



Tay Weng Hwee
Corporate
T: +603 6208 5900
E: twh@lh-ag.com

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Rent-to-Own Scheme

At the tabling of Budget 2020, the government of Malaysia introduced an alternative financing scheme to assist home ownership for first-time homeowners (**Rent-to-Own Scheme**). At the request of the individual, the financial institution shall purchase a residential property from the property developer and rent it to the individual, with an option for the individual to purchase subsequently.

With effect from 1 January 2020, any instrument of transfer executed between the transferor and the transferee at the stage specified in the following schedule under the Rent-to-Own Scheme shall be exempted from stamp duty:

Stage	Transferor	Transferee
First transfer	Property developer	Financial institution
Second transfer	Financial institution	Individual

The exemption of stamp duty is subject to the following:

- (a) The sale and purchase agreement between the property developer and the financial institution for the purchase of the residential property (**SPA**) shall be executed between 1 January 2020 and 31 December 2022 and stamped at any branch of the Inland Revenue Board of Malaysia.
- (b) The rent-to-own agreement between the individual and the financial institution for the rental of the residential property (**Rental Agreement**) shall be executed between 1 January 2020 and 31 December 2022.
- (c) The sale and purchase agreement between the financial institution and the individual for the purchase of the residential property shall be stamped at any branch of the Inland Revenue Board of Malaysia.
- (d) The value of the residential property shall be based on the purchase price in the SPA, which shall not be more than RM500,000.
- (e) The residential property must be the individual's first owned residential property, including any residential property obtained by way of inheritance or gift, held either individually or jointly. In

this regard, the individual is required to sign a statutory declaration to that effect.

(f) The period of rental under the Rental Agreement must not exceed five years.

(g) The individual must be a Malaysian citizen.

After the rental period of a year, the individual may opt to purchase the residential property from the financial institution based on Shariah-compliant principles.

Cindy Sim Xin Yee (sxy@lh-ag.com)

If you have any queries, please contact the author or her team partner **Tay Weng Hwee** (tw@lh-ag.com).

Lee Hishammuddin Allen & Gledhill

Level 6, Menara 1 Dutamas
Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
Malaysia

T +603 6208 5888
F +603 6201 0122/0136
E enquiry@lh-ag.com
W www.lh-ag.com

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