

Headline	'HIGHER STAMP DUTY TO JOLT PRICES'		
MediaTitle	New Straits Times		
Date	03 Nov 2018	Color	Full Color
Section	Business Times	Circulation	36,278
Page No	23,26	Readership	108,834
Language	English	ArticleSize	331 cm ²
Journalist	N/A	AdValue	RM 11,366
Frequency	Daily	PR Value	RM 34,098



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TAN SRI LEONG HOY KUM,
Mah Sing Group Bhd group managing director
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IMPACT ON MARKET

'HIGHER STAMP DUTY TO JOLT PRICES'

New properties in luxury segment may become pricier as developers will have to pay more for land

THE higher stamp duty will jolt property prices in the luxury segment and impact the market, said a member of the Real Estate and Housing Developers' Association Malaysia (Rehda).

He said the units in new launches might cost slightly higher in terms of per sq ft price as developers would have to pay more for land.

"There will be higher input cost with the one per cent increase in stamp duty. Developers will be subjected to higher stamp duty when they purchase land and this will add on to the cost of building a house. This, coupled with the one per cent hike in stamp duty for property transfers above RM1 million, will have an impact on the market," said the Rehda member.

Yesterday's 2019 Budget announcement of one per cent hike in stamp duty caught most developers by surprise.

Other measures announced by

Finance Minister Lim Guan Eng included increasing the real property gains tax (RPGT) to 10 per cent from five per cent.

This is for companies, non-citizens and non-permanent residence (PR) holders, while citizens and PR holders will see RPGT raised to five per cent from zero per cent.

RPGT is exempted for land, low-cost housing, medium-cost housing and affordable housing priced under RM200,000.

In a move to help first time house buyers, the government said it was looking at allowing property crowdfunding as an alternative funding source.

Rehda president Datuk Soam Heng Choon said the RPGT chargeable on profit made from the disposal of properties from the sixth year and onwards would temporarily dampen the market.

"Previously, if you sell your house after the fifth year you will not be subjected to the RPGT. Now, you will be taxed five per cent on the gain no matter when you sell it."

PropertyGuru Malaysia country manager Sheldon Fernandez agrees that the five per cent imposition of RPGT would dampen the market.

"This move is unnecessary as the present RPGT regime is suf-

ficient and has effectively curbed speculation. The PropertyGuru Market Index is already showing that prices are on the decline," he said.

Mah Sing Group Bhd group managing director Tan Sri Leong Hoy Kum said the new measures would be able to empower the young generation to own their first home.

Leong said the continuation of stamp duty exemption on the first RM300,000 for property transfer letter and loan agreement for first property worth not more than RM500,000 would boost the market and benefit Mah Sing as 74 per cent of its sales target were in this range.

"We foresee minimal impact from the one per cent increase of

stamp duty for property transfers above RM1 million as our exposure to this range is very low at only two per cent," said Leong.

Titijaya Land Bhd deputy group managing director Lim Poh Yit said the government's efforts to increase disposal income in households would boost consumer spending and economic activity in the country.