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Quit rent blues

While the Selangor individual land tax billing for strata properties is a good move, owners are questioning the need to pay up to 800% more under the state government's new parcel rent system. >2&3



New way of billing: Parcel rent is applicable only to owners who have obtained individual strata titles for their units, whether in commercial or residential high-rise buildings.
 — SAMUEL ONG/The Star

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New tax system places onus on property owners

Parcel rent for strata properties meant to end problems resulting from unpaid quit rent

Stories by KATHLEEN MICHAEL and SHALINI RAVINDRAN
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THE inability of joint management bodies (JMB) and management committees (MC) to collect fees from residents is a common problem at high-rises, especially when part of the monies owed is for quit rent or land tax.

Failure to pay has a multi-fold effect on the unit owner, particularly when trying to sell or wanting to transfer ownership.

To address this, the Selangor Land and Mines Office (PTGS) has adopted parcel rent billing for stratified buildings to replace land tax from June 1, 2018.

However, parcel rent is only applicable to those who have separate strata titles.

"Before this, any strata title holder who wanted to transfer ownership of their unit could find themselves unable to if records at the land office showed arrears on the stratified building's master title land tax," said Selangor Housing and Urban Living Committee chairman Haniza Talha.

"So although the owner was a diligent paymaster to the building management, his neighbours' negligence affected his intention to transfer ownership," she said.

Haniza explained that with parcel rent billing, the onus was now on the unit owner to be responsible for paying his own land tax.

She noted this also reduced the burden on JMBs and MCs in collecting the tax from each unit owner to be paid to the land office.

Previously, the land tax was divided and paid by unit owners through maintenance fees collected by the buildings' management.

Haniza said Selangor was the first state in Malaysia to implement parcel rent to overcome the problem of unpaid quit rent at high-rises.

PTGS registration deputy director Yusri Zakariah said the implementation of parcel rent would also prevent mismanagement and overcharging of quit rent to parcel owners.

"Sometimes parcel owners do not know the calculations done by the building management, so they will question the figures. Some JMBs may charge more and do not disclose the calculations for land tax," he said.

Yusri added that the rates for commercial and residential parcel rent differed and were based on the Strata Title Rules 2015.

As an example, for land categorised as town land in the Petaling district, a residential strata build-

ing unit owner could be subject to a minimum charge of RM40 and RM16 (for low-cost) per annum.

In comparison, a stratified commercial building unit owner could be charged a minimum of RM80 and RM32 (for low-cost) per annum.

Yusri said PTGS had the power to seize the property if the unit owner did not pay the parcel rent.

"If the unit owner fails to pay parcel rent after two notices are given, the unit will belong to the state government which can then look for a buyer or auction the property off."

For those without an individual strata title, he said it was the obligation of the landowner or developer to obtain strata titles, especially if it was stipulated under the sales and purchase agreement.

"It could take up to six months to get a strata title, provided that all arrears were paid, land conversions – where needed – are done and building plans submitted to the Survey and Mapping Department (Jupem)

"Building plans submitted to Jupem will be handed over to PTGS, where upon approval, strata titles will be distributed to parcel owners within 30 days," said Yusri.

He added that PTGS had a Strata Title Solution Unit to help with



strata title application issues.

Pros and cons

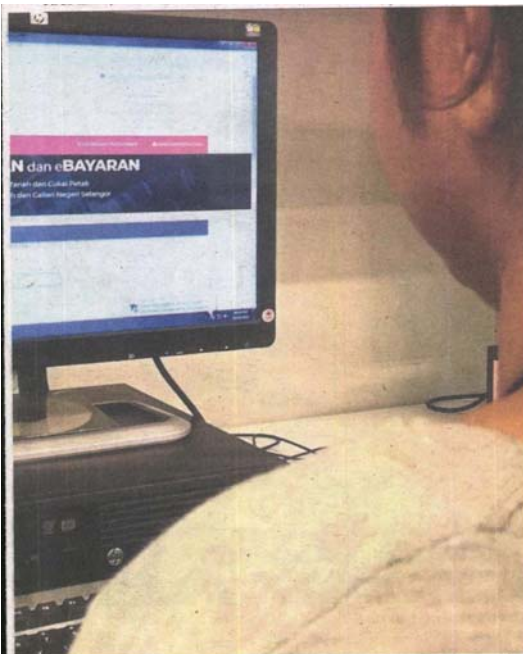
Meanwhile, National House Buyers Association secretary-general Datuk Chang Kim Loong said separate quit rent billing would go a long way in resolving issues related to the transfer of strata titles.

"It is a prerequisite from the land office that in order to transfer the strata title, quit rent has to be paid up to that period.

"If the total quit rent payable on the master title is not paid, the land office will reject the transaction.

"To prevent this, we have been fighting for the law to enable sepa-

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PTGS has implemented an online payment scheme for parcel rent at <https://ehasil.selangor.gov.my>

rate quit rent billing for each unit," he said.

While commending the state government for the implementation of parcel rent, Bukit Gasing assemblyman Rajiv Rishyakaran said further study on the rates chargeable is needed.

"Previously, owners were collectively billed based on the land size of the development. The master title holder gets the bill, then the amount is divided among all owners based on the size of their units. Now, the units are billed directly.

"In the past when they charged the master title RM3.30 per square

metre, the sum was then divided among all the units.

"Most strata properties divided the total amount based on unit size and you would pay less. Now, when the land office bills you directly, they still use the same figure of RM3.30. So naturally, the bill goes up," he said.

Rajiv said strata projects with low density would pay the same rate as previously, but those with higher density would pay a lot more.

"If there is a 100,000sq m plot of land and the building is charged RM330,000, that figure is divided by the total number of units.



Chang: We have been fighting for individual quit rent billing.

"Now, the units are being billed RM3.30 each. So the total built-up area is definitely more than the total land size.

"That's why some projects pay more and others less, it is not consistent," he pointed out.

He said that if the total quit rent was RM330,000 under the master title, then the charge for parcel owners must be reviewed accordingly when the billing system switched over, perhaps 50sen per sq m for the units.

"You cannot charge the same rate of RM3.30."



Rajiv: The amount charged to owners must be reviewed under the parcel rent system.

He raised the issue during the state assembly sitting in November last year and urged the Selangor government to review parcel rent rates on strata buildings.

He said the rate per sq m paid by parcel owners should be reasonable and not more than the quit rent paid by those in landed properties like bungalows.

"Bungalows are paying 33sen per sq m when high-rises are paying 10 times more, which is RM3.30.

This was alright when the amount was divided among every-



Haniza: The parcel rent system will reduce the burden on JMBs and MCs.

one so no one had a problem with it since it was affordable.

"Now when the rate is based on their unit size, a fair figure may be 33sen per sq m," said Rajiv.

He added that the land tax charged on mixed development projects where residential units stand on commercial lots like shopping complexes, should be separated and the residential properties be charged residential rates instead of commercial.

Those who want to find out the calculations for parcel rent can contact PTGS offices.