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Exemption of RPGT, service tax from January 1, 2019

KUALA LUMPUR: The government has agreed to exempt the real property gains tax (RPGT) to individual Malaysian citizens who dispose of their properties at a consideration price of RM200,000 and below.

According to a statement by Finance Minister Lim Guan Eng, the RPGT exemption, effective from Jan 1, 2019, were for the disposal of properties including low-cost houses, low-medium cost houses and affordable houses from the sixth year onwards.

For the acquisition of assets before year 2000, the market price on Jan 1, 2000 would be used as the acquisition price for the disposal of property by Malaysian citizens and permanent residents.

This policy will come into force on Jan 1, 2019.

In the case of conditional contract such as Paragraph 16 of Schedule 2 of the RPGT Act 1976, the RPGT exemption is given on gains from the disposal of properties transacted in the sixth year and beyond by Malaysian citizens and permanent residents whereby the sale and purchase agreement has been signed before Jan 1, 2019.

The approval from the government or state government will also be obtained in 2019 onwards.

“In the 2019 Budget, the government has agreed to increase the RPGT rate on gains from disposals of properties and shares in property holding companies in the sixth year and beyond from Jan 1, 2019,” said

Lim.

However, he said the government was very concerned with the people’s welfare and wanted to ensure that they would not be burdened with the imposition of the RPGT, and hence the government had agreed to give this RPGT treatment.

Additionally, Lim said the government would also exempt the service tax for persons registered for Service Tax in Group G (Professional Group) who provide the same service to registered persons beginning Jan 1, 2019.

The exemption announced in Budget 2019 was aimed at avoiding the increase in cost due to double taxation and maintain the competitiveness of the local service industry.

An example of a situation where a person gets the service tax exemption is as follows: an advocate and solicitor provides legal services to other advocates and solicitors will be exempted from service tax.

The government also gives the same treatment to taxable services in the country and that are imported.

As such, the exemption is also extended to taxable services that are imported by any company in Malaysia from foreign companies that are companies within the same group but restricted to certain types of services in Group G.

This exemption will be given through the power of the Finance Minister. — Bernama