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## 2024 STAMP DUTY EXEMPTIONS IN MALAYSIA

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Stamp duty is essentially a tax placed on legal documents such as the instrument of transfer during the sale or transfer of the property.

As announced in Budget 2024, there are various changes on the stamp duty payable.

It is generally divided into two categories:

### 1. Fixed Duties

- the amount payable is at a fixed price regardless of the consideration sum or market value of the property. These include stamps on the Sale and Purchase Agreements (SPA) of the property and the instrument of transfer such as a Memorandum of Transfer.

## 2. Ad Valorem Duties

- variable costs assessed based on the consideration sum or the market value of the property as stated on the Sale and Purchase Agreement or Instrument of transfer. These include taxes imposed based on the value of a property transfer or loan agreement.

In other words, for the instrument of transfer, the stamp duty is set at a fixed tier (Fixed Duties) whereas for the Sale and Purchase Agreement, the stamp duty is based on the value of the agreement (Ad Valorem Duties).

### Stamp duty exemption for First-time homebuyers

Until the end of 2025, all first-time home buyers who purchase a home valued at **RM500,000** and below are entitled to a **100% stamp duty exemption**. Whereas, for properties worth between **RM500,001 to RM1 million**, a **75% stamp duty exemption** is available for first-time home buyers until 31st December 2023.

### Flat rate stamp duty on instruments of transfer for foreigners

Effective 1st January 2024, a flat rate of **4% stamp duty** on the instrument of transfer of property (e.g. Memorandum of Transfer) will be imposed for **foreigners (non-citizens and foreign-owned companies**, excluding Malaysia permanent residents).

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Although some opine that the flat rate of 4% stamp duty may affect the Malaysia My Second Home (MM2H) project and foreigners who are planning to migrate to Malaysia in the future, this helps to control the prices of land and property for Malaysians and those permanent residents.

Price Tier	Stamp Duty based on 2023 rate (% of property price)	Stamp Duty based on 2024 rate (% of property price)
First 100,000	1%	4%
RM101,000 – RM500,000	2%	4%
RM501,000 – RM1million	3%	4%
> RM1million	4%	4%

### Stamp duty exemption for transfer between family members

A nominal stamp duty fee of RM10 for property transfer documents between family members is introduced in Budget 2024 in order to replace the previous variable rate. **This is applicable in cases where beneficiaries relinquish their rights to eligible beneficiaries under a will, inheritance, Faraid or the Distribution Act 1958.**

Whereas, the stamp duty for the transfer of property between parents and children, and grandparents and grandchildren is **100% exempted** for the first RM1 million and 50% exemption for the remaining balance above RM1 million.

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## Conclusion

Overall, it is a positive move that the government is trying to encourage more people especially the younger generation to buy their first property by giving a full exemption of the stamp duty for first-time home buyers for properties below RM500,000 and 75% stamp duty exemption for property between RM501,000 to RM1 million.

Also, the nominal stamp duty of RM10 in Budget 2024 indeed reduces the burden of transferring the property between family members. This would ease and encourage the property owner to transfer their property so to ensure the perfection of the transfer of the property title.

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