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Act 309

FINANCE ACT 1984

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LAWS OF MALAYSIA

Act 309

FINANCE ACT 1984

An Act to amend the Income Tax Act 1967, the Supplementary Income Tax Act 1967, the Real Property Gains Tax Act 1976, the Stamp Ordinance 1949, the Stamp Ordinance (Sabah), the Stamp Ordinance (Sarawak), the Estate Duty Enactment 1941, the Estate Duty Ordinance (Sabah), the Estate Duty Ordinance (Sarawak) and the Finance (Estate Duty) Act 1980 and to provide for matters connected therewith.

[]

BE IT ENACTED by the Seri Paduka Baginda Yang di-Pertuan Agong with the advice and consent of the Dewan Negara and Dewan Rakyat in Parliament assembled, and by the authority of the same, as follows:

CHAPTER I

PRELIMINARY

Short title and commencement

1. This Act may be cited as the Finance Act 1984 and shall have effect or be deemed to have effect as provided in this Act.

Amendments of Acts and Ordinances

2. The Income Tax Act 1967 [*Act 53*], the *Supplementary Income Tax Act 1967 [*Act 54*], the Real Property Gains Tax Act 1976 [*Act 169*], the **Stamp Ordinance 1949 [*Ord. 59 of 1949*], the †Stamp Ordinance (Sabah) [*Sabah Cap. 137*], the †Stamp Ordinance (Sarawak) [*Swk. Cap. 32*], the ††Estate Duty Enactment 1941

*NOTE—The Supplementary Income Tax Act 1967 [*Act 54*] has since been repealed by the Finance Act 1993 [*Act 497*—see subsection 16(1) of Chapter V of Act 497.

**NOTE—The Stamp Ordinance 1949 [*Ord. 59 of 1949*] has since been revised in January 1989 as the Stamp Act 1949 [*Act 378*].

†NOTE—The Stamp Ordinance (Sabah) [*Sabah Cap. 137*] and the Stamp Ordinance (Sarawak) [*Swk. Cap. 32*] has since been repealed by the Stamp (Amendment and Extension) Act 1989 [*Act A723*—see the Schedule of Act A723.

[*F.M.S. 7 of 1941*], the ^{††}Estate Duty Ordinance (Sabah) [*Sabah Cap. 42*], the ^{††}Estate Duty Ordinance (Sarawak) [*Swk. Cap. 29*] and the ^{††}Finance (Estate Duty) Act 1980 [*Act 224*], are amended respectively in the manner specified in Chapters II, III, IV, V, VI, VII, VIII, IX, X and XI respectively.

CHAPTER II

AMENDMENTS TO THE INCOME TAX ACT 1967

Commencement of amendments to the Income Tax Act 1967

3. (1) Except for paragraph 4(*b*), sections 5, 7, 8, 13, 14, paragraph 15(*b*), sections 16, 18 and paragraph 19(*g*), the provisions of this Chapter shall have effect for the year of assessment 1985 and subsequent years of assessment.

(2) Sections 16 and 18 shall be deemed to have come into force on 19 October 1984.

(3) Sections 5, 8 and 14 shall be deemed to have come into force on 21 October 1983.

(4) Paragraph 4(*b*), section 13, paragraphs 15(*b*) and 19(*g*) shall have effect for the year of assessment 1984 and subsequent years of assessment.

(5) Section 7 shall be deemed to have come into force for a passage commencing on or after 19 October 1984.

Amendment of section 3A

4. Section 3A of the Income Tax Act 1967, which in this Chapter is referred to as “the principal Act”, is amended—

- (a) by substituting for the words “one hundred thousand ringgit.” in paragraph (*b*) the words “three hundred thousand ringgit.”; and

^{††}NOTE—The Estate Duty Enactment 1941 [*F.M.S. 7 of 41*], the Estate Duty Ordinance (Sabah) [*Sabah Cap. 42*], the Estate Duty Ordinance (Sarawak) [*Swk. Cap. 29*] and the Finance (Estate Duty) Act 1980 [*Act 224*] have since been repealed by the Finance Act 1992 [*Act 476*]—see subsection 46(1) of Act 476.

- (b) by inserting immediately below that section the following proviso:

“Provided that this section shall not apply to income of a person under section 4A.”.

Amendment of section 4A

5. Section 4A of the principal Act is amended by inserting immediately after the words “other payments” in paragraph (iii) the words “, not being payments of film rentals,”.

Amendment of section 6A

6. Section 6A of the principal Act is amended by substituting for subsection (2) the following new subsection (2):

“(2) A rebate shall be granted for a year of assessment in the following amounts:

- (a) sixty ringgit in the case of an individual who has been allowed a deduction under paragraph 46(a) for that year of assessment where his chargeable income for that year of assessment does not exceed ten thousand ringgit:

Provided that a rebate of thirty ringgit shall be granted to a wife who has elected to be assessed separately in her name under subsection 45(4) as long as her chargeable income does not exceed ten thousand ringgit for that year of assessment;

- (b) thirty ringgit in the case of an individual who has been allowed a deduction under subsection 47(1) or (2) for that year of assessment where his chargeable income for that year of assessment does not exceed ten thousand ringgit.”.

Amendment of section 13

7. Subsection 13(1) of the principal Act is amended by substituting for the proviso in subparagraph (b)(ii) the following new proviso:

“Provided that—

- (a) the benefit or amenity enjoyed under this subparagraph is confined to the employee and members of his immediate family; and

- (b) (i) the tickets are issued by a national carrier of Malaysia;
or
- (ii) where the leave passage is taken by way of an organized or group tour which includes a destination serviced by a national carrier of Malaysia, the furthest destination serviced by a national carrier along that route to and from Malaysia in that tour must be undertaken on a national carrier of Malaysia on tickets issued by such a national carrier.”.

Amendment of section 15A

8. Section 15A of the principal Act is amended by inserting immediately after the words “other payments” in paragraph (c) the words “, not being payments of film rentals,”.

Amendment of section 36

9. Section 36 of the principal Act is amended by substituting for subsection (1) the following new subsection (1):

“(1) Notwithstanding any other provision of this Part, where the Director General is satisfied that there is a need for some treatment in computing—

- (a) the gross income from a business with respect to—
 - (i) a hire-purchase transaction;
 - (ii) a transaction under which a debt is payable by instalments;
 - (iii) a lease transaction in respect of moveable property;
or
 - (iv) any other transaction involving a debt or stock in trade; and
- (b) the adjusted income from the business,

he may give directions and formulate regulations to be published in the *Gazette* for special treatment with respect to any such transaction, either in relation to a particular business or in relation to any business having any such transaction:

Provided that no such directions and regulations shall have effect in relation to a business for any year of assessment with respect to which an assessment wholly or partly relating to income from that business has become final and conclusive or is the subject of an appeal which has been sent forward to the Special Commissioners.”.

Amendment of section 39

10. Subsection 39(1) of the principal Act is amended—

- (a) by deleting the word “or” at the end of paragraph (i);
- (b) by substituting for the full stop at the end of paragraph (j) a semicolon and the word “or”; and
- (c) by inserting immediately after paragraph (j) the following new paragraph (k):

“(k) any sum paid by way of rentals in respect of a motor vehicle, (other than a lorry, truck, bus, mini bus, van, station wagon or taxi cab licensed or permitted, by the appropriate authority, for commercial transportation of goods or passengers) in excess of twenty-five thousand ringgit:

Provided that the maximum amount of deduction of rentals in respect of such motor vehicle in the year of assessment and subsequent years of assessment shall not in the aggregate exceed twenty-five thousand ringgit in respect of the said motor vehicle.”.

Amendment of section 44

11. Subsection 44(6) of the principal Act is amended by inserting immediately after the words “a State Government” the words “a local authority”.

Amendment of section 48

12. Section 48 of the principal Act is amended by substituting for paragraph (2)(a) the following new paragraph (a):

“(a) in respect of children falling under paragraphs (1)(a) to (c)—

- (i) for the first child in order of age, six hundred and fifty ringgit;
- (ii) for the second child in order of age, seven hundred and fifty ringgit; and
- (iii) for the third, fourth and fifth child in order of age, eight hundred ringgit for each child;”.

Amendment of section 54A

13. Section 54A of the principal Act is amended—

(a) by substituting for subsection (1) the following new subsection (1):

“(1) Subject to the following subsections, where a person who is resident for the basis year for a year of assessment carries on a business of transporting passengers or cargo by sea on board Malaysian ships, the statutory income for that year of assessment from that business shall be exempt from tax.”; and

(b) by substituting the definition of “Malaysian ship” in subsection (6) the following new definition:

“ “ Malaysian ship” means a sea-going ship registered as such under the Merchant Shipping Ordinance 1952, other than a ferry, barge, tug-boat, supply vessel, crew boat, lighter, dredger, fishing boat or other similar vessel;”.

Amendment of section 109B

14. Subsection 109B(1) of the principal Act is amended by inserting immediately after the words “other payments” in paragraph (c), the words “, not being payments of film rentals,”.

Amendment of Schedule 1

15. Schedule 1 to the principal Act is amended—

- (a) by substituting for the rates appearing in paragraph 1 of Part I the following new rates:

“ Chargeable Income	Rate of Income Tax
For every ringgit of the first RM2,500	5 per cent
For every ringgit of the next RM2,500	8 per cent
For every ringgit of the next RM5,000	12 per cent
For every ringgit of the next RM10,000	15 per cent
For every ringgit of the next RM15,000	20 per cent
For every ringgit of the next RM15,000	25 per cent
For every ringgit of the next RM20,000	30 per cent
For every ringgit of the next RM30,000	35 per cent
For every ringgit exceeding RM100,000	40 per cent”; and

- (b) by inserting immediately after the words “other payments” in paragraph (iii) of Part V the words “, not being payments of film rentals.”.

Amendment of Schedule 2

16. Schedule 2 to the principal Act is amended by inserting immediately after the words “any expenditure” in paragraph 2 the words “and that expenditure has not been added to any aggregate income under paragraph 43(1)(c) pursuant to paragraph 5(a) of Schedule 4”.

Amendment of Schedule 3

17. Schedule 3 to the principal Act is amended by substituting for the word “fifteen” in subparagraph 2(2) the word “twenty-five”.

Amendment of Schedule 4

18. Schedule 4 to the principal Act is amended—

- (a) by deleting the word “ABORTIVE” in the heading;
- (b) by substituting for paragraph 2 the following new paragraph 2:

“2. (a) A person who has incurred qualifying prospecting expenditure may elect to claim, within three months after the beginning of a year of assessment in the basis period in which the expenditure was incurred or within such period in that year of assessment as the Director General may allow, a deduction to be made under paragraph 5(a) (in this Schedule that person and that year of assessment being referred to as “the prospector” and “the relevant year” respectively).

(b) Where no election has been made under subparagraph (a), a person who has incurred qualifying prospecting expenditure may claim for the relevant year a deduction under paragraph 5(b).”;

- (c) by substituting for paragraph 3 the following new paragraph 3:

“3. A claim under paragraph 2 shall—

- (a) if an election is made, be made in writing and shall be irrevocable;
- (b) specify the eligible area to which the claim relates and the amount of the qualifying prospecting expenditure claimed to be deductible;
- (c) contain a declaration described in paragraph 4 if a claim is made for a deduction under paragraph 5(b); and

in the case of subparagraph (b) or (c), shall contain such other information as may be necessary to enable the Director General to dispose of the claim in accordance with this Schedule.”;

(d) by substituting for the words “3(b)” in paragraph 4 the words “3(c)”;

(e) by substituting for paragraph 5 the following new paragraph 5:

“5. Subject to this Schedule, there shall be deducted for the relevant year under subsection 44(1)—

(a) an amount equal to so much of the qualifying prospecting expenditure as was incurred in the basis period for the relevant year:

Provided that where the area specified in paragraph 3(b) ceased to be an eligible area by reason of a lease, licence or certificate (other than a prospecting licence or certificate) granted or issued under any written law regulating mining being granted, issued or assigned to the prospector in any year of assessment subsequent to the relevant year, there shall be added under paragraph 43(1)(c) in ascertaining the prospector’s aggregate income for that year of assessment subsequent to that relevant year an amount equal to that prospecting expenditure or where a prospecting expenditure has been made to him for more than one relevant year the aggregate of all those expenditure for all those years; or

(b) an amount equal to so much of the qualifying prospecting expenditure as was incurred before, but not more than ten years before, the end of the basis year for the relevant year.”;

(f) by substituting for the words “3(a)” in subparagraph 6(a) the words “3(b)”;

(g) by inserting immediately after the words “pursuant to this Schedule” in paragraph 9 the words “for any or all relevant years”;

(h) by substituting for paragraph 10 the following new paragraph 10:

“10. (1) Where machinery or plant has been purchased by the prospector and used in any operation connected with any qualifying prospecting expenditure to which the provisional deduction relates (whether or not it was first used in that way), the provisional deduction under paragraph 5(a) shall be reduced—

- (a) if the machinery or plant has been sold in the basis period for the relevant year by the amount of any consideration for the sale (ascertained in accordance with paragraph 11);
- (b) by an amount equal to any sum received or receivable by the prospector in the basis period for the relevant year for the use of the machinery or plant otherwise than in any such operation; and
- (c) if the machinery or plant has not been sold in the basis period for the relevant year in which he permanently ceased to search for deposits of minerals in the area to which the claim relates, to win access to any such deposits discovered by him in that area and to test any such deposits, by an amount equal to its market value at the date he permanently ceased to prospect in that area.

(2) Where machinery or plant has been purchased by the prospector and used in any operation connected with any qualifying prospecting expenditure to which the provisional deduction relates (whether or not it was first used in that way), the provisional deduction under paragraph 5(b) shall be reduced—

- (a) if the machinery or plant has been sold before the date referred to in paragraph 4(a), by the amount of any consideration for the sale (ascertained in accordance with paragraph 11);
- (b) if the machinery or plant has not been sold before that date, by an amount equal to its market value at that date; and
- (c) by an amount equal to any sum received or receivable by the prospector before that date (and,

in the case of machinery or plant to which paragraph 14 applies, after the date on which the machinery or plant was first used in any such operation) for the use of the machinery or plant otherwise than in any such operation.”;

- (i) by substituting for the words “10(a)” in paragraph 11 the figures “10”;
- (j) by inserting immediately after the words “the relevant year” wherever they appear in paragraph 12 the words “or in the basis period for the relevant year, as the case may be,”; and
- (k) by inserting immediately after the words “subsequent to the relevant year” in paragraph 16 the words “which coincides with the year in which he permanently ceased to search for, win access or test deposits of minerals in that area”.

Amendment of Schedule 6

19. Part I of Schedule 6 to the principal Act is amended—

- (a) by inserting immediately after the word “Sultanah” in paragraph 1A the words “, Raja Permaisuri”;
- (b) by inserting immediately below paragraph 1A the following proviso:

“Provided that where there are two or more consorts of a Ruler of a State having the above titles, the exemption shall be given only to the one recognized to be the official Consort.”;

- (c) by inserting immediately after the word “Sultanah” in paragraph 1B the words “, Raja Permaisuri”;
- (d) by inserting immediately below paragraph 30 the following proviso:

“Provided that where a person is paid more than one pension, this paragraph shall apply to the higher or the highest pension paid, as the case may be.”;

- (e) by substituting for the word “three” in paragraph 32 the word “six”;

- (f) by inserting immediately after paragraph 32 the following new paragraph 32A:

“32A. Income of three thousand ringgit for the basis year for a year of assessment, by an individual resident in Malaysia, being payment received in that year in respect of any translation of books or literary work at the specific request of any agency of the Ministry of Education or the Attorney General’s Chambers:

Provided that the exemption shall not apply where the payment arises to the individual as part of his emoluments in the exercise of his official duties.”; and

- (g) by substituting for paragraph 34 the following new paragraph 34:

“34. Income of any person derived from exercising an employment on board a Malaysian ship as defined in this Act.”.

CHAPTER III

AMENDMENTS TO THE *SUPPLEMENTARY INCOME TAX ACT 1967

Commencement of amendments to the Supplementary Income Tax Act 1967

20. The provisions of this Chapter shall have effect for the year of assessment 1984 and subsequent years of assessment.

Amendment of section 13

21. Section 13 of the Supplementary Income Tax Act 1967 is amended—

- (a) by substituting for the full stop at the end of subsection (1) a colon; and
- (b) by inserting immediately below subsection (1) the following proviso:

“Provided that this Part shall not apply to income of a person under section 4A of the principal Act.”.

*NOTE—The Supplementary Income Tax Act 1967 [Act 54] has since been repealed by the Finance Act 1993 [Act 497]—see subsection 16(1) of Chapter V of Act 497.

CHAPTER IV

AMENDMENTS TO THE REAL PROPERTY GAINS
TAX ACT 1976**Commencement of amendments to the Real Property Gains
Tax Act 1976**

22. The provisions of this Chapter shall be deemed to have come into force on 19 October 1984.

Amendment of Schedule 5

23. The Real Property Gains Tax Act 1976 is amended by substituting for Schedule 5 the following new Schedule 5:

“ SCHEDULE 5

[Section 4 and subsection 7(4)]

RATES OF TAX

PART I

Except where Part II or Part III is applicable, the following rates of tax shall apply:

Category of disposal	Rate of tax
Disposal within two years after the date of acquisition of the chargeable asset	40 per cent
Disposal in the third year after the date of acquisition of the chargeable asset	30 per cent
Disposal in the fourth year after the date of acquisition of the chargeable asset	20 per cent
Disposal in the fifth year after the date of acquisition of the chargeable asset	10 per cent
Disposal in the sixth year after the date of acquisition of the chargeable asset	5 per cent
Disposal in the seventh year after the date of acquisition of the chargeable asset or thereafter ...	Nil

PART II

In the case where the disposer is a company, the following rates of tax shall apply:

Category of disposal	Rate of tax
Disposal within two years after the date of acquisition of the chargeable asset	40 per cent
Disposal in the third year after the date of acquisition of the chargeable asset	30 per cent
Disposal in the fourth year after the date of acquisition of the chargeable asset	20 per cent
Disposal in the fifth year after the date of acquisition of the chargeable asset	10 per cent
Disposal in the sixth year after the date of acquisition of the chargeable asset or thereafter ...	5 per cent

PART III

An individual who is not a citizen and not a permanent resident shall be charged at the rate of 40 per cent on every ringgit of the chargeable gain on the disposal of a chargeable asset acquired by him after 17 October 1980.”.

CHAPTER V**AMENDMENTS TO THE STAMP ORDINANCE 1949****Commencement of amendments to the Stamp Ordinance 1949**

24. The provisions of this Chapter shall come into force on 1 January 1985.

Amendment of section 2

25. Section 2 of the Stamp Ordinance 1949, which in this Chapter is referred to as “the Ordinance”, is amended—

- (a) by inserting immediately after the words “or marketable securities” in the definition of “equitable mortgage” the words “and a letter of hypothecation”; and

- (b) by inserting immediately after the definition of “lease” the following new definition:

‘ “letter of hypothecation” means any instrument creating a pledge or lien over goods in consideration of moneys advanced or to be advanced or to secure the payment or repayment of moneys;’.

Amendment of section 4

- 26.** Section 4 of the Ordinance is amended by substituting for the words “half a” in subsection (3) the word “ten”.

Amendment of section 19

- 27.** Section 19 of the Ordinance is amended by substituting for the word “five” in subsection (4) the word “ten”.

Amendment of section 20

- 28.** Section 20 of the Ordinance is amended—

(a) by substituting for the words “in respect only of the excess of the original consideration over the aggregate of the considerations moving from the sub-purchasers, but so that the duty on such last mentioned conveyance shall in no case be less than two ringgit” in subsection (4) the words “in the manner specified by section 12A and item 32(a) of the First Schedule to this Ordinance”; and

(b) by substituting for the word “five” appearing twice in subsection (5) the word “ten”.

New section 20B

- 29.** The Ordinance is amended by inserting immediately after section 20A the following new section 20B:

“Vesting or transfer of an undivided interest in property

20B. Every conveyance either on sale or by way of gift or settlement which operates to vest or transfer an undivided interest in real property, shall contain an affidavit of the transferee certifying that the transaction effected by the

instrument does not form part of a larger transaction or series of transactions completed or to be completed within a period of twelve months after the date of the first of the instruments employed to complete the conveyance of the property and where the transaction effected by the instrument forms part of a larger transaction or series of transactions and the aggregate of the consideration or market values of the separate parts or parcels being conveyed exceeds one hundred thousand ringgit, the *ad valorem* duty upon that instrument and upon every other instrument following shall be calculated on that excess at the rate of two ringgit for each one hundred ringgit or fractional part of a hundred ringgit of the amount of the money value of the consideration or the market value of each part or parcel whichever be the higher.”.

Amendment of section 21

30. Section 21 of the Ordinance is amended by substituting for the words “five ringgit or of fifty cents” in subsection (2) the words “ten ringgit or three ringgit”.

Amendment of section 29

31. Section 29 of the Ordinance is amended by deleting the words “shall be deemed to be an agreement and” in subsection (2).

New section 29A

32. The Ordinance is amended by inserting immediately after section 29 the following new section 29A:

“Direction as to duty upon a primary or principal security

29A. In determining whether an instrument is the only, principal or primary security for any annuity, or for any sum or sums of money or for the payment or repayment of money under item 21, 22 or 27 of the First Schedule to this Ordinance, no account shall be taken of any other instrument which is a security for the same annuity, sum or sums of money or for the same payment or repayment, as the case may be, or for any part thereof, unless that other instrument is chargeable with stamp duty under one of the said items of charge and is

duly stamped or is exempt from stamp duty either under the general exemptions of the First Schedule to this Ordinance or by an order made under section 80 of this Ordinance.”.

Amendment of the First Schedule

33. The First Schedule to the Ordinance is amended—

(a) by inserting immediately after item 4 the following new item 4A:

“4A. AGREEMENT OF SALE:

- | | |
|---|---|
| (a) Being the only, principal or primary security given under the Al-Bai-Bithaman, Al-Mudharabah principles of the Syariah Code | RM2.50 for every RM500.00 or part thereof of the total principal sum advanced by the financier. |
| (b) Being a collateral or auxiliary or additional or substituted security or by way of further assurance for purposes under (a) where the principal or primary security is duly stamped | One fifth of the duty on the principal or primary security but not exceeding RM10.00.”; |

(b) by substituting for sub-item 27(f) the following new sub-item (f):

“(f) Being a mortgage of stock or marketable security under section 29—
under hand only:

- | | |
|--|--|
| (i) where the principal or primary or other instrument relating to the mortgage has not been charged to <i>ad valorem</i> duty | RM2.50 for every RM500.00 or part thereof. |
| (ii) in any other case | RM10.00.”; |

(c) by inserting immediately after item 50 the following new item 50A:

“50A. LETTER OF HYPOTHECATION RM3.00”;

and

(d) by inserting the following exemption under sub-item 58(4):

“
Exemption
Where the sum insured does not exceed RM5,000”.

CHAPTER VI

AMENDMENTS TO THE *STAMP ORDINANCE (SABAH)

Commencement of amendments to the Stamp Ordinance (Sabah)

34. The provisions of this Chapter shall come into force on 1 January 1985.

Amendment of section 2

35. Section 2 of the Stamp Ordinance (Sabah), which in this Chapter is referred to as “the Ordinance”, is amended—

- (a) by inserting immediately after the words “or marketable securities” in the definition of “equitable mortgage” the words “and a letter of hypothecation”; and
- (b) by inserting immediately after the definition of “lease” the following new definition:

‘ “letter of hypothecation” means any instrument creating a pledge or lien over goods in consideration of moneys advanced or to be advanced or to secure the payment or repayment of moneys;’.

Amendment of section 4

36. Section 4 of the Ordinance is amended by substituting for the words “half a dollar” in subsection (3) the words “ten ringgit”.

Amendment of section 19

37. Section 19 of the Ordinance is amended by substituting for the word “five” in subsection (4) the word “ten”.

*NOTE—The Stamp Ordinance (Sabah) [*Sabah Cap. 137*] has since been repealed by the Stamp (Amendment and Extension) Act 1989 [*Act A723*]-see the Schedule of Act A723.

Amendment of section 20

38. Section 20 of the Ordinance is amended—

- (a) by substituting for the words “in respect only of the excess of the original consideration over the aggregate of the considerations moving from the sub-purchasers, but so that the duty on such last mentioned conveyance shall in no case be less than two dollars” in subsection (4) the words “in the manner specified by section 12A and item 32(a) of the First Schedule to this Ordinance”; and
- (b) by substituting for the word “five” appearing twice in subsection (5) the word “ten”.

New section 20B

39. The Ordinance is amended by inserting immediately after section 20A the following new section 20B:

“Vesting or transfer of an undivided interest in property

20B. Every conveyance either on sale or by way of gift or settlement which operates to vest or transfer an undivided interest in real property shall contain an affidavit of the transferee certifying that the transaction effected by the instrument does not form part of a larger transaction or series of transactions completed or to be completed within a period of twelve months after the date of the first of the instruments employed to complete the conveyance of the property and where the transaction effected by the instrument forms part of a larger transaction or series of transactions and the aggregate of the consideration or market values of the separate parts or parcels being conveyed exceeds one hundred thousand ringgit, the *ad valorem* duty upon that instrument and upon every other instrument following shall be calculated on that excess at the rate of two ringgit for each one hundred ringgit or fractional part of a hundred ringgit of the amount of the money value of the consideration or the market value of each part or parcel whichever be the higher.”.

Amendment of section 21

40. Section 21 of the Ordinance is amended by substituting for the words “five dollars or of fifty cents” in subsection (2) the words “ten ringgit or three ringgit”.

Amendment of section 29

41. Section 29 of the Ordinance is amended by deleting the words “shall be deemed to be an agreement, and” in subsection (2).

New section 29A

42. The Ordinance is amended by inserting immediately after section 29 the following new section 29A:

“Direction as to duty upon a primary or principal security

29A. In determining whether an instrument is the only, principal or primary security for any annuity, or for any sum or sums of money or for the payment or repayment of money under item 21, 22 or 27 of the First Schedule to this Ordinance, no account shall be taken of any other instrument which is a security for the same annuity, sum or sums of money or for the same payment or repayment, as the case may be, or for any part thereof, unless that other instrument is chargeable with stamp duty under one of the said items of charge and is duly stamped or is exempt from stamp duty either under the general exemptions of the First Schedule to this Ordinance or by an order made under section 80 of this Ordinance.”.

Amendment of the First Schedule

43. The First Schedule to the Ordinance is amended—

(a) by inserting after item 4 the following new item 4A:

“4A. AGREEMENT OF SALE:

(a) Being the only, principal or primary security given under the Al-Bai-Bithaman, Al-Mudharabah principles of the Syariah Code	RM2.50 for every RM500.00 or part thereof of the total principal sum advanced by the financier.
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- Exemption
- Where the sum insured does not exceed RM5,000”.

AMENDMENTS TO THE *STAMP ORDINANCE
(SARAWAK)

44. The provisions of this Chapter shall come into force on 1 January 1985.

*NOTE—The Stamp Ordinance (Sarawak) [Swk. Cap. 32] has since been repealed by the Stamp (Amendment and Extension) Act 1989 [Act A723]—see the Schedule of Act A723.

Amendment of section 2

45. Section 2 of the Stamp Ordinance (Sarawak), which in this Chapter is referred to as “the Ordinance”, is amended by inserting immediately after the definition of the words “foreign currency loan” the following new definition:

“letter of hypothecation” means any instrument creating a pledge or lien over goods in consideration of moneys advanced or to be advanced or to secure the payment or repayment of moneys;’.

New Sections 3c and 3d

46. The Ordinance is amended by inserting immediately after section 3B the following new sections 3C and 3D:

“Vesting or transfer of an undivided interest in property

3c. Every conveyance either on sale or by way of gift or settlement which operates to vest or transfer an undivided interest in real property shall contain an affidavit of the transferee certifying that the transaction effected by the instrument does not form part of a larger transaction or series of transactions completed or to be completed within a period of twelve months after the date of the first of the instruments employed to complete the conveyance of the property and where the transaction effected by the instrument forms part of a larger transaction or series of transactions and the aggregate of the consideration or market values of the separate parts or parcels being conveyed exceeds one hundred thousand ringgit, the *ad valorem* duty upon that instrument and upon every other instrument following shall be calculated on that excess at the rate of two ringgit for each one hundred ringgit or fractional part of a hundred ringgit of the amount of the money value of the consideration or the market value of each part or parcel whichever be the higher.

Direction as to duty upon a primary or principal security

3d. In determining whether an instrument is the only, principal or primary security for any annuity, or for any sum or sums of money or for the payment or repayment of money under item 21, 22 or 27 of the First Schedule to this Ordinance, no account shall be taken of any other instrument which is a security for the same annuity, sum or sums of money or for the same payment or repayment, as the case may be, or for

any part thereof, unless that other instrument is chargeable with stamp duty under one of the said items of charge and is duly stamped or is exempt from stamp duty either under the general exemptions of the First Schedule to this Ordinance or by an order made under section 19A of this Ordinance.”.

Amendment of the First Schedule

47. The First Schedule to the Ordinance is amended—

(a) by inserting after item 4 the following new item 4A:

“4A. AGREEMENT OF SALE:

- | | |
|--|---|
| (a) Being the only, principal or primary security given under the Al-Bai-Bithaman, Al-Mudharabah principles of the Syariah Code | RM2.50 for every RM500.00 or part thereof of the total principal sum advanced by the financier. |
| (b) Being a collateral or auxiliary or additional or substituted security or by way of further assurance for purposes under (a) where primary security is duly stamped | One fifth of the duty on the principal or primary security but not exceeding RM10.00.”; |

(b) by substituting for sub-item 27(f) the following new sub-item (f):

“(f) Being a mortgage of stock or marketable security—
under hand only:

- | | |
|--|--|
| (i) where the principal or primary or other instrument relating to the mortgage has not been charged to <i>ad valorem</i> duty | RM2.50 for every RM500.00 or the part thereof. |
| (ii) in any other case | RM10.00.”; |

(c) by inserting immediately after item 50 the following new item 50A:

“50A. LETTER OF HYPOTHECATION RM3.00”,

and

(d) by inserting the following exemption under sub-item 58(4):

“

Exemption

Where the sum insured does not exceed RM5,000”.

CHAPTER VIII

AMENDMENTS TO THE *ESTATE DUTY ENACTMENT 1941

Commencement of amendments to the Estate Duty Enactment 1941

48. The provisions of this Chapter shall be deemed to have come into force on 19 October 1984 and shall apply in the case of any person dying on or after that date.

Amendment of section 5

49. Section 5 of the Estate Duty Enactment 1941, which in this Chapter is referred to as “the Enactment”, is amended—

- (a) by substituting for the word “five” wherever it appears the word “seven”;
- (b) by deleting the first proviso to paragraph (iii);
- (c) by substituting for the words “And Provided further” in the second proviso to paragraph (iii) the word “Provided”;
and
- (d) by inserting immediately after the words “public or charitable purposes” in the third proviso to paragraph (iii) the words “approved by the Director General of Inland Revenue Malaysia”.

Amendment of section 9

50. Section 9 of the Enactment is amended by substituting for the word “five” wherever it appears the word “seven”.

*NOTE—The Estate Duty Enactment 1941 [*F.M.S. 7 of 41*] has since been repealed by the Finance Act 1992 [*Act 476*]*—see* subsection 46(1) of Act 476.

Amendment of section 13

51. Section 13 of the Enactment is amended—

- (a) by substituting for the word “five” wherever it appears the word “seven”; and
- (b) by inserting immediately after the words “public or charitable purposes” in the second proviso the words “approved by the Director General of Inland Revenue Malaysia”.

Amendment of section 23

52. Section 23 of the Enactment is amended by deleting the words “for reasonable funeral expenses not to exceed one thousand dollars or two and a half per centum of the ascertained value of the estate whichever is the smaller and” in subsection (i).

CHAPTER IX**AMENDMENTS TO THE *ESTATE DUTY
ORDINANCE (SABAH)****Commencement of amendments to the Estate Duty Ordinance (Sabah)**

53. The provisions of this Chapter shall be deemed to have come into force on 19 October 1984 and shall apply in the case of any person dying on or after that date.

Amendment of section 7

54. Section 7 of the Estate Duty Ordinance (Sabah), which in this Chapter is referred to as “the Ordinance”, is amended—

- (a) by substituting for the word “five” wherever it appears the word “seven”; and
- (b) by inserting immediately after the words “public or charitable purposes” in the second proviso to paragraph (d) the words “approved by the Director General of Inland Revenue Malaysia”.

*NOTE—The Estate Duty Ordinance (Sabah) [*Sabah Cap. 42*] has since been repealed by the Finance Act 1992 [*Act 476*]*—see* subsection 46(1) of Act 476.

Amendment of section 8

55. Section 8 of the Ordinance is amended—

- (a) by substituting for the word “five” wherever it appears the word “seven”; and
- (b) by inserting immediately after the words “public or charitable purposes” in the proviso to subsection (1) the words “approved by the Director General of Inland Revenue Malaysia”.

Amendment of section 17

56. Subsection 17(1) of the Ordinance is amended by deleting the words “for reasonable funeral expenses, and”.

CHAPTER X**AMENDMENTS TO THE *ESTATE DUTY
ORDINANCE (SARAWAK)****Commencement of amendments to the Estate Duty Ordinance (Sarawak)**

57. The provisions of this Chapter shall be deemed to have come into force on 19 October 1984 and shall apply in the case of any person dying on or after that date.

Amendment of section 2

58. Section 2 of the Estate Duty Ordinance (Sarawak), which in this Chapter is referred to as “the Ordinance”, is amended—

- (a) by deleting the words “(other than heirlooms, household and personal effects, including jewellery, such jewellery not being of a greater value than five hundred dollars)” in subsection (1);
- (b) by substituting for the word “five” wherever it appears in subsection (5) the word “seven”; and
- (c) by inserting immediately after the words “public or charitable purposes” in the proviso to subsection (5) the words “approved by the Director General of Inland Revenue Malaysia”.

*NOTE—The Estate Duty Ordinance (Sarawak) [Swk. Cap. 29] has since been repealed by the Finance Act 1992 [Act 476]—see subsection 46(1) of Act 476.

Amendment of section 4

- 59.** Section 4 of the Ordinance is amended—
- (a) by deleting “(1)” in subsection (1); and
 - (b) by deleting subsection (2).

CHAPTER XI

AMENDMENTS TO THE *FINANCE (ESTATE DUTY) ACT 1980

Commencement of amendments to the Finance (Estate Duty) Act 1980

- 60.** The provisions of this Chapter shall be deemed to have come into force on 19 October 1984 and shall apply in the case of any person dying on or after that date.

Deletion of section 4

- 61.** Section 4 of the Finance (Estate Duty) Act 1980, which in this Chapter is referred to as “the principal Act”, is deleted.

Amendment of the First Schedule

- 62.** The principal Act is amended by substituting for the First Schedule the following new First Schedule:

“

FIRST SCHEDULE

[Section 5]

RATES OF ESTATE DUTY IN CASE OF PERSON DYING DOMICILED IN ANY PART OF MALAYSIA

Principal Value of the Estate	Rate of Duty
For every ringgit of the first RM2,000,000	Nil
For every ringgit of the next RM2,000,000	5 per cent
For every ringgit exceeding RM4,000,000	10 per cent”.

*NOTE—The Finance (Estate Duty) Act 1980 [Act 224] has since been repealed by the Finance Act 1992 [Act 476]—see subsection 46(1) of Act 476.

Amendment of the Second Schedule

63. The principal Act is amended by substituting for the Second Schedule the following new Second Schedule:

“

SECOND SCHEDULE**[Section 6]****RATES OF ESTATE DUTY IN CASE OF PERSON DYING
DOMICILED OUTSIDE MALAYSIA**

Principal Value of the Estate	Rate of Duty
For every ringgit of the first RM400,000	Nil
For every ringgit of the next RM400,000	5 per cent
For every ringgit exceeding RM800,000	10 per cent”.

LAWS OF MALAYSIA**Act 309****FINANCE ACT 1984****LIST OF AMENDMENTS**

Amending law

Short title

In force from

– NIL –

LAWS OF MALAYSIA**Act 309****FINANCE ACT 1984****LIST OF SECTIONS AMENDED**

Section	Amending authority	In force from
	– NIL –	

