

ACCOMMODATION RENTAL GUIDELINE

Important Things to Note About Your Rights If You're Renting a Room or House in Malaysia

THERE ARE PROVISIONS UNDER PART 15: LEASES & TENANCIES OF THE NATIONAL LAND CODE 1965, WHICH ARE RELATED TO TENANCY.

1. TENANCY AGREEMENT & STAMP DUTY

A tenancy agreement is defined as a contract signed by both the landlord and tenant which clearly states all the terms and conditions regarding the rental of a property. Both parties are allowed to negotiate the terms of the tenancy agreement and once they agree and sign the paper, the landlord and tenant are bound by the terms in the said agreement. The agreement is only deemed valid after the stamp duty has been paid. The Stamp Duty imposed by Inland Revenue Board of Malaysia (LHDN) is as follows:

- Rental for every RM250 in excess of RM2,400 rental per year. Annual rental below RM2,400 – no stamp duty.
- So, here's an example of how the calculations would be if you're renting a property for RM1,500 per month: Stamp Duty: $(RM18,000 \text{ (annual rent)} - RM2,400) / RM250 \times 1 \text{ year} = RM62.40$

Source: Speedhome

2. TENANCY AGREEMENT CONTENT

To ensure that everything is accounted for and discussed prior to the start of the tenancy duration, ensure that these details are included in the agreement and that you agree to it as a tenant.

a) Monthly rental Rents can usually be negotiated freely. However, most landlords would already have a set amount of monthly rental that tenants comply to, so it's best to check if both parties are on the same page. The agreement must also include a set date on when the rent should be paid monthly. Most landlords would require for the rent to be paid by the 1st of every month, but you can negotiate the details with your landlord and come up with a date that you can both agree on, should you need to pay at a slightly later date every month.

b) Security deposit The security deposit is used to cover any damages to the property or any of the furniture provided by the landlord that is caused by the tenant during the tenancy period. The deposit may be forfeited if the tenancy comes to an end before the agreed actual end-date. This will usually be indicated in the tenancy agreement under the section which mentions how many days/months' notice a tenant has to give the landlord before ending the tenancy agreement. It is a common practice in Malaysia for most landlords to ask for a security deposit of two months' gross rental and half a month's rent as utility fees (water and electricity) deposit. So, if the monthly rental is RM1,000, then the security deposit will be RM2,500. Should there be no issues with the tenancy, both the security and utility deposit will be returned in full to the tenant at the end of the tenancy agreement.

c) Mode of payment for monthly rental Rent is commonly paid via online bank transfers for hassle-free monthly transaction. However, as a tenant, make sure that you receive the receipts for each month's rental payment in a timely manner.

d) Details of the landlord and tenant The tenancy agreement must include the full name, IC/passport number, and address of both parties for references. It is important for both parties to know these details should any problem arise with the tenancy.

e) Tenancy commencement and end date Tenancy commencement date is basically the date that the tenant is given the keys to the property and he/she moves in. The tenant has to move out on the set end date of the tenancy duration. This provision will also include the amount of notice (days/months) a tenant must give before moving out or if they want to renew the tenancy agreement.

f) Any other special conditions required by the landlord This can be anything from a 'no pets' rental policy, a limit on the number of people allowed to live in the house, parking areas, to indicating whether or not the tenant can smoke in or near the property. Make sure you speak to your landlord if you disagree on the terms stated in the tenancy agreement before signing it, even if the landlord says it is just a 'standard agreement'. This can avoid costly, time-consuming legal problems in the future - during the duration of tenancy.

Warning 1 – Duration of Agreement

There is an unfavorable condition to being a tenant. For example, you sign on for a three-year agreement. This means as you pay your monthly rentals, you are fulfilling the tenancy agreement for a full period of three years.

But two years in, you decide to terminate your tenancy. You may have to still pay the rentals for the remaining one year.

Source: Malaysian Bar

Warning 2 - “As-Is” Basis

An “as-is” basis means the tenant agrees to rent the house in its present condition. That means if you did not realize that the house has a leaky sink because you failed to do due diligence by checking out the property beforehand, you would not be able to complain that your landlord gave you the short end of the stick.

So always before signing the contract, do a thorough spot check of the house because this allows the landlord to fix any faulty items around the house.

This also applies to “white goods” such as fridge, washing machine, hairdryer, etc. Basically, test everything, check every nook and corner.

Warning 3 - Break Down Repairs

Let's say the aircond the landlord provides breaks down? Or if your bathroom ceiling is suddenly leaky?

What do you do?

If you are living in a condo or apartment, it goes back to who is responsible for the leak. So you notify your landlord and building management. Malaysian laws stipulate that the unit above caused the leak and the management would start their investigation there.

So, if the unit above caused the leak, the owner of the said unit would have to bear the cost of repairs for you. But if it's the aircond, then things get a little muddy as the law does not touch on it. So, to see who is responsible for repairs, check your tenancy agreement.

ACCOMMODATION RENTAL GUIDELINE

Important Things to Note About Your Rights If You're Renting a Room or House in Malaysia

3. TENANT RESPONSIBILITIES

As a tenant, make sure you have a detailed tenancy agreement, comply to the rules and requests (if any), and be responsible with your rental payments. Write down everything and have physical proof of all payments (insist on receipts) and agreements. Ultimately, is a two-way code of conduct that must be respected by both the landlord and tenant. If both parties are considerate and trustworthy, the tenancy can be a stress-free one.

4. LANDLORD RESPONSIBILITIES

These four points usually govern landlord behaviour:

- Paying all necessary charges related to the property such as quit rent, assessment, maintenance fees, etc.
- Maintaining a fire insurance for the unit.
- Allowing his or her tenant to enjoy “quiet enjoyment” of the property. Meaning, the landlord cannot use his/her set of keys to enter your unit without permission. He also doesn't have the right to demand you to open the house to him without reason.
- Maintaining what is considered the major infrastructure in the houses such as piping, electrical wirings and other structural repairs.

5. EVICTION ISSUE

It is unlawful for property owners to evict their tenants or recover possession of the house/room without court order under Section 7(2) of the Specific Relief Act 1950.

As such, landlords are prohibited from resorting to changing the locks or kicking out the tenants without the necessary court documents. Should they do so, they can be sued for trespassing by their tenants. A landlord must go through a legal process to deal with tenants that do not pay their rents.

As a tenant, make sure that you make the monthly rental payments in a timely manner and should you have any problems with the rent, contact your landlord immediately and speak to them about it. It is important to be mindful of the fact that certain landlords do rely on the monthly rentals they collect as their monthly income.

Dealing with tenancy matters can be a little tedious, but you can minimize and avoid problems by ensuring that you and your landlord are on the same page.