



Summary of Budget 2015 in



The Budget 2015 which was announced on 10 October 2014 outlined seven (7) main strategies, namely:

1. **Strengthening Economic Growth**
2. **Enhancing Fiscal Governance**
3. **Developing Human Capital and Entrepreneurship**
4. **Advancing Bumiputera Agenda**
5. **Upholding Role of Women**
6. **Developing National Youth Transformation Programme**
7. **Prioritising Well-Being of the Rakyat**

For members' benefit, REHDA has summarised the proposed measures relating to the housing and property industry as follows:



1 GOODS AND SERVICES TAX (GST)

- The scope of items that will not be subjected to GST has been widened further to include more food items, essential medicine, reading materials and newspapers.

- Electricity consumption that is not subjected to GST increased from the first 200 units (announced in the 2014 Budget last year) to 300 units.
- Retail sale of RON95 petrol, diesel and LPG given relief from GST payment.
- Implementation of GST will see the reduction of taxes as follows:
 - For year of assessment 2015, individual income tax rates reduced by 1 to 3 percentage points. Individual income tax restructured whereby taxable income subject to maximum rate will be increased from exceeding RM100,000 to exceeding RM400,000. Current maximum rate at 26% will be reduced to 24%, 24.5% and 25%.
 - Cooperative income tax rate will be reduced by 1 to 2 percentage points for year of assessment 2015. In addition, secretarial fee and tax filing fee are allowed as deduction.
 - For year of assessment 2016, corporate income tax will be reduced by 1 percentage point (from 25% to 24%).
 - For year of assessment 2016, income tax rate for SMEs will also be reduced by 1 percentage point (from 20% to 19%).
- To assist businesses, the following incentives and assistance will be provided:
 - RM100 million training grant provided to businesses for employees to attend GST courses.
 - Financial assistance amounting to RM150 million provided to SMEs for the purchase of accounting software.
 - Accelerated Capital Allowance on purchase of ICT equipment and software.
 - Expenses incurred for training in accounting and ICT relating to GST will be given additional tax deduction.



2 HOME OWNERSHIP / AFFORDABLE HOUSING

- To enable more people to own their first home and reduce the cost of buying a house, the 50% stamp duty exemption on instruments of transfer and loan agreements has been extended until 31 December 2016 with an increase of the limit from RM400,000 to RM500,000.
- To address the issue of home ownership at affordable prices, the Government will continue to implement various projects and programmes.
 - PR1MA
 - Build 80,000 units under PR1MA with an allocation of RM1.3 billion.
 - The ceiling of household income is raised from RM8,000 to RM10,000.
 - A Rent-To-Own Scheme will be introduced specifically for individuals who are unable to obtain bank financing.
 - National Housing Department (JPN)
 - The National Housing Department (JPN) will build 26,000 units under the People's Housing Programme (PPR) with an allocation of RM644 million.
 - SPNB
 - SPNB to build 12,000 units of Rumah Mesra Rakyat (RMR) and 5,000 units of Rumah Idaman Rakyat.
 - SPNB will also build 20,000 units of Rumah Aspirasi Rakyat on privately-owned land.
 - My First Home Scheme
 - Ceiling price of the My First Home Scheme under the purview of Cagamas raised to RM500,000 in line with the stamp duty exemption.
 - The age of borrowers to qualify for the scheme will be increased from 35 to 40 years.

relation to the Property Industry

■ Youth Housing Scheme

- A smart partnership between the Government, Bank Simpanan Nasional, EPF and Cagamas, which offers funding for 20,000 units of first homes not exceeding RM500,000 for married youths aged between 25 and 40 years with household income not exceeding RM10,000. Maximum loan period is 35 years.
- The Government will provide monthly financial assistance of RM200 to borrowers for the first 2 years to reduce the burden of monthly installments.
- 50% stamp duty exemption on the instrument of transfer agreements and loan agreements.
- The Government will also provide a 10% loan guarantee to enable borrowers to obtain full financing including cost of insurance. Borrowers can also withdraw from EPF Account 2 to top up their monthly installment and other related costs.



3 REAL PROPERTY GAINS TAX (RPGT)

- Tax of gains from the disposal of property will be self-assessed by the taxpayer effective from 2016.



4 HOUSING FOR CIVIL SERVANTS

- Minimum eligibility for housing loan increased from RM80,000 to RM120,000 and the maximum eligibility limit from

RM450,000 to RM600,000 effective 1 January 2015. The processing fee of RM100 for housing loan application is abolished.

- Currently, 10,639 1Malaysia Civil Servants' Housing (PPA1M) houses have been approved for construction. In 2015, to enable more civil servants to buy PPA1M houses, the Government will build an additional 5,380 units in Putrajaya, Bukit Jalil, Papar (Sabah) and Bukit Pinang (Kedah).
- Improvements to PPA1M:
 - Minimum price reduced from RM150,000 to RM90,000 per unit with 850 square feet minimum floor area.
 - Qualifying requirement of household income raised from RM8,000 to RM10,000 per month.
 - Provision of facilitation fund up to 25% of project cost for developers participating in the scheme.



5 MAINTENANCE FUNDS

- RM40 million will be allocated under the Public Housing Maintenance Programme and RM100 million will be allocated under the 1Malaysia Maintenance Fund for maintenance of private low-cost housing.
- RM500 million will be allocated for the repair and maintenance of military, police, teachers' and medical staff's quarters nationwide.
- RM105 million is allocated to the Ministry of Urban Wellbeing, Housing and Local Government for maintenance of Government's quarters under the MyBeautiful Malaysia Programme covering 126 locations.



6 OTHERS

Several infrastructure projects to accelerate Public and Private Investment included in the Budget 2015:

- Construction of 59km Sungai Besi – Ulu Klang Expressway (SUKU) at a total construction cost of RM5.3 billion;
- Construction of 276km West Coast Expressway from Taiping to Banting at a total construction cost of RM5 billion;
- Construction of 47km Damansara – Shah Alam Highway (DASH) at a total construction cost of RM4.2 billion;
- Construction of 36km Eastern Klang Valley Expressway (EKVE) at a total construction cost of RM1.6 billion;
- Upgrading the East Coast railway line along Gemas – Mentakab, Jerantut – Sungai Yu and Gua Musang – Tumpat with an allocation of RM150 million;
- Construction of 56km Second MRT Line from Selayang to Putrajaya at an estimated cost of RM23 billion; and
- LRT 3 Project, which will link Bandar Utama to Shah Alam and Klang, at an estimated cost of RM9 billion.

