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Legal Update

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Johor's Property Transfers:

New Rates and Rising Costs from July 2025

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INTRODUCTION

Johor has rapidly emerged as one of Malaysia's top property investment destinations, driven by its strategic location near Singapore, ample land resources, and a sustainable living environment. Its accessibility makes it especially attractive to local and foreign investors.

Major developments, including the **Iskandar Malaysia corridor**^[1] and the upcoming **Johor Bahru-Singapore Rapid Transit System (RTS)**^[2], have significantly boosted investor confidence and supported Johor's rapid urbanisation. Coupled with affordable property prices, a rising urban population and strong rental demand, Johor offers long-term potential for capital appreciation and stable yields.

[1] <https://www.mida.gov.my/economic-corridors-iskandar-malaysia/> (ECONOMIC CORRIDORS ISKANDAR MALAYSIA)

[2] <https://www.mymrt.com.my/projects/rtb-link/> (RAPID TRANSIT SYSTEM LINK (RTS LINK) PROJECT BETWEEN JOHOR BAHRU AND SINGAPORE)

Tax Incentives and the Johor–Singapore SEZ

In addition, following the signing of the recent **Johor-Singapore Special Economic Zone (“JS-SEZ”)**^[3] agreement, the Government of Malaysia has introduced a tax incentive package which includes 40% stamp duty exemption on the transfer or financing of unsold commercial properties in Johor Bahru Waterfront and Iskandar Puteri. This incentive, valid until 31st December 2024 under **Section 80(1) of the Stamp Act 1949**^[4], further strengthens Johor’s appeal to both local and foreign investors.

However, on 13th June 2025, **Johor Land Office (“Pejabat Pengarah Tanah dan Galian Johor”)** issued **Circular 03/2025**^[5] has announced two significant changes to Johor’s property transfer process. Effective 1 July 2025, these changes will impact both local and foreign buyers, increasing upfront transaction costs.



[3] <https://www.irda.com.my/johor-singapore-special-economic-zone-js-sez/>

[4] <https://www.mida.gov.my/forms-and-guidelines/js-sez-tax-incentive-package/>

[5] Pekeliling Pengarah Tanah Dan Galian Johor Bil 03 Tahun 2025 (<https://ptj.johor.gov.my/galeri/pekeliling/#tab-546382>)

Change 1: Fixed Memorandum of Transfer (MOT) Fees

Previously, the MOT registration fee was calculated as a percentage of property value. Under the new circular, it follows a fixed-rate tiered structure based on property price brackets: -

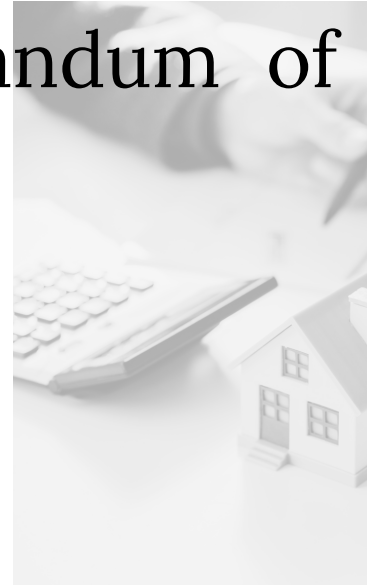


Table 1: Registration Fee for Property Transfers

Property Value	Registration Fee
More than RM500,000.00 – RM600,000.00	RM2,500.00
More than RM600,000.00 – RM 700,000.00	RM3,000.00
More than RM700,000.00 – RM 800,000.00	RM3,500.00
More than RM800,000.00 – RM 900,000.00	RM4,000.00
More than RM900,000.00 – RM1,000,000.00	RM4,500.00
RM1,000,000.00 and above (Additional value RM50,000.00)	RM4,500.00 (Additional RM250.00)

Example:

For a property valued at RM1.1 million, the total MOT fee would be RM5,000.00 (RM4,500 for the first RM1,000,000 + RM500 for the remaining RM100,000).

This change helps buyers, especially those purchasing properties worth RM1 million and above, to better anticipate and manage the costs involved in property transfers.

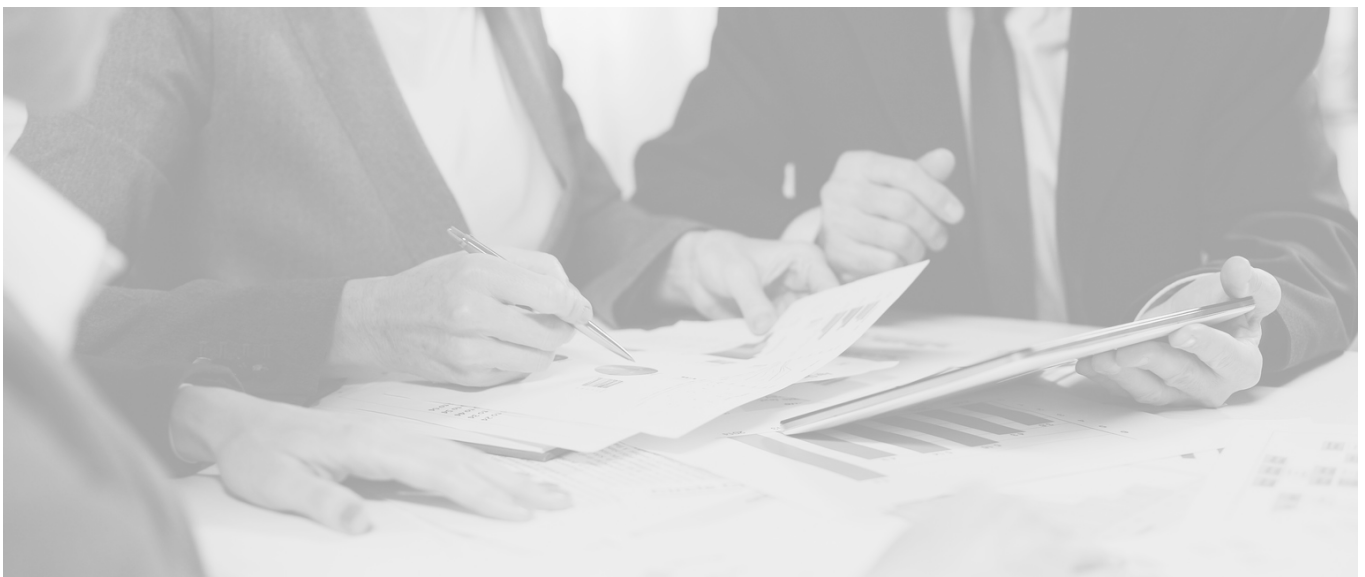
Change 2: Higher Levies for Foreign Purchasers

The levy on foreign buyers will increase significantly: -

- Residential, commercial, agricultural properties: From 2% to 3% of property value; and
- Industrial properties: From 2% to 4% of property value.

This change has a significant impact on foreign investors, especially when added to the existing 4% stamp duty. As a result, the total entry cost for foreign buyers increases to 7% for residential, commercial, and agricultural properties, and 8% for industrial properties.

Such increases may influence investment decisions, particularly for high-value or large-scale transactions. According to the Johor state government, these revisions aim to modernise land administration and support infrastructure upgrades, noting that previous fee structures had remained unchanged for over a decade, since 2004 for land transfer fees and 2014 for levies.





Exemptions and Transition Period

It is important to note that property transfers made out of familial love and affection, such as those between immediate family members, remain **exempt** from the new rate structure. These transactions will continue to be levied at 2% of the property's JPPH valuation or a minimum of RM20,000.00, whichever is higher.

Additionally, those who executed the Sale & Purchase Agreement or transfer documents and had them properly stamped before 1st July 2025 are **exempt** from the new rates, provided that the complete application and supporting documents are submitted to the Johor Land Office on or before 29th August 2025.

Conclusion and Impact Analysis



The revision of Johor's property transfer rates marks a significant shift in transaction costs for both local and foreign buyers. While the fixed MOT fee structure offers greater clarity and potential savings for high-value properties, the higher levies on foreign purchasers substantially raise entry costs, which may influence cross-border investment decisions.

Who is impacted?

- Local buyers should reassess their budgets, particularly for properties above RM500,000, and take advantage of transitional exemptions where possible.
- Foreign investors face a steeper cost burden — up to 7%–8% total levies — and may need to review acquisition timelines and return expectations.
- Developers and real estate agents must clearly communicate these cost changes to buyers and adjust sales strategies accordingly.
- Legal practitioners will be central in guiding clients through compliance, exemptions, and accurate cost planning, ensuring proper documentation is filed within stipulated deadlines.

By understanding these changes early, **stakeholders can strategically plan transactions, mitigate unexpected costs, and remain competitive in one of Malaysia's most dynamic property markets.**



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Get in Touch

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