



## MIEA ADVISORY

24 Jan 2019

Reference No: 02:01:2019

TO : ALL MEMBERS  
FROM : MIEA SECRETARIAT

REFERENCE : **Services Tax, Stamp Duty and RPGT**

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This advisory is to clear all doubts on this issue:

This is the official explanation on the concerns by members and firms on the tax issues. We have referred the matter to our tax consultant and they have clarified with customs on these interpretations. Please note that Estate Agents are classified under Group G.

**1. On payment of ST on Co agency fees**

The fee charges (on co-agency) **between** firms **will not** be subject to service tax and this is in accordance with the Service Tax (Persons Exempted from payment of Tax) Order 2018.

**Amendment of regulation 10**

*“(1A) Where a registered person provides any taxable service to his customer who is a registered person providing the same taxable service as provided by him, and such customer is entitled for exemption of service tax under section 34 of the Act in relation to the taxable service provided by the registered person, the registered person shall issue an invoice under sub regulation (1) with the following additional particulars:*

- (a) Name and address of the customer;*
- (b) The customer’s service tax registration number, and*
- (c) The customer’s total amount of service tax that are exempted.”*

**2. On fees charged by other profession under Group G, e.g. an Accountancy fee to Estate Agency firm.**

The **accounting or other fees charged to an Estate agency is not eligible in this service tax exemption order** and as such the service tax has to be paid.

3. RENs whose income (Commissions earned) is beyond the required threshold of RM500,000.00 per year have to be registered and charge service tax to the firm.

4. How is the REN going to issue the invoice as the REN is an individual.

(a) Any person who provides the next taxable services before January 1, 2019 shall apply for registration not later than February 28, 2019 in accordance with section 13 of the Service Tax Act 2018 if there are reasonable ground for believing that the total value of his taxable services provided in the month of January 2019 will exceed the total value of RM500,000.00.

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- (b) The registration will take effect from March 1, 2019 as provided under section 13(3) of the Service Tax Act 2018.
  - (c) The registered person shall start charging service tax from March 1, 2019.
  - (d) If the RENs commission is below the threshold of RM500,000.00 there is no necessity to pay service tax.
  - (e) However, if the REN has exceeded the threshold of RM500,000.00 then they will fall under group G – Professionals under Services Tax Regulation 2018.
  - (f) If yes, they should be registered for services tax license. (Please refer to Service Tax Regulation 2018, Item 4 pages 99. Please refer to pages 79-81 from Service Tax Regulation 2018 regarding how to issue invoice.)

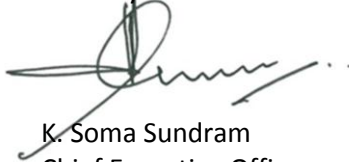
#### 5. Stamp Duty Adjustment & Deferment

- (a) Under the new budget the stamp duty was increased from 3% to 4% for properties above RM1 million. It was to take effect from January 1, 2019.
- (b) However, the **Ministry of Finance has deferred this decision until June 30, 2019** and in so allowing for the property market to continue growing.

#### 6. RPGT

- (a) The **RPGT exemption effective from January 1, 2019 is for** Malaysian citizens who disposes of their **properties at a consideration price of RM200,000.00 and below** i.e. Low-Cost houses, low medium cost houses and affordable houses from the 6th year onwards.
- (b) For the acquisition of assets before 2000, the **market price on January 2000 would be used as the acquisition price** for the disposal of property by Malaysian citizens and permanent residents. This policy has **come into force on January 1, 2019.**

Thank you.



K. Soma Sundram  
Chief Executive Officer