



Equal Homes, Equal Charges? The Court Of Appeal Clarifies When Differential Maintenance Charges Are Permitted

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For more information, please contact:

Chia Loong Thye

ltchia@rdslawpartners.com

David Lee Lai Huat

david.lee@rdslawpartners.com

Falisa Abu Bakar

falisa@rdslawpartners.com

Hurriyyah Kamaruzzaman

hurriyyah@rdslawpartners.com

Kamilah Kasim

kamilah@rdslawpartners.com

Lim Sheh Ting

shehting@rdslawpartners.com

Michele Kythe Lim

michele@rdslawpartners.com

Ooi Bee Hong

beehong@rdslawpartners.com

Raphael Tay Choon Tien

raphael@rdslawpartners.com

Sharifah Sazita

sharifah@rdslawpartners.com

Tan Gek Im

gekim@rdslawpartners.com

Teo Siang Ly

siangly@rdslawpartners.com

Yap Wai Ming

waiming@rdslawpartners.com

Owners of stratified properties often question why they should pay the same maintenance charges as other parcel owners when they have access to fewer facilities or derive less benefit from the common property. Can a management corporation lawfully impose different maintenance charge rates simply because certain owners enjoy fewer common amenities?

The Court of Appeal recently answered this question in the negative in *Yong Kein Sin & Anor v Perbadanan Pengurusan Springtide Residences & Ors* [2025] MLJU 1469. The court held that, under Section 60(3)(b) of the Strata Management Act 2013 (SMA 2013), differential maintenance charges are permissible only where parcels are used for significantly different purposes. Differences in the extent to which parcel owners have access to, utilise or benefit from common facilities do not, without more, justify different rates of charges where all parcels are used for the same purpose, namely residential or commercial use.

This decision provides important guidance for developers, joint management bodies, management corporations (MCs) and parcel owners on the limits of an MC's statutory powers when determining maintenance charges.

The Statutory Framework

The SMA 2013 establishes the legal framework governing the maintenance and management of stratified developments and their common property. Among the statutory responsibilities of an MC is the duty to determine and collect maintenance charges and sinking fund contributions from parcel proprietors.

Section 60(3)(b) of the SMA 2013 provides that an MC shall:

"...raise the amounts so determined by imposing Charges on the proprietors in proportion to the share units or provisional share units of their respective parcels or provisional blocks, and the management corporation may determine different rates of Charges to be paid in respect of parcels which are used for significantly different purposes and in respect of the provisional blocks."

The provision therefore creates a general rule that maintenance charges are to be imposed according to share units, subject only to a limited statutory exception permitting different rates where parcels are used for significantly different purposes.

Background

The dispute arose from Springtide Residences, a stratified residential development comprising apartment units and landed villas. The MC imposed different rates of maintenance charges on apartment owners and villa owners. It justified the differential rates on the basis that villa owners had limited access to facilities located within the apartment towers, including the swimming pool, gymnasium, lifts and function rooms. The MC further argued that villa owners were responsible for maintaining certain facilities within their own properties and therefore benefited less from the MC's maintenance obligations.

The proprietors of the villas challenged the legality of the differential charging structure, contending that both the villas and apartments were residential parcels and that Section 60(3)(b) did not permit different rates merely because certain owners enjoyed fewer common facilities.

The Court Of Appeal's Decision

The Court of Appeal allowed the appeal and held that the differential maintenance charges imposed by the MC were *ultra vires* Section 60(3)(b) of the SMA 2013.

In reaching that conclusion, the court's reasoning rested on four important principles as follows:

- (a) The statutory exception permitting different maintenance charge rates is narrowly framed. Section 60(3)(b) allows differential rates only where parcels are used for significantly different purposes. The emphasis is on the purpose for which the parcel itself is used.
- (b) The relevant inquiry is not whether different proprietors enjoy different levels of access to common facilities or derive different degrees of benefit from them. Rather, the Court must determine whether the parcels themselves are used for different purposes.

- (c) Both the apartment units and the landed villas were used exclusively for residential purposes. Although their physical layouts and access to facilities differed, their essential character and permitted use remained the same.
- (d) The differing levels of enjoyment of common property cannot alter the statutory classification of the parcels. Reduced access to facilities, different maintenance responsibilities or perceived disparities in benefits do not convert one residential parcel into a parcel used for a different purpose.

Accordingly, the Court of Appeal held that the statutory precondition for imposing different maintenance charge rates had not been satisfied. As both categories of parcels were residential in nature, the MC had acted beyond the powers conferred upon it under Section 60(3)(b).

Practical Implications

The decision has significant implications for developers, management corporations and parcel owners.

For management corporations, the judgment serves as a reminder that maintenance charging structures must strictly comply with the statutory framework. Differential rates cannot be justified merely because certain parcel owners have access to fewer facilities, receive fewer services or derive less benefit from the common property.

Developers should also take note when planning integrated or mixed developments. Where different charging structures are intended, the development should be designed consistently with the statutory framework, particularly where residential, commercial or other distinct categories of use coexist.

For parcel owners, the decision provides welcome certainty that maintenance charges are determined by the statutory use of the parcel rather than by subjective assessments of fairness or differing levels of enjoyment of common amenities.

Conclusion

The Court of Appeal has reaffirmed that the powers of a management corporation are derived entirely from statute and cannot be expanded by considerations of perceived fairness or convenience.

While Section 60(3)(b) permits different maintenance charge rates, that power is confined to circumstances where parcels are used for significantly different purposes, such as residential and commercial use. It does not extend to distinctions based solely on differing access to common facilities, varying maintenance obligations or differing levels of benefit enjoyed by parcel owners.

The decision therefore reinforces an important principle of strata management: equality of maintenance charges is determined by the statutory purpose of the parcel, not by the extent to which individual proprietors utilise or benefit from the common property. Unless Parliament provides otherwise, management corporations must exercise their powers strictly within the limits prescribed by the Strata Management Act 2013.

Editor's Note:

The Court of Appeal's decision is presently the subject of a pending appeal before the Federal Court.

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KUALA LUMPUR

Level 16, Menara 1 Dutamas No. 1, Jalan Dutamas 1,
Solaris Dutamas, 50480 Kuala Lumpur
T: +603 6209 5400
F: +603 6209 5411
enquiry@rdslawpartners.com

PENANG

Suite S-21E & F21st Floor, Menara Northam,
No. 55, Jalan Sultan Ahmad Shah, 10050
Penang
T: +604 370 1122
F: +604 370 5678
generalpg@rdslawpartners.com

JOHOR BAHRU

8-35, Menara Delima Satu, Jalan Forest City 1,
Pulau Satu, 81550 Gelang Patah, Johor Bahru
T: +607 585 6414
F: +607 509 7614
generaljb@rdslawpartners.com