



StarBiz Special

Comprehensive measures needed for property

Consultants say key issues need to be addressed

PROPERTY

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PETALING JAYA: Property consultants are disappointed that Budget 2021 proposals lack the bite to kickstart a sector which has remained stubbornly in the doldrums for some years now. They are disappointed that Budget 2021 was silent on game-changing issues like the real property gains tax (RPGT), which remains at 5% from the sixth year of disposal, the lack of automatic release mechanism for unsold bumiputra units and the lack of a single housing corporation to oversee affordable units.

They are also uncertain if the stamp duty exemption proposed in Budget 2021 is limited to the primary market when buying from developers.

The secondary market makes up about 80% of total residential market transactions on any given year, property consultancy Rahim & Co International Sdn Bhd CEO for real estate agency Siva Shanker said.

"If the government is serious in kickstarting the property market, this stamp duty should be applicable to both the primary and secondary market.

"If this exemption is only for developer units, then the Finance Ministry is looking at a small portion of transactions," Siva said.

Siva also concurred with other consultants that the measures proposed are simply "not substantial enough" to boost the property market. The stamp duty exemption is a tiny little step ahead for first-time house buyers, he said.

"How much all the measures (collectively) will help boost the market is a question mark," Siva said.

Property consultant PPC International managing director Datuk Siders Sittampalam had expected the government to relax RPGT.

"I do not expect the government to abolish it altogether but to at least relax it," Siders said.

The RPGT has been capped at 5% during the Pakatan Harapan government even if owners

Real property gains tax effective from Jan 1, 2019

Disposal	Individual citizen/PR	Individual non-citizen	Companies
1st year	30%	30%	30%
2nd year	30%	30%	30%
3rd year	30%	30%	30%
4th year	20%	30%	20%
5th year	15%	30%	15%
6th year and above	5%	10%	10%
	(2018: 0%)	(2018: 3%)	(2018: 5%)

Source: MOF/PEPs

were to sell their properties from the sixth year onwards. Prior to this, owners need not pay RPGT from the sixth year onwards (see table).

Siders' views concur with James Wong, VPC Alliance KL managing director.

Wong, as Budget 2021 chairman for the Association of Valuers, Property Managers, Estate Agents & Property Consultants in the Private Sector Malaysia (PEPS), had sought for an RPGT waiver for all transactions worth RM10mil and below for Malaysians, permanent residents, and companies.

Wong said the rent-to-own initiative involving 5,000 units will help to clear unsold PR1MA units.

Last Friday, finance minister Tengku Zafrul Tengku Abdul Aziz proposed RM1.2bil for the development of affordable housing with the government collaborating with financial institutions to finance rent-to-own schemes totalling 5,000 units.

"Only mega infrastructure projects will have a multiplier effect on the economy. Assistance for the property sector is targeted more towards affordable housing," Wong said.

Zafrul also proposed that all first-time buyers

to get a full stamp duty exemption for the document of transfer of title and for the loan agreement for houses worth up to RM500,000 that are completed between Jan 1, 2021, and Dec 31, 2025.

Developers and first-time buyers of revived abandoned housing projects will also be able to get the same exemption.

He was silent if the exemption is applicable to the secondary market transactions.

CBRE | WTW group managing director Foo Gee Jen in a press statement said although it is "balanced" to help both the people and businesses, he is, nonetheless, concerned that it did not address the many unsold bumiputra units.

"Despite numerous calls by stakeholders on the release of unsold bumiputra units, this budget did not address this particular issue," Foo added.

Unsold completed bumiputra units make up a substantial portion of the country's overhang properties which run into billions of ringgit.

Developers and consultants have been calling, for some years now, for an automatic release mechanism to free up these units.