**Estate Duty Ordinance of 1903** was a significant piece of legislation in Malaysia that governed the imposition of estate duty (also known as inheritance tax) on the estates of deceased persons. This law, passed during the British colonial period, was part of the broader colonial fiscal and taxation system that was designed to generate revenue for the administration.

Here’s a brief overview of its features and significance:

**1. Introduction and Historical Context**

The **Estate Duty Ordinance of 1903** was enacted during British rule in Malaysia (then known as Malaya) and introduced estate duty as a means to tax the estates of deceased individuals. Estate duty was considered an important source of revenue for the colonial government, alongside other taxes such as income tax and stamp duty. The ordinance applied to both citizens and non-citizens, regardless of whether the deceased person was a resident of the territory or not.

**2. Key Features of the Estate Duty Ordinance**

* **Imposition of Estate Duty**: The Ordinance applied estate duty on the property of the deceased, typically at a percentage of the value of the estate. It was a progressive tax system, where the rate of tax increased with the value of the estate.
* **Threshold**: The Estate Duty Ordinance specified a minimum threshold, meaning that if the value of an individual’s estate fell below a certain amount, it would not be subject to estate duty. This threshold was meant to limit the scope of the tax to higher-value estates.
* **Rates of Duty**: The estate duty rate was progressive, with higher rates applied to larger estates. This meant that estates valued above a certain threshold were taxed at higher rates, often based on a sliding scale depending on the total value of the estate.
* **Exemptions**: Some types of property or assets were exempt from estate duty, such as certain family-owned businesses or assets used for charitable purposes. In addition, property located outside of the territory was often not subject to estate duty under this ordinance, although this would depend on various conditions, such as where the deceased was domiciled.
* **Transfer of Property**: The ordinance also had provisions related to the transfer of property and how assets should be valued for estate duty purposes. This included rules on how debts, liabilities, and expenses were deducted from the gross value of the estate.

**3. Administration and Implementation**

* The estate duty was administratively managed by the government, which appointed officials to oversee the assessment and collection of the tax.
* Executors of the deceased's estate were responsible for filing returns and ensuring that the estate duty was paid before distribution of assets could occur.

**4. Repeal of the Estate Duty Ordinance**

In **1991**, the Estate Duty Ordinance of 1903 was **repealed**. The government decided to abolish estate duty as part of a wider shift in the taxation system, especially to attract foreign investment and simplify the tax regime in Malaysia. The repeal of estate duty was seen as a move to modernize the fiscal system and make Malaysia more attractive for estate planning and wealth management.

* This decision was also influenced by the fact that estate duty had become less effective in generating revenue over time, and its administration was costly and complicated. With its repeal, Malaysia moved away from inheritance tax and adopted other forms of wealth and property taxes.

**5. Post-Repeal Legacy**

After the repeal of the Estate Duty Ordinance, Malaysia adopted other methods of taxation related to property transfers and wealth, such as the **stamp duty** and **real property gains tax (RPGT)**. However, Malaysia does not currently have a direct inheritance tax or estate duty.

The impact of the Estate Duty Ordinance of 1903 was felt in the broader context of estate planning and taxation, particularly in terms of wealth transfers. The repeal led to changes in how wealthy individuals structured their estates, often moving towards tax-efficient methods such as trusts, insurance, and other financial planning tools.

**Conclusion**

The **Estate Duty Ordinance of 1903** played a significant role in the taxation system of colonial Malaysia, applying estate duty to the estates of the deceased and generating revenue for the government. Its repeal in 1991 marked a significant shift in Malaysia's tax policy, eliminating inheritance tax and ushering in new methods of taxation on property and wealth.