

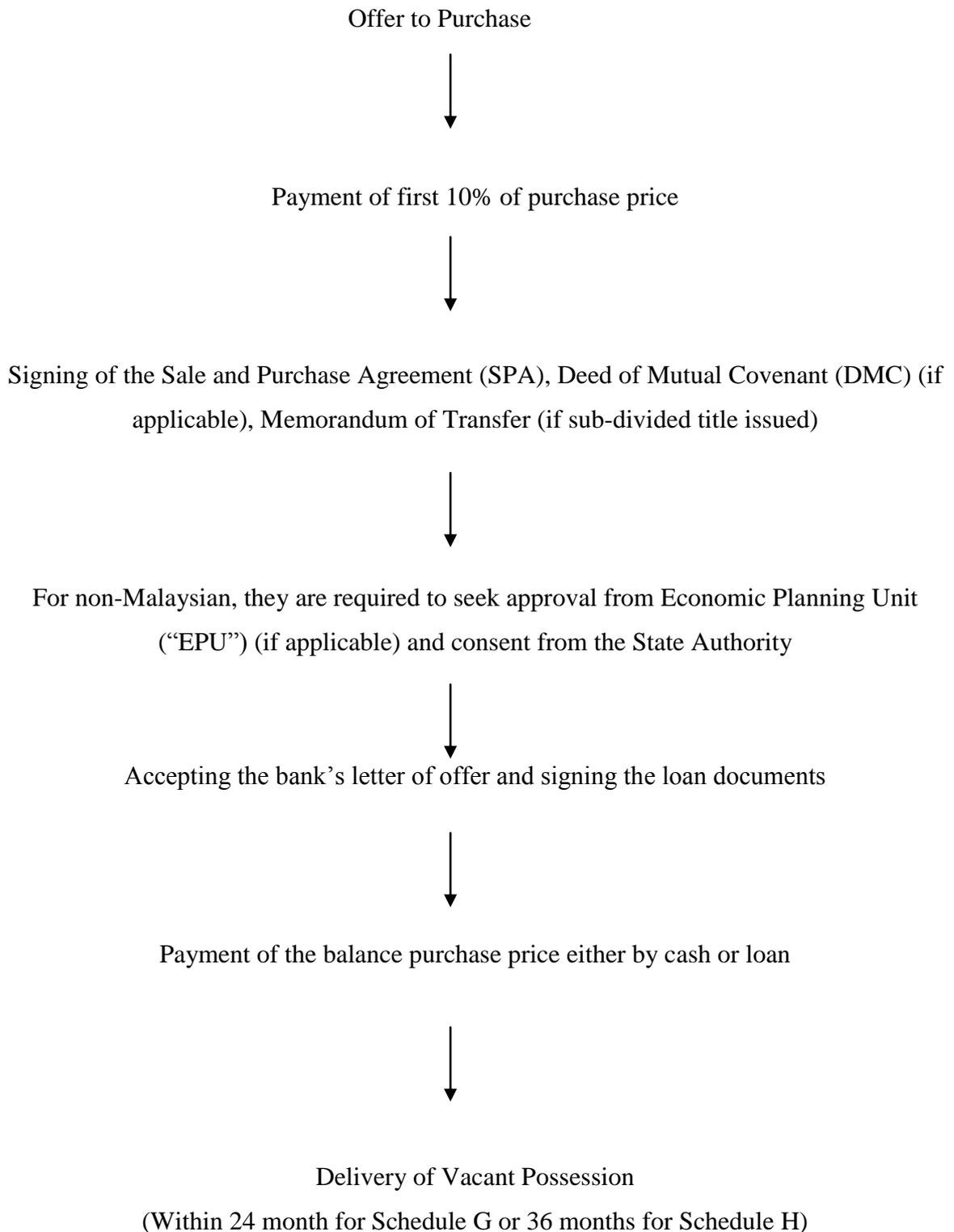
Legal Guidelines When Buying Property in Malaysia

Prepared By:

Halim Hong & Quek
Advocates & Solicitors
Suite 9-8, Level 9 (Lobby B)
Wisma UOA II, No. 21, Jalan Pinang
50450 Kuala Lumpur
Tel.: 03-27103818
Fax: 03-27103820
Email: hhqkl@hhq.com.my
Website: www.hhq.com.my

<u>CONTENTS</u>	<u>Page</u>
1. Overview of the Sale Process	2
2. Introduction to Malaysia Property Law	3
3. Definition :	
3.1 Non-citizen.....	4
3.2 Foreign company.....	4
3.3 Foreign interest.....	4
3.3 Permanent Resident.....	4
4. Types of Properties that Non-Malaysian Citizen can Purchase.....	5
5. Conditions Precedent for Non-Malaysian Citizen purchasing Property in Malaysia	5
5.1 Consent from State Authority.....	5
5.2 Approval from Economic Planning Unit (“EPU”).....	6
6. Housing Development Contract.....	8
6.1 Direct from Developer for Under Construction Property.....	8
6.2 Direct from Developer for “Build-then-Sell” Concept.....	8
6.3 Completed Property	9
6.4 Memorandum of Transfer.....	9
6.5 Payment of SPA documents.....	9
6.6 Deed of Mutual Covenants.....	9
7. Buying with Cash or Loan.....	10
7.1 Cash Purchaser.....	10
7.2 Loan Purchase.....	10
8. Taxation Issues.....	11
8.1 Real Property Gains Tax (RPGT).....	11
8.2 Incorporating on offshore Labuan Company	11
8.3 Income Tax in Malaysia.....	12
9. Malaysia My Second Home Programme (MM2H Programme).....	13
9.1 Benefits.....	13
9.2 Conditions / Requirements.....	13
9.3 Procedure for Acquisition of Properties under MM2H Programme.....	14
10. Tribunal for Homebuyer’s Claim.....	15
10.1 Whether Non-Malaysian can claim under the Tribunal for Homebuyer Claims against the Developer.....	15
11. Cost Considerations.....	16
11.1 Legal Fees – Sales & Purchase Agreement and Loan Agreement.....	16
11.2 Stamp Duty.....	17

1. OVERVIEW OF THE SALE PROCESS



2. INTRODUCTION TO MALAYSIA PROPERTY LAW

The land registration system in all states of Malaysia is the Torrens system which is administered by the State Land Offices and coordinated by the Department of Land and Mines. Torrens system is a registration system on titles of land.

Properties can be either:

- (a) Freehold – held in perpetuity; or
- (b) Leasehold – land owned by the state and leases are for a term of usually for 30, 60 or 99 years. Renewal of leases is fairly easy for further equivalent term with payment of premium to the State.
- (c) Malay Reserved Land – the buying and any subsequent changing of ownership is restricted to Bumiputeras only.

Freehold or leasehold properties are either issued with:

- (a) Master Title – The term master title relates to a title upon which generally more than one unit of property is constructed. Hence, master title generally refers to a comparatively bigger piece of land and is registered in the name of the developer. Typically the developer may then continue to submit an application for subdivision of the master title.
- (b) Individual Title – issued under the National Land Code 1965 (“NLC”) for land, houses, commercial properties that are commonly not multi-storey; or
- (c) Strata Title – issued under the Strata Titles Act 1985 (“STA”). Commonly issued for multi-storey buildings e.g. apartments, condominiums, commercial properties and now even for houses in gated and guarded communities.

All types of titles have same legal status and rights and are protected equally.

3. DEFINITION

3.1 “Non-citizen” means:

A natural person who is not a citizen of Malaysia¹.

3.2 “Foreign Company” means:

- (a) *A foreign company as defined in sub-section (1) of section 4 of the Companies Act 1965²;*
- (b) *A company incorporated under the Companies Act 1965 with 50% or more of its voting shares being held by a non-citizen, or by a foreign company referred to in paragraph (a) above, or by both, at the time of the proposed acquisition, or at the time of execution of the instrument; or*
- (c) *A company incorporated under Companies Act 1965 with 50% or more of its voting shares being held by a company referred to in paragraph (b) above, or by a company referred to in paragraph (b) above together with a non-citizen or a foreign company referred to in paragraph (a) above, at the time of execution of the proposed instrument.*

3.3 “Foreign interest” means:

Any interest, associated group of interest or parties acting in concert which comprises”:

- (a) *Individual who is not a Malaysian citizen; and/or*
- (b) *Individual who is Permanent Resident; and/or*
- (c) *Foreign company or institution; and/or*
- (d) *Local company or local institution whereby the parties as stated in item (a) and / or (b) and/or (c) hold more than 50% of the voting rights in the company or institution.³*

3.4 “Permanent Resident” means:

An individual who is not a Malaysia citizen and has been granted Permanent Resident status by the Government of Malaysia.⁴

¹ Section 433A of the National Land Code 1965

² Section 4 of the Companies Act 1965 defines “foreign company” as a company, corporation, society, association or other body incorporated outside Malaysia; or an unincorporated society, association or other body which under the law of its place of origin may sue or be sued, or hold property in the name of the secretary or other officer of the body or association duly appointed for that purpose which does not have its head office or principal place of business in Malaysia.

³ Economic Planning Unit, Prime Minister’s Department: *Guideline on the Acquisition Properties by Local and Foreign Interests.*

⁴ *Ibid.*

4. TYPES OF PROPERTIES THAT NON-MALAYSIAN CAN PURCHASE

Subject to the restrictions, a non-Malaysian citizen can buy any type of property in Malaysia, be it condos, bungalows or even land. They are allowed to buy both residential commercial property in their own name, or company's name for that matter except the followings:-

- (a) Properties valued less than the minimum purchase price as prescribed under the State Land Rules which vary from State to State;
- (b) Residential units under the category of low-medium cost as determined by the State Authority;
- (c) Properties built on Malay reserved land; and
- (d) Properties allocated to Bumiputera interest in any property development project as determined by the State Authority.

5. CONDITIONS PRECEDENT FOR NON-MALAYSIAN PURCHASING PROPERTY IN MALAYSIA

Under the National Land Code 1965, prior approval from the relevant State Authority must be obtained before a non-Malaysian or foreign company is allowed to acquire any property.

At present, no Foreign Investment Committee ("FIC") approval for purchase of property by foreigner since FIC has been disbanded on 30th June 2009. New department had been set up at Economic Planning Unit ("EPU") to replace FIC. Hence, any acquisition of property by foreign interests requires the approval of EPU unless they are exempted.

5.1 State Authority Consent (Section 433B of the National Land Code, 1965)

This is an approval from the State Authority permitting the sale and transfer of the property by the Vendor to the Purchaser.

All property acquisitions by foreigners requires approval from State Authority as land is a State matter and it is important to check State law before making any commitment as the minimum purchase price is not standardized between States.

As at the date of this guidelines, the thresholds for foreign buyers of Selangor residential properties is RM500,000 as per Circular 3/2011 with effect from 1 April 2011.

For Wilayah Persekutuan Kuala Lumpur State Authority, the threshold for foreign purchaser of Kuala Lumpur residential property is RM500, 000.

For Johor State Authority, the minimum purchase price for the property bought by a foreign purchaser is RM500,000. The applicant needs to pay RM500 as application fees and upon approval of the state consent, an amount of RM10, 000 is payable to the State.

In Penang, the threshold for foreign purchaser of Penang residential property is RM500, 000. If the applicant is an individual, a fee of RM1, 000 is payable to the State; if the applicant is a company, then a fee of RM2, 000 is payable to the State.

In giving approval, State Authority will consider factors such as:-

- (i) location;
- (ii) type of property e.g. condominium, house, townhouse, bungalow etc;
- (iii) percentage of current foreign ownership (if it is a new development).

Some Notes on the Application for State Authority's Consent

- (i) Land rules vary from State to State in Malaysia.
- (ii) Standard forms with payment of registration fees (about RM150 to RM500) and consent approval fees that are payable to the State.
- (iii) Solicitors will usually provide services in application for State Authority consent.
- (iv) Decision of State Authority will usually be known within 1 to 2 month(s) from application, depending on the efficiency of each State.
- (v) If consent is not obtained, the SPA will be terminated and the deposit paid by the purchaser is usually refunded without interests.

Documents required for Application for Approval from the State Authorities

- (i) One (1) copy of the sale and purchase agreement;
- (ii) One (1) copy of the purchaser's Passport/Identity Card;
- (iii) One (1) copy of Memorandum and Articles of Associations, Form(s) 24, 44 and 49 (for both purchaser and developer if the purchase is a foreign company);
- (iv) EPU approval/notification acknowledgement (if applicable);
- (v) Latest Quit Rent and Assessment receipt of the subject property; and
- (vi) Application Form for Section 433B NLC

5.2 Economic Planning Unit ("EPU"): Guidelines on the Acquisition of Properties by Local and Foreign Interests

The Economic Planning Unit of the Prime Minister's Department, reviews and regulates the acquisitions by foreign interests of assets and interests in Malaysian companies and businesses. Any acquisition by Foreigners requires EPU approval.

- 5.2.1** Acquisition of residential unit by foreign interest valued at RM500,000 and above **do not require** the approval of the Economic Planning Unit, Prime Minister's Department but falls under the purview of the State Authorities.

Other properties acquisition by foreign interest that **do not require** the approval of the Economic Planning Unit, Prime Minister's Department but falls under the purview of the relevant Ministries and/or Government Departments include:

- (a) acquisition of commercial unit valued at RM500,000 and above;
- (b) acquisition of agricultural land valued at RM500,000 and above or at least five (5) acres in area for the following purposes:
 - (i) to undertake agricultural activities on a commercial scale using modern or high technology; or
 - (ii) to undertake agro-tourism projects; or
 - (iii) to undertake agricultural or agro-based industrial activities for the production of goods for export.
- (c) acquisition of industrial land valued at RM500,000 and above; and
- (d) transfer of property to a foreigner based on family ties is only allowed among immediate family members.

5.2.2 Transactions that requires EPU approval

All property acquisition, except for residential units, that **requires approval** of the Economic Planning Unit, Prime Minister's Department as follows:

- (a) **direct** acquisition of property valued at RM20 million and above, resulting in the dilution in the ownership of property held by Bumiputera interest and/or government agency; and
- (b) **indirect** acquisition of property by other than Bumiputera interest through acquisition of shares, resulting in a change of control of the company owned by Bumiputera interest and/or government agency, having property more than 50% of its total assets, and the said property is valued more than RM20 million.

Therefore, property transaction other than the above would no longer required the approval of EPU. However, in practice, the developer's solicitors will inform EPU regarding to the acquisition of property by the foreigners via submitting necessary forms.

You may log on to FIC website at <http://www.epu.jpm.my> for details of buying other types of property and for other information as well.

6. HOUSING DEVELOPMENT CONTRACT

6.1 Direct from Developer for Under Construction Property

Purchasers of property direct from a housing developer will execute the standard agreements known as Sale and Purchase Agreement (SPA) as provided for in the Housing Developers (Control and Licensing) Act 1966 (“HDA”). This Act aimed at safeguarding the interest of the Purchasers.

Every SPA for landed housing accommodation (such as bungalows, terrace houses and semi-Ds) shall be in the form prescribed in Schedule G of the Housing Developers (Control and Licensing) Act 1966, while SPA for building or land intended for subdivision into parcels (such as condominiums, apartments, landed property in gated and guarded community and townhouses) shall be as prescribed in Schedule H.

For Schedule G, the expected date of completion is 24 months from the date of the SPA. For Schedule H, the completion date is 36 months from the date of the SPA. Defect Liability Period for both Schedule G and Schedule H is 24 months from the date of delivery of vacant possession.

Please note that pursuant to the Housing Development (Control and Licensing) Regulation 1989, the Ministry of Housing may approve an extension of time in handing over of vacant possession of the property owing to special circumstances. As such, certain property may take more than prescribed 24 months or 36 months to complete.

6.2 Direct from Developer for “Build-then-Sell” Concept

"Build-then-sell" is a concept where houses are built first and then offered for sale. The Malaysia Government has also brought into effect two new Schedules, I & J of the Housing Developers (Control and Licensing) Act 1966, to cater for the “build-then-sell” concept. Schedule I applies to completed landed property – individual title properties – and Schedule J applies to completed houses in a subdivided building – strata title properties.

The payment method of the purchase price according to the Third Schedule of the agreement, i.e. 10 per cent of the purchase price to be paid immediately upon signing and the balance of 90 per cent to be paid within 21 working days after the Purchaser receives the Vendor’s written notice of delivery of vacant possession (must be supported with the certificate of completion and compliance).

6.3 **Completed Property:**

Completed houses or commercial properties buildings are usually sold on the basis of “*as is where is*” and the transaction is not governed under HDA.

The payment of purchase price is usually made within 3 months from date of SPA provided that no restriction of interest on the title. Against payment of the full purchase price, the transfer will be presented to the relevant land office to effect the change of ownership.

6.4 **Memorandum of Transfer**

Memorandum of Transfer (means the forms prescribe by the National Land Code) will be signed in order to effect transfer from the Vendor to the Purchaser. This memorandum will have to be registered at the relevant land office so that the Title to the Property can be registered in the Purchaser’s name.

6.5 **Payment of SPA documents**

Pursuant to Regulation 11(4) of the Housing Development (Control and Licensing) Regulation 1989, a complete set of the contract of sale including its original and duplicate copies and all annexures of the SPA in Schedule G or H should be given to the purchaser’s solicitors free of charge.

Please also note that Housing Development Act and Housing Development Regulation are inapplicable for industrial, agricultural property, commercial property and sub-sales transaction. As such, standard documents can be applied by the Developer but it is not governed under the above Act or Regulations.

6.6 **Deed of Mutual Covenants (DMC)**

DMC is a covenant between the individual purchasers and the developer to observe certain terms and conditions deemed necessary for the maintenance of the common property and the Parcel. The intention of this document is to preserve the value of the development, which will then help enhancement in the value of the properties. Since it is a private covenant, thus it may be sued upon. It is often imposed by the developer in a strata title development.

Strata development with Common Property is governed by **Building and Common Property (Maintenance and Management) Act 2007 (“BCPA”)**

Under the BCPA, it is the Joint Management Body (comprises the developer and the purchasers) which will (prior to the formation of the management corporation) “enforce house rules for the proper maintenance and management of the building”.

The Joint Management Body however has the power “to do all things reasonable necessary for the performance of its duties under this Act” which presumably will cover such DMCs.

7. BUYING WITH CASH OR LOAN

7.1 Cash Purchaser

Cash purchaser may benefit financially when he pays for the property in cash because he may save paying bank interest on a housing loan. The cash purchaser is advisable to procure written confirmation from the Developer to ensure the property is free from encumbrances, i.e. not charged to any financial institution.

In the event that the property is charged to any financial institution the cash purchaser shall request from the developer's bank a redemption statement cum letter of undertaking before paying for the purchase price. The letter states the redemption sum to be paid to disclaim the bank's rights and interests in the property.

On receiving the redemption statement cum letter of undertaking, the purchaser may pay the redemption sum directly to the developer's bank and subsequently request the bank to acknowledge receipt of the payment via a letter of disclaimer. By doing so, the purchaser's property may be excluded from the auction proceedings taken by the developer's bank if there are default payments by the developer. It may be prudent for the purchaser to engage his own solicitor to obtain these letters.

7.2 Loan Purchaser

A loan purchaser is a purchaser who pays for the property with a bank loan. There are many local banks or foreign banks in Malaysia which provide financial assistance to non-Malaysian to buy property in Malaysia.

According to the Bank Negara Malaysia official website, a non-Malaysian may obtain property loans for the purchase of commercial or residential property which is not for his own use. Besides that, there is no limit on the amount for each property loan. It is subject to the bank's own internal and credit assessment guidelines.

8. TAXATION ISSUES

8.1 Real Property Gains Tax (RPGT)

Section 6 of the RPGT Act 1976 provides that every person will be subject to RPGT on the gain of a sale of a chargeable asset. A chargeable asset includes real property and shares in real property companies.

Real Property Gain Tax (RPGT)

This new rate takes effect from 1 January 2012:-

Year of Disposal vs Date of Acquisition	Rates under Schedule 5 of the RPGT 1976			Effective rate after 1 January 2012
	Individuals and Non-Corporate Entities	Companies	Non- Permanent Residents/ Non- Citizens Individuals	All categories of owners
Disposal within 2 years after the date of acquisition	30%	30%	30%	10%
Disposal in 3 rd year after the date of acquisition	20%	20%	30%	5%
Disposal in 4 th year after the date of acquisition	15%	15%	30%	5%
Disposal in 5 th year after the date of acquisition	5%	5%	30%	5%
Disposal in 6 th year after the date of acquisition or thereafter	0%	5%	5%	0%

8.2 **Incorporating an offshore Labuan company**

Any acquisitions of properties by companies that have been granted the status of Labuan Offshore Companies are exempted from EPU approval⁵. Labuan Offshore Companies Act 1990 (“LOCA”) provides for the establishment of offshore companies and the registration of foreign offshore companies in Labuan. In addition, a foreign company incorporated under the laws of another country may also apply to be registered as being continued in Labuan.

The tax laws relating to income tax for Labuan entities are set out in the Labuan Business Activity Act, 1990 (“LBATA”). Section 4(1) of LBATA provides that the tax shall be charged at a rate of 3% for year of assessment on the net audited profits of Labuan entity carrying on a Labuan business activity which is a Labuan trading activity.

However, a Labuan entity carrying on a Labuan trading activity may elect, pursuant to Section 7(1) of LBATA, to be charged a flat rate of RM20,000 annually.

LBATA also provides that a Labuan entity carrying on a Labuan business activity that is a Labuan non-trading activity for the basis period⁶, shall not be charged on tax for year of assessment. A Labuan non-trading activity means an activity relating to the holding of investments in securities, stock, shares, loans, deposits or any other properties by a Labuan entity on its own self.

The concessionary tax treatment offered by the LBATA is complemented by Statutory Orders which provide exemptions from taxation and withholding taxes.

8.3 **Income Tax in Malaysia**⁷

You will be considered as non-resident under Malaysia tax law if you stay less than 182 days in Malaysia in a year, regardless of your citizenship or nationality.

Non-resident is taxed for the income for renting/rental payment received at the rate of 26%.

However, non-resident is not taxable if he is :

- i. Employed in Malaysia for less than 60 days;
- ii. Employed on board a Malaysian ship;
- iii. Age 55 years old and receiving pension from Malaysian employment;
- iv. Receiving interest from banks;
- v. Receiving tax exempt dividends.

⁵ Foreign Investment Committee: *Guideline on the Acquisition of Properties by Local and Foreign Interests*.

⁶ Section 2 of LBATA- In relation to a year of assessment, means the accounting period or periods ending in the calendar year immediately preceding that year of assessment.

⁷ Please log into www.hasil.gov.my for further information.

9. MALAYSIA MY SECOND HOME PROGRAMME (MM2H PROGRAMME)

The needs of buying property differ from each purchaser. Some may buy for personal use and some for investment purposes.

MM2H Programme is promoted by the Government of Malaysia to allow people from all over the world (except Israel and North Korea) who fulfill certain criteria, to stay in Malaysia as long as possible on a social visit pass with a multiple entry visa. The Social Visit Pass is initially for a period of ten (10) years (depending on the validity of the applicants' passport) and is renewable.

This programme benefits non-Malaysian citizen buying property in Malaysia, especially for the purpose of personal use, retirement or long term investment.

9.1 Benefits

Successful applicants under this programme stand to enjoy special benefits include:-

- i. VISA – 10 years Social Visit Pass and Multiple Re-Entry Visa – Renewal For Life (subject to validity of your passport);
- ii. PURCHASE OF HOUSE – Can purchase any number of residential property (except for low-cost and medium low-costs units) subject to the minimum rates established for foreigners by the different States. – No need EPU Approval;
- iii. CAR – Can bring in one own car or purchase locally assemble car without the need to pay import duty, excise duty and sales tax;
- iv. EDUCATION – Your children can receive education (up to age of 18) under MM2H study pass in public or private schools in Malaysia;
- v. DOUBLE TAXATION – For countries which has a “Double Taxation Agreement” with Malaysia, the applicants of pension funds remitted to Malaysia is tax exempted if they stay beyond 182 days in Malaysia.

9.2 Conditions/Requirements

Some conditions concerning finance and health must be fulfilled before a foreign national can be approved for this programme.

The conditions for approval are as follows:-

- (i) Proof of credible Oversea Savings of at least RM500,000 (for applicant below 50 years old) or at least RM350,000 (for applicant above 50 years old);
- (ii) Proof of monthly income of about RM10, 000;

- (iii) A letter proving good conducts of the applicant issued by police authority of home country;
- (iv) Financial Requirement
Applicant above 50 years old – must deposit at least RM150,000 in a fixed deposit account with a local bank;
Applicant below 50 years old – must deposit at least RM300,000 in a fixed deposit account with a local bank.
- (v) Certified Medical Report from a local doctor/specialist – must be minimally healthy and the medical report will be submitted to the Government.
- (vi) Possess a medical insurance valid in Malaysia.

Note: The fixed deposit may be withdrawn after a period of 1 year for the purchase of property, children's education or medical expenditures. However a minimum of RM 100,000.00 must be maintained by the applicant aged 50 and above and RM150, 000.00 by applicant aged below 50 years old in the fixed deposit at all times. The Sale and Purchase Agreement must be signed after the issuance of the visa in order to draw the funds from the fixed deposit (after the 1 year period).

9.3 Procedure for Acquisition of Properties under MM2H Programme

- i. Identify the property in which the participant intends to acquire;
- ii. Seek information on the property from relevant authorities (land office, local authorities) including the minimum price;
- iii. Assign a lawyer and get the Sale and Purchase Agreement signed; and
- iv. Gets a letter from Ministry of Tourism certifying that the acquirer is a participant of MM2H programme.

Note: Participants under this programme are not required to obtain prior approval for the purchase and sale of houses from EPU. Participants only need the following:-

- (i) Ministry of Tourism letter certifying that they are eligible to purchase the said property under this programme must be issued; and
- (ii) a copy of the approval letter obtained from the respective State Authority which has authorized the purchase or sale of the property concerned.

For more information, please log on to <http://www.mm2h.gov.my>

10. TRIBUNAL FOR HOMEBUYER CLAIMS

The Tribunal for Homebuyer Claims provides an easier, cheaper and faster means of dispute resolution for homebuyers claiming compensation/damages from housing developers.

The Tribunal may hear claims from buyers on condition that:-

- a) A claim is filed no later than 12 months from the date of:
 - (i) issue of the Certificate of Compliance of the property; or
 - (ii) the expiry date of the defect liability period as set out in the Sales and Purchase Agreement.
- b) The Sales and Purchase Agreement involves housing accommodation built in a residential area.
- c) Each claim does not exceed RM50,000 per cause of action unless
 - (i) the claimant agrees to forgo the balance of the claim; or
 - (ii) the acquiescence of the developer is obtained in writing for the matter to be heard at the Tribunal.
- d) Sales and Purchase Agreements signed before 1 December 2002 can also be considered provided the claims fulfill the criteria stated above;

10.1 Whether Non-Malaysian Citizen can Claim under the Tribunal for Homebuyer's Claims Against the Developer?

According to section 16A of the Housing Development (Control and Licensing) Act 1966, "*homebuyer*" means a purchaser and includes a person who has subsequently purchased a housing accommodation from the first purchaser of the housing accommodation.

The Tribunal of Homebuyer Claim's have confirmed that a foreigner is capable of lodging a claim to the said Tribunal. The filing of the claim should be done at least 60 days before hearing. Besides that, a filing fee of RM10 is made payable to the Tribunal.

11. COST CONSIDERATIONS

11.1 Legal Fees – Sales & Purchase Agreement and Loan Agreement

The first Schedule of the Solicitors Remuneration Order 2006 sets out the fees to be collected by lawyers for work done in handling the sale or purchase of immovable properties and loan documentation based on the purchase price or loan value as follows:-

Purchase Price or Loan Value	Scale of Fees
For the first RM150,000	1% (subject to a minimum fee of RM300)
For the next RM850,000	0.7%.
For the next RM2,000,000	0.6%
For the next RM2,000,000	0.5%
For the next RM2,500,000	0.4%.
Where the purchase price or loan value is in excess of RM7,500,000	Negotiable on the excess (but shall not exceed 0.4% of such excess)

The scale chart of professional fees for sale and transfer of properties (for any transaction governed by the Housing Development (Control and Licensing) Act 1966) and the related loan documentation are stated below. However the discount stated below is not applicable for industrial, agricultural, commercial and completed property (for sub-sales transaction).

- (i) RM250, if the price is RM45,000 or below
- (ii) 75% of the above scale fee specified, if the purchase price or loan value is in excess of RM45,000 but not more than RM100,000;
- (iii) 70% of the above scale fee specified, if the purchase price or loan value is in excess of RM100,000 but not more than RM500,000; or
- (iv) 65% of the applicable scale fee specified, if the purchase price or loan value is in excess of RM500,000.

11.2 Stamp Duty

Stamp duty is usually payable by the purchaser and is levied on the document of transfer (i.e. the memorandum of transfer if the title has been issued, or the deed of assignment of the Principal SPA if the title has not been issued) based on the purchase price or the market price as determined by the valuation department of Stamping Office, whichever is the higher, as follows:-

- (i) 1% on the first RM100,000;
- (ii) 2% on the next RM400,000;
- (iii) 3% on the remainder

If the purchase intends to finance the purchase of property from any financial institution, stamp duty that is levied for the loan documentation is calculated at 0.5% of the total facility amount.

For calculation of the legal fees; stamp duties and other disbursements, please log on to our website, <http://www.hhq.com.my> for details.

Disclaimer: This document is intended as a general guide only. Halim Hong & Quek disclaim all liability from any damages caused by reliance on this document. Halim Hong & Quek strongly recommends seeking professional legal advice prior to any transaction