



**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

# **Remission of Stamp Duty: Shariah Compliant Financing Instrument for Residential Property**

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## 1. Notification

- 1.1. This notification sets out the applicability and procedures for the submission of application to the Stamp Duty Office of the Inland Revenue Board of Malaysia (Stamp Duty Office) for purposes of the Stamp Duty (Remission Order) 2015 [P.U (A) 308/2016] (Order)<sup>1</sup> which came into operation on 1 January 2016 and effective until 31 December 2017.

## 2. Applicability

- 2.1 This notification is applicable to:
- (a) licensed Islamic banks under the Islamic Financial Services Act 2013;
  - (b) licensed banks approved under section 15(1)(a) of the Financial Services Act 2013 to carry on Islamic banking business; and
  - (c) prescribed institutions approved under section 33B of the Development Financial Institutions Act 2002 to carry on Islamic financial business, hereinafter referred to as “financial institutions”.
- 2.2 Pursuant to the Order, twenty per cent (20%) of the stamp duty chargeable on a principal or primary financing instrument which is –
- (a) made in accordance with the principles of Shariah as approved by the Shariah Advisory Council;
  - (b) for the purpose of financing the purchase of a residential property; and
  - (c) executed between a financial institution and its customer from 1 January 2016 to 31 December 2017,
- is remitted.
- 2.3 The Inland Revenue Board of Malaysia has clarified the following to the Bank:
- (a) a financing instrument for refinancing of an existing financing facility will not be eligible for remission under the Order; and
  - (b) principal or primary Shariah compliant residential property financing instruments involving first time house buyers that already qualify for fifty per cent (50%) stamp duty remission pursuant to the Stamp Duty (Remission) Order 2014 and the Stamp Duty (Remission) (No.2) Order 2014, will be further entitled to twenty per cent (20%) stamp duty remission pursuant to the Order.

## 3. Procedure for submission of application

- 3.1 An application for the remission of stamp duty pursuant to the Order shall be made to any branch of the Stamp Duty Office by submitting the following:

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<sup>1</sup> Please refer to Appendix

- (a) an original copy of the principal and primary financing instrument duly executed between a financial institution and its customer from 1 January 2016 to 31 December 2017;
- (b) a copy of:
  - (i) a letter from the Shariah Committee of the financial institution attesting that the residential property financing product is a Shariah compliant product<sup>2</sup>. This is applicable for residential property financing product under the “launch and file” approach; or
  - (ii) an electronically-generated letter from the Bank indicating that the residential property financing product is a Shariah compliant product. This is applicable for product under the “file and launch” approach; and
- (c) other subsidiary instruments eligible for exemption under section 35, read together with the General Exemptions in the First Schedule of the Stamp Act 1949, if any.

## APPENDIX

### Stamp Duty (Remission) Order 2015

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<sup>2</sup> “Shariah compliant product” refers to a product that is made in accordance with the Shariah principles as endorsed by the Shariah Advisory Council.