



**PARAGRAPH 34A (6) SCHEDULE 2
REAL PROPERTY GAINS TAX ACT 1976**

**VISB
V.
DIRECTOR GENERAL OF INLAND REVENUE
MOF.PKCP.700-7/1/1002-1011**

 **SPECIAL COMMISSIONERS OF INCOME TAX**
 **TUAN SHAZRIL BIN GHAZALI**
 **24 OCTOBER 2025**

The Taxpayer was an investment holdings company. The Taxpayer entered into a Share Purchase Agreement (“SPA”) with SAG Sdn Bhd (“SAG”) for the sale of 17,000,000

ordinary shares in VSB Sdn Bhd (“VSB”) for a consideration price of RM75,765,289.00 which had been revised to RM78,276,751.00. Based on the Form CKHT 1B which was filed by the Taxpayer, the Director General of Inland Revenue (“the DGIR”) issued a Notice of Assessment and Notices of Additional Assessment for the Year of Assessment (“YA”) 2018 under Paragraph 34A of the Schedule 2 of the Real Property Gains Tax Act 1976 (“RPGTA 1976”) against the Taxpayer on 2.12.2019.

The Taxpayer argued that the DGIR had failed to perform the appropriate test in determining the status of the Real Property Company (“RPC”) on VSB in accordance with Paragraph 34A(6) of the Schedule 2 of the RPGTA 1976. The Taxpayer further argued that in order to determine the RPC status of VSB, the date of acquisition of land should be based on the date of Sale and Purchase Agreement ie 6.8.1996 and not the date of the Financial Year End ie 31.12.1996.

However, the DGIR contended that VSB was an RPC in 1996 irrespective of the date as suggested by the Taxpayer since there was no activity throughout the period from 07.05.1996 to 31.12.1996. Based on Paragraph 34A of the Schedule 2 of the RPGTA 1976, there was no necessity to determine whether VSB was an RPC at the time of the sale of Taxpayer’s shares to SAG. The acquisition of shares in an RPC shall be deemed to be an acquisition of chargeable assets and where such shares were disposed of, the disposal shall be deemed to be the disposal of chargeable assets of an RPC. However, as VSB had never disposed of any chargeable assets, VSB maintained its status as an RPC. Therefore, the disposal of 17,000,000 ordinary shares in VSB should be subjected to tax under Paragraph 34A Schedule 2 RPGTA 1976.

On 24.10.2025, the Special Commissioners of Income Tax (“SCIT”) dismissed the Taxpayer’s appeal and held that the Taxpayer had failed to discharge the burden of proof as required under Paragraph 13 Schedule 5 Income Tax Act 1967. Accordingly, the Notice of Assessment and Notices of Additional Assessment dated 2.12.2019 for YA 2018 was confirmed.

Editorial Notes:

- *The Taxpayer has a right to appeal to the High Court within 21 days from the date of the decision.*