

REAL PROPERTY GAINS TAX

1. Merger of Insurance Companies

The *Real Property Gains Tax (Exemption)(No.2) Order 2002* provides that real property gains tax exemption be given in respect of chargeable gains derived from the transfer of chargeable assets pursuant to an approved merger of insurance companies. The said merger must be completed on or between 1st April, 1999 until 30th August, 2002 and approved by Bank Negara Malaysia.

The completion of the merger scheme is on the date Bank Negara Malaysia receives the sale and purchase agreement or the conditional sale and purchase agreement signed by the relevant insurance company for the purpose of the merger. This Order revokes the *Real Property Gains Tax (Exemption)(No.7) Order 1999*.

“Insurance company” means an insurance company licensed under the Insurance Act 1996.

The exemption order is deemed to have come into operation on 1st April, 1999.

2. Merger of Stock Broking Companies

The *Real Property Gains Tax (Exemption)(No.5) Order 2002* provides that real property gains tax exemption be given in respect of chargeable gains accruing on the disposal of any chargeable assets to another member company pursuant to an approved scheme of merger or acquisition resulting in a universal broker company where the instrument of agreement for merger or acquisition is executed on or between 1st January, 2001 until 31st December, 2002. For the purpose of this Order :-

“a member company” has the meaning assigned to it under subsection 2(1) of the *Securities Industry Act 1983 [Act 280]*.

“an universal broker company” means a member company that has been granted universal broker status by the Securities Commission;

“an approved scheme of merger or acquisition” means a merger or acquisition that has been approved by the Securities Commission;

“an instrument of agreement for merger or acquisition” means a merger, acquisition or sale and purchase agreement pursuant to an approved scheme of merger or acquisition.

The exemption order is effective from 1st January, 2001.