



REAL PROPERTY GAINS TAX

'CONFUSION OVER RPGT EXEMPTION PLAN'

Property sellers can't get exemption because new rates have not been gazetted

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THE proposed Real Property Gains Tax (RPGT) exemption for Malaysian property owners had created confusion among those intending to sell their property as the new rates have yet to be gazetted.

National House Buyers Association (HBA) honorary secretary-general Datuk Chang Kim Loong said because of this, property sellers were not able to enjoy the exemption for units sold between June 1 this year and Dec 31 next year.

"The government should look into these details before announcing this initiative.

"Some homeowners sold their properties and signed the sales and purchase agreement with buyers, unaware that the exemption is not applicable yet as it is not gazetted.

"Lawyers should inform their clients about this and advise them accordingly," he said, adding that RPGA's rates should be replaced with a more sustainable tax instead.

He said the initiatives, which included the reintroduction of Home Ownership Campaign (HOC), should ensure that developers offer higher discounts to "off



National House Buyers Association honorary secretary-general Datuk Chang Kim Loong (inset) says an initial grant should be offered to first-time house buyers. FILE PIC



load" unsold overhang stocks instead of the government "bailing" them through waiver of taxpayers' monies.

"If they (developers) cannot sell it during normal times, it is difficult to understand how they can sell under HOC, unless the new 10 per cent that the government announced is after discounts, sometimes up to 25 per cent, that they would normally give.

"Transparency in price discovery is lacking. Financial institutions seem to be aware of the discounts and rebates, but how these have been translated into loans is not known."

Chang said the government should let the market play its role with the banking sector sticking to real prices, adding that

greater accountability must be enforced on developers to account for selling prices, discounts and rebates.

He said an initial grant to first-time house buyers should be offered to enable them to buy affordable houses.

"This could attract a larger number of people to buy houses and resolve the housing shelter problem. First-time house buyers can also be assisted by waiving the stamp duty for their first unit (instead of restricting it to houses priced between RM300,000 and RM2.5 million).

"The government could be more specific in the reintroduction of HOC. Developers who are holding properties not sold but completed with CC (Commencement Certificate) or OC (Occupancy Certificate) for more than three years can be supported by

HOC. And whatever benefits or waiver should include secondary market sales, too, and not just developer's products (primary market)."

Chang said HBA reiterated the need to have all loans, whether from the primary or secondary market, to be supported with an independent detailed valuation report for checks and balances. This, he said, would ensure that bankers lend to houses on market value for the property and not on "fictitious prices" as unilaterally stated in sale and purchase agreements.

Real estate expert Siva Shanker said there was no clear measure how the property market would react to the initiatives because the recession was caused by an unforeseen circumstance — a virus and lockdown — and people were not willing to spend much, except on food and some items online.

"The initiatives under Penjana (economic stimulus package) can ease the burden of the average people, including in buying houses. The bank loan moratorium, which took effect in June, was the single biggest assistance given to ordinary men on the street, even if it was only for six months."

Siva said problems in the property sector included overhang and a spike in prices, which were driven by real estate speculation, which promised high returns to buyers.

He said while the market for landed properties like terrace houses remained solid, the same could not be said for high-rise residential units.

The government will provide stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 and RM2.5 million.

An RPGA exemption will be given to Malaysians for the disposal of residential homes between June this year and Dec 31 next year.