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## CME perplexed about proposed property vacancy tax

**PETALING JAYA:** The proposed property vacancy tax to be paid by developers on unsold units priced above RM500,000 should be avoided and cannot even be defined as a “tax”, as a tax is always an amount of money paid after a certain benefit has been enjoyed, said the Center for Market Education (CME).

“In the case of a property vacancy tax, therefore, the very reason for a tax is lacking. Which benefits are the developers enjoying by not selling their units? In fact, unsold units are already a missed profit for developers. A property vacancy tax would sound like taxing a butcher for being unable to sell out all his stock of meat,” said CME CEO Dr Carmelo Ferlito (*pix*).

Second, he said, the proposed tax can be

configured as a violation of property rights. “In fact, built units belong to their legitimate owner, who has to be free to choose to hold the property if the price emerging in the market is not satisfactory for him or her.”

Third, such a tax would constitute a dangerous precedent, suggesting that the government can address the way in which individuals dispose of their legitimate properties if such a usage is not in line with the government’s ideas.

Fourth, the proposed tax could discourage future initiatives. In fact, while the housing market is now suffering, the cycle will eventually turn and the vacancy tax could discourage the emergence of sound

entrepreneurial initiatives for fear of taxation on eventual unsold units.

