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Penjana's HOC campaign can assist developers sustain cash flow

KUALA LUMPUR: The reintroduction of the Home Ownership Campaign (HOC) to encourage the purchase of new houses, particularly in the primary sales market, under the National Economic Recovery Plan (Penjana) incentives will help assist developers in sustaining their cash flow.

Scott International (Malaysia) chairman Datuk Sr Lau Wai Seang said this meant potential purchasers are given a choice whether to commit to a house purchase or not.

"Given these trying times, with various uncertainties and economic challenges, where there are many layoffs and pay adjustments, many potential purchasers very probably will defer their plan to own a house.



"The secondary sales market, which commands around 65% of residential transactions, should be the target segment for this property acquisition stimulus, as it will assist financially-distressed house owners in their house disposals.

"Unfortunately, it is not," Lau, who was also past president of the Royal Institution of

Surveyors Malaysia (RISM), told *Bernama*.

As for the stamp duty exemption on the instrument of transfer, which is limited to the first RM1mil of the house price, she said this could potentially cause borderline house prices to increase to capitalise on the exemption.

On the real property gains tax (RPGT) exemption, Lau said this incentive would stimulate transactions of residential properties by lightening the burden of tax payment.

"However, it will be of greater significance if it is extended to all property types, as well as not limiting to Malaysians only.

"The 5% RPGT for disposals after the fifth year of ownership should be waived as it defies the spirit of the RPGT Act as any disposal after the fifth year should be deemed to be

non-speculative," she commented.

On the lifting of 70% house value financing limit announced in the incentives, she said from this aspect, loan providers have to adhere to the best practices of valuing a property to ensure their risk is protected.

"Again, the qualifying clause is the property is valued at RM600,000 and above. This may cause an artificial level of market prices.

"Adding to this is the caveat that the purchase is for the third house and subsequent purchases. This is a trying clause, given the economic challenges now," she noted.

Overall, the incentives to the residential real estate sector are only realised when transactions take place, she added. — *Bernama*