annual rate of 10% for buildings used as childcare centres.

Operators of private childcare centres are not given tax incentives.

To encourage more employers and the private sector to provide childcare centres, it is proposed:

A. Tax incentives for employers be enhanced as follows:

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i. Double deduction on expenditure incurred for the provision and maintenance of childcare centres; and

ii. Double deduction on childcare allowance given to employees.

B. Tax incentives for operators of new and existing private childcare centres as follows:

i. Tax exemption at the statutory level on all income for a period of 5 years; and

ii. Industrial Building Allowance at an annual rate of 10% for buildings used as childcare centres.

New and existing private childcare centres must be registered with the Social Welfare Department.

Effective date: Proposal A: Y/A 2013
Proposal B: Y/A 2013

6. Tax incentives for pre-school education

Currently, operators running private pre-school that is integrated with private primary school are given the following tax incentives:

A. Income tax exemption of 70% on statutory income for 5 years; or

Income tax exemption equivalent to 100% of capital expenditure incurred within a period of 5 years. This exemption is allowed to be set-off against up to 70% of statutory income for each year of assessment.

The incentive is for applications received by Malaysian Investment Development Authority (MIDA) from 8 October 2011 until 31 December 2015.

B. Industrial Building Allowance with an annual allowance rate of 10% for school building.

To reduce the operational cost of maintenance and to enhance the quality of new and existing private pre-schools, it is proposed that the following tax incentives be given:

i. Tax exemption at the statutory level on all income for a period of 5 years; and

ii. Industrial Building Allowance with an annual rate of 10% on pre-school buildings.

New and existing private pre-schools must be registered with the State Education Department.

Effective date: Y/A 2013

7. Tax incentives for issuance of Agro-*sukuk*, retail *sukuk* and retail bonds

Currently, a company that issue *sukuk* including retail *sukuk* is given tax deduction on the expenses incurred in the issuance of *sukuk*. Most *sukuks* are subscribed in large volume by institutional investors, large companies and high net worth individuals.

A company that issue bonds including retail bonds is not eligible for deduction on the issuance expenses.

The issuance of retail *sukuk* and retail bonds involves additional costs such as rating rationale fee, underwriting and placement fees, facility agency fee, advertising cost and cost of printing prospectus.

Instruments to subscribe *sukuk* and bonds in Bursa Malaysia are imposed stamp duty at the rate of 0.1% on the value of the *sukuk* and bonds subject to a maximum limit of RM200.

A. To promote the issuance of *sukuk* primarily for the agricultural sector, it is proposed that double deduction be given on the expenses for the issuance of Agro-*sukuk* approved by the Securities Commission or the Labuan Financial Services Authority.

B. To reduce the cost of the issuance of retail *sukuk* and retail bonds and to encourage more individual investors to participate in the capital market, it is proposed that:

i. Double deduction be given on additional expenses for the issuance of retail sukuk and retail bonds; and

ii. Stamp duty exemption be given on instruments relating to the subscription of retail *sukuk* and retail bonds executed by individual investors.

Effective date: Proposal A: Y/A 2013 to Y/A 2015
Proposal B(i): Y/A 2012 to Y/A 2015
Proposal B(ii): For instruments executed from 1 October 2012 to 31 December 2015

8. Review of tax incentive for security control and surveillance equipment

Currently, Accelerated Capital Allowance (ACA) is given on expenses incurred for:

i. Security control equipment installed in factories and all business premises; and

ii. Global Positioning System installed in lorry containers bearing Carrier License A and cargo lorries bearing Carrier License A and C.

This allowance is eligible to be fully claimed within 1 year. The list of security control and surveillance equipment eligible for ACA is as follows:

i. Anti-theft alarm system;

ii. Infra-red motion detection system;

iii. Siren;

iv. Access control system;

v. Close circuit television;

vi. Video surveillance system;

vii. Security camera;

viii. Wireless camera transmitter;

ix. Time lapse recording and video motion detection equipment; and

x. Global Positioning System (GPS).

The incentive is given from Y/A 2008 to Y/A 2012.

To further support the effort of companies and businesses to enhance their security, it is proposed that the incentive for security control and surveillance equipment be reviewed as follows:

i. Accelerated Capital Allowance be extended for another 3 years;

ii. This capital allowance be extended to companies that install security control and surveillance equipment in residential areas; and

iii. The existing list of equipment to also include safety mirrors and panic buttons.

Effective date: Y/A 2013 until Y/A 2015

9. Tax treatment on non-business income

It is proposed that interest income will not be taxable as gains or profits from a business under section 4(a) of the Income Tax Act 1967 unless the interest is derived from a source which forms part of the stock in trade of a business of a person or the interest is receivable by a person in the course of carrying on the business of lending of the money which is licensed under any written law.

Effective date: YA 2013

10. Balance of allowances and adjusted loss of a person in respect of interest income

Any unabsorbed loss of a person for the year of assessment 2012 in respect of interest from a business source will be carried forward and deducted ormance

against the aggregate statutory income of that person from any other business source in the year of assessment 2013. Similarly, any unabsorbed capital allowances in the year of assessment 2012 in respect of interest from a business source, will be given to that person and reduce the statutory income from any business source for the year of assessment 2013.

In the case where that person has no business source for the year of assessment 2013, the unabsorbed loss and allowances will be deducted against any other source of income of that person until the amount is fully deducted.

Effective date: YA 2013

11. Special deduction for expenditure on treasury shares

It is proposed that a special deduction will be given to a company for cost incurred in acquiring treasury shares which will be offered to its employees. The deduction shall be allowed to the company in the year of assessment in which the employee exercises his right to acquire the treasury shares.

The amount allowed for deduction is the cost of acquiring the treasury shares by the company after deducting any amount payable by its employee for the treasury shares which shall be determined on a first-in first-out basis. In addition, if the amount payable by the employee exceeds the cost of acquiring the treasury shares by the company, the excess amount shall be credited to an account kept by the company which shall be used to reduce the cost of subsequent treasury shares transferred by the company to its employee.

If a holding company transfers treasury shares to an employee of a subsidiary company, a deduction shall be allowed to the subsidiary company and not the holding company.

Effective date: YA 2013

12. Appeal on withholding tax payment

It is proposed that a payer who is liable to make payment of withholding tax under sections 109, 109B or 109F of the Income Tax Act 1967 may appeal to the Special Commissioners within 30 days from the date the amount is due to be made by the payer on the reason that the amount is not liable to be paid under this Act.

Effective date: 1 January 2013

13. Claw back rule on agriculture allowance

Where in the basis period for a year assesment a person disposes of an asset and in relation to that asset and a business of his an agriculture allowance has been made to him for a year of assessment, and the qualifying agriculture expenditure incurred in relation to that asset was incurred over a period ending on a particular day and the disposal of the asset took place less than 6 years after that day, there shall be made on him in relation to the source consisting of that business for that first-mentioned year of assesment an agriculture charge.

It is proposed that the claw back rule for the agriculture allowance (i.e. agriculture charge) be reduced from 6 years to 5 years.

Effective date: 1 January 2014

14. Asset deemed disposed

An asset for which capital expenditure has been incurred shall be deemed to have been disposed for the purpose of sections 48 and 61 of Act 53 if the asset is held for sale in accordance with generally accepted accounting principles. The disposal value is determined based on the market value at the time the asset is held for sale or at the end of basis period in which the asset is held for sale or at the end of the following basis period as the case may be.

Effective date: YA 2013

15. **Tax exemption on an approved investment fund for life insurer or takaful operator**

The income of a life insurer or takaful operator in respect of an investment from a life fund or family fund in a deferred annuity scheme approved by Bank Negara Malaysia is exempt from tax.

Effective date: YA 2012

16. **Tax treatment for limited liability partnership**

The residence status of a limited liability partnership in Malaysia is determined based on the management and control of its business or affairs which are exercised by its partners in Malaysia.

The basis period of a limited liability partnership is similar to the basis period of a company.

Any remuneration paid to a partner by a limited liability partnership is not eligible for deduction if it is not provided in the limited liability partnership agreement made in accordance with section 9 of the Limited Liability Partnerships Act 2012.

A company or a partnership which converts to limited liability partnership is allowed to carry forward its unabsorbed business losses to be utilized against the future income of a limited liability partnership.
A compliance officer who is appointed amongst the partners of the limited liability partnership shall be responsible for doing all acts and things required under the Act on behalf of a limited liability partnership. If no compliance officer is appointed, then the responsibility shall lie with any partners of the limited liability partnership.

A limited liability partnership is required to furnish a tax return for a year of assessment within 7 months from the date following the close of its accounting period.

The due date for the payment of tax by a limited liability partnership is within 7 months from the date following the close of its accounting period.

A limited liability partnership is required to furnish an estimate of tax payable and make payment of the estimate in instalment for each year of assessment.

The tax rate on the chargeable income of a limited liability partnership is 25% except where the total capital contribution (whether in cash or in kind) of the limited liability partnership is not more than RM2.5 million.

A preferential tax rate applies to a limited liability partnership which has a capital contribution (whether in cash or in kind) of not more than RM2.5 million at the beginning of basis period for a year of assessment. However, the preferential tax rate will not apply to a limited liability partnership which controls or is being controlled by a company that has more RM2.5 million paid up capital in respect of ordinary shares.

A disposal of an asset by a limited liability partnership shall be subject to sections 39 and 40 of the Act if a partner has more than 50% of capital contribution whether in cash or in kind in that limited liability partnership.

A company or a partnership which converts to a limited liability partnership is allowed to carry forward its unabsorbed capital allowance to be utilized against the future income of a limited liability partnership.

Profits paid, credited or distributed to partners of a limited liability partnership is exempt from tax.

Effective date : Coming into operation of the Limited Liability Partnerships Act 2012

STAMP DUTY, INDIRECT TAX AND OTHERS

1. Review of Real Property Gains Tax (RPGT) rates

From 1 January 2012, the RPGT rates are as follows:

	RPGT Rates		
Disposal Period	Companies	Individuals (Citizens & Permanent Residents)	Individuals (Non-Citizens)
Within 2 years	10%	10%	10%
In the 3rd to the 5th year	5%	5%	5%
In the 6th year onwards	0%	0%	0%

To further curb speculative activities in the real property market, it is proposed that RPGT rates be reviewed as follows:

	RPGT Rates		
Disposal Period	Companies	Individuals (Citizens & Permanent Residents)	Individuals (Non-Citizens)
Within 2 years	15%	15%	15%
In the 3rd to the 5th year	10%	10%	10%
In the 6th year onwards	0%	0%	0%

Real property owners who are not profit motivated and not involved in speculation are eligible for RPGT exemptions as follows:

i. RPGT exemption on gains from the disposal of one residential property once in a life time to individuals (citizens and permanent residents);

ii. RPGT exemption up to RM10,000 or 10% of the net gains, whichever is higher, from the disposal of real property by individuals (citizens, permanent residents and non-citizens); and

iii. RPGT exemption on gains from disposal of real property between husband and wife, parents and children, grandparents and grandchildren.

In addition, RPGT is only imposed on net gains after deducting all costs involved such as the purchase price, renovation cost, legal fees and stamp duty.

Effective date: 1 January 2013

2. Amendments to the Real Property Gains Tax Act

It is proposed that :

A disposer who disposes a chargeable asset to an acquirer may furnish to the Director General a notification in a prescribed form if such disposal is not subject to tax or is exempt under the provisions of the Act. The disposer must also serve the notification to the acquirer within 60 days from the date of disposal.

Where an acquirer fails to retain and remit an amount which is required under section 21B of the Act due to incorrect or wrong information provided by the disposer, a sum equal to 10% of the tax payable will be imposed on the disposer.

The Director General may make a RPGT assessment or additional assessment for a year of assessment after the end of that year of assessment unless in the case of fraud, wilful default or negligence. The time frame is reduced from 6 to 5 years.

The time period for a person to apply for a relief on any error or mistake made in a return or statement for any year of assessment after the end of that year of assessment is now reduced from 6 to 5 years.

The time period for a person to apply for a refund of over-payments of tax after the end of the year of assess ment to which a claim for refund relates is also reduced from 6 to 5 years.

An acquirer is not required to retain and remit an amount to the Director General if a notice of non-chargeability under section 13 of the Act is served to that acquirer within 60 days after the date of disposal of a chargeable asset.

Director who has more than 50% control over a company shall be jointly and severally liable for debt or tax due by a company.

Where a compliance officer who is appointed from amongst the partners of a limited liability partnership or if no compliance officer is appointed, any of its partner, shall be jointly and severally assessable and chargeable to tax under the RPGT Act.

A person who disposes part of a chargeable asset may claim a portion of the exemption of RM10,000 or 10% of the chargeable gain from such disposal, whichever is higher, allowable under that paragraph proportionate to the part of the chargeable asset disposed of, as determined in accordance with the following formula:

$A/B \times C$

where A is part of the area of the chargeable asset disposed;
B is the total area of the chargeable asset;
C is RM10,000 or 10% of the chargeable gain whichever is greater.

Effective date : 1 January 2014

3. Tax exemption on income of the annuity fund

Currently, investment income from life fund or family fund is subject to income tax at the rate of 8%. Further, investment income from retirement schemes (including annuity scheme) is given the following tax treatment:

A. Individuals

i. Tax exemption on pension income upon mandatory retirement according to any written law;

ii. Tax exemption on income received from annuity schemes of Malaysian insurance and takaful companies;

iii. Tax exemption on contributions withdrawn from the Employees Provident Fund (EPF) upon mandatory retirement;

iv. Tax exemption on gratuity received upon:

a. mandatory retirement upon reaching the age of 55 years;
b. mandatory retirement as determined under any written law;
c. early retirement due to ill health; and
d. mandatory retirement according to employment agreement or collective agreement that stipulates the retirement age upon reaching 50 years but not exceeding 55 years subject to the condition that the period of service is not less than 10 years with the same employer.

B. Retirement Scheme Fund

i. Tax exemption on income received by EPF fund;

ii. Tax exemption on income received by private pension fund approved under section 150 of the Income Tax Act 1967; and

iii. Tax exemption on income received by the fund of private retirement scheme approved by the Securities Commission.

To encourage individuals to invest in annuity schemes to add savings during retirement, it is proposed that the tax treatment on annuity scheme funds be streamlined with other retirement scheme funds whereby tax exemption is given on income received by annuity funds.

The annuity funds must be approved by Central Bank of Malaysia and maintained in accounts separate from life funds or takaful family funds.

Effective date: Y/A 2012

4. Income tax treatment for Business Trust

Business Trust (BT) is established under the Capital Market and Services Act 2007 and adopts the unit trust structure as a basis for its business. BT's business operations are conducted by the trustee-manager (TM) who acts as a trustee on behalf of BT and the unit holders.

Being suitable for businesses which are capital intensive with stable cash flow, BT is able to distribute quicker returns. The introduction of BT will broaden the range of investment products and asset classes in the capital market.

To promote the development and investment in BT, it is proposed that:

i. BT be given income tax, stamp duty and real property gains tax treatments similar to that of a company;

ii. BT be given stamp duty exemption on instruments of transfer of businesses, assets or real properties acquired; and

iii. The disposer of real properties or shares in a real property company to BT be given real property gains tax exemption.

The incentives in subparagraphs (ii) and (iii) above are provided on a one-off basis at the initial stage of the establishment of BT.

Effective date

Proposal (i)	: Y/A 2013
Proposal (ii)	: For instruments executed from 1 January 2013
Proposal (iii)	: For disposal of real properties or shares in a real property company from 1 January 2013

The resident status of a BT is determined based on the resident status of a trustee manager. The trustee manager is resident in Malaysia if it carries on the business of the BT in Malaysia and the management and control of its business are exercised in Malaysia.

The trustee manager is responsible to do all acts and things required under the Act on behalf of a BT.

A disposal of an asset by a BT shall be subject to sections 39 and 40 of the Act if a person has the right to not less than 50% of residual profits of the business trust available for distribution, or not less than 50% of any residual assets of the BT available for distribution on a winding up.

Effective date : Coming into operation of the Capital Markets and Services (Amendment) Act 2012.

5. Review of stamp duty exemption for the purchase of first residential property

Currently, the purchase of first residential property is given 50% stamp duty exemption. This exemption is on the instrument of transfer and instrument of loan agreement. Stamp duty exemption is given on the purchase of first residential property not exceeding RM350,000 by Malaysians and claimed only once.

The first residential property is where an individual who does not own any residential property (or a part of a residential property jointly owned) in his name when applying for stamp duty exemption. Residential property includes a terrace house, condominium, apartment or flat.

To further reduce the cost of owning the first residential property, it is proposed that the above stamp duty exemption be extended to 31 December 2014 and the qualifying price of the residential property be raised to not exceeding RM400,000.

Effective date: For sales and purchase agreement executed from 1 January 2013 to 31 December 2014

6. Tax incentive to revive abandoned housing projects

To reduce the burden borne by house purchasers in abandoned housing projects and to ensure that these projects are successfully revived, it is proposed that the parties involved in the revival of such projects be given the following:

A. Banking and financial institutions

Tax exemption on interest income received from the rescuing contractor.

B. Rescuing contractor

i. Double deduction on interest expense and all costs involved in obtaining loans to revive the abandoned project;

ii. Stamp duty exemption on instrument of loan agreements to finance the revival of the abandoned housing project; and

iii. Stamp duty exemption on instruments of transfer of land or houses in the abandoned housing project.

C. Original house purchaser in the abandoned project

i. Stamp duty exemption on instrument of loan agreements for additional financing; and

ii. Stamp duty exemption on instruments of transfer of the house.

Abandoned housing projects eligible for the above tax incentives must be certified by the Ministry of Housing and Local Government.

Effective date:

Proposal A	: For loans approved from 1 January 2013 to 31 December 2015 and applicable for 3 consecutive years of assessment from the year the loans are approved
Proposal B (i)	: For loans approved from 1 January 2013 to 31 December 2015 and applicable for 3 consecutive years of assessment from the year the loans are approved
Proposal B (ii) & (iii)	: Sales and purchase agreement executed from 1 January 2013 to 31 December 2015
Proposal C	: Sales and purchase agreement executed from 1 January 2013 to 31 December 2015

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