

## IS IT POSSIBLE TO BUILD A FACTORY ON AGRICULTURAL LAND?

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Before the landowner decided to build a building on his land, what are the matters he must take into account? First, the landowner should ascertain the category of land use endorsed on his land title. For example, a factory is allowed to build on an industrial land. If it is agriculture land, the land is only allowed to use for agricultural cultivation only. Therefore, a factory is not allowed to be built on agricultural land. In the case if the authorities discover the breach of a condition of the land alienated and the State Authority is given power to forfeit the land. As such any landowner who intends to use his land for another category of use other than the category stated in the title must apply to change the category of land use accordingly.

Conversion of land use refers to the variation of the category of land use stated in the land title to another category. The condition attached to the land comprising of ‘implied condition’ and ‘express condition’. All alienated lands are divided into 3 categories of land use that are ‘Agriculture’, ‘Building’, and ‘Industry’. These 3 categories of land use are also called the implied condition of the land, while the express conditions are those specially endorsed or expressed on the land title (e.g. the land may only be used to plant rubber trees). The landowners must use the land in accordance with the category of land use and the express condition stipulated in their land title. Variation of land conditions is a process whereby a registered proprietor applies to change the usage of the land from one purpose to another so that the land can be developed for purposes other than the original category of land use. Any proprietor of alienated land may apply for land conversion for the following purposes:

- To amend the land use type
- To impose land use type
- To remove the express conditions of the land
- To remove the phrase ‘rice’, ‘rubber’ or ‘village’
- To amend the express conditions of the land
- To remove the restriction of interest of the land
- To impose restriction of interest to the land

Land conversion involves a few steps. First of all, the landowners are required to check with the Land Office for the land usage zoning to determine whether the category of conversion requested is possible. In Johor, landowners could check the land usage zoning online through GeoJohor (<http://geoportal.johor.gov.my/en/>).

Before submitting a land conversion application, a land valuation is required to be carried out in compliance with the law. An additional premium will be also incurred when the application is approved. The valuation process is typically conducted by the Valuation and Property Services Department (JPPH). If the application is submitted with correct and complete documents, JPPH will report the valuation to the Land Office or Land and Mines Office.



**Figure 1: Flow Chart of Land Conversion Application**

## **Payment for Land Conversion**

A few types of payment will be charged based on the area of the land involved upon the application for land conversion is received:

1. Application fees
2. Additional premium

The basis for the computation of additional premium is provided in the various State Land Rules and it is different among rules. The computation of the additional premium will depend on the rate of the respective State Land Rules, as well as the difference in market value between the existing use and changing use.

3. Land application fee
4. Title registration fee
5. Title survey fee (if required)

If the land involved in the change in boundary, title survey is required to be identified the new land boundary.

## **Documents Required for Land Conversion:**

For individual application, the documents required as follows:

- Certified copy of the land title
- Copy of quit rent receipt for current year
- Authorized letter from every person having a registered interest on the land
- Contact details of the applicant
- Site plan
- Location plan

For company application, the additional documents are required to be prepared:

- Company resolution
- Memorandum and articles of the company
- List of Board of Directors
- Statement of share distribution

The total duration of land conversion application varies from 18 to 24 months. Therefore, it is suggested that landowner can appoint a professional consultant team to provide guidance in the procedure of application and to effectively expedite the process of application.

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Reference

1. Valuation and Property Services Department of Malaysia. *Change in Category of Land Use*. Retrieved on 18<sup>th</sup> March 2020 from <https://www.jp-ph.gov.my/v3/en/jp-ph-business/valuation-and-property-services-activity/change-in-category-of-land-use>
2. PLAN Malaysia. (2020). Johor Landuse Portal. *GEOJohor*. Retrieved on 20<sup>th</sup> March 2020 from <http://geoportal.johor.gov.my/en/>.