

REAL PROPERTY GAINS TAX (“RPGT”) EXEMPTION

The COVID-19 pandemic has caused massive downturn on the economy worldwide and our country Malaysia was also not spared from this catastrophe. Several initiatives were introduced by the Government to stimulate the economy with one pertinent initiative being the RPGT exemption targeted at revitalizing the property market.



The Real Property Gains Tax (Exemption) Order 2020 (“RPGT exemption”) was gazetted on 28 July 2020 and came into effect retrospectively from 1 June 2020. Under this RPGT exemption, an individual is exempted from paying RPGT on chargeable income arising from disposal of up to three units of residential property upon meeting the following conditions:

- (a) The property must be a residential property used only as a dwelling house – house, condominium, apartment or flat including service apartment and small office home office (SOHO);
- (b) The owner of the property (jointly/ solely) must be a citizen of Malaysia;
- (c) The sale and purchase agreement / instrument of transfer is executed between 1 June 2020 to 31 December 2021 and duly stamped not later than 31 January 2022; and
- (d) The residential property which is being disposed of is not acquired within the period from 1 June 2020 to 31 December 2021 by way of:
 - (i) transfer between spouses; or
 - (ii) gift between spouses, parent and child or grandparent and grandchild where the donor is a citizen.

Individuals disposing more than 3 units of residential property may make an irrevocable election for any three of them to be exempted.

Notwithstanding the RPGT exemption, the individual disposer has to comply with all existing requirements on the submission of RPGT returns or any information provided for under the RPGT Act 1976.