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Property sector seeks more relief in Budget 2021

Eliminate or reduce stamp duty and lower the property gains tax for homebuyers are the most important measures the industry is hoping for

by S BIRRUNTHA

THE Malaysian real estate industry is calling on the government to eliminate or reduce stamp duty and lower the property gains tax for homebuyers in the upcoming Budget 2021, according to a recent survey by Juwai IQI Holdings.

The survey, conducted on 344 Malaysian real estate agent panelists between June 16 and Aug 10, revealed the most important measures the industry is hoping for under the new budget.

Juwai IQI ED Kashif Ansari said according to the surveyed real estate agents, a stamp duty exemption is the most looked forward essential item that will save homebuyers at least RM20,000 on a typical purchase.

"It will also make it easier for first-time homebuyers to get into the property market, stimulate investor activity and encourage trade-up buyers to move while the exemption is in effect," he said in a recent statement.



In the 1H20, the number of property transactions fell 28% or 115,000 units while the value shrank 32% or RM47b

Pic by by Mohd Amin Nohari

Ansari noted that first-time buyers are generally the most vulnerable of property buyers, with the least amount of money on hand.

Hence, he said, measures that reduce the size of the loans and monthly repayments would benefit both the real buyers and property market.

"The earlier a buyer gets into the property market, the more time they have to benefit from appreciation," he added.

Ansari said the government has already put in place a Real Property Gains Tax (RPGT) exemption for Malaysians who sell their residential property between June 1, 2020, and Dec 31, 2021.

However, the exemption is limited to three disposals of residential properties by an individual.

He pointed out that the RPGT exists to curb speculation and to discourage people from buying and selling houses for a quick profit.

"These are laudable goals that support long-term property ownership and the financial health of families. The fact that the real estate industry ranks the property gains as a top-three budgetary measure shows how vital this exemption is. It stimulates transactions and encourages investors," he added.

Ansari further said reducing the gainers' tax would encourage upgraders to enter the market and reassure investors that they will be

able to keep more of their earnings, rather than be taxed upon sales.

Nevertheless, Ansari said the government is considering every possible measure to support the real estate market and the broader economy.

"We have conducted this research on the potential budget measures most important to the property industry to help inform the government and the marketplace of the industry perspective.

"The right policy stimulus can support the market and help more Malaysians become real estate owners and beneficiaries of rising property prices over the long term."

In the first half of 2020 (1H20), the number of property transactions fell 28% or 115,000 units from 160,165 units in the same period last year while the value shrank 32% or RM47 billion compared to RM68.53 billion previously.

The residential subsector drove the market, accounting for more than 65% of total transactions.

The residential property overhang situation in the 1H20 worsened to nearly 32,000 units valued at RM20 billion, up 3% from the number of overhang units at end-2019, according to Deputy Finance Minister II Mohd Shahar Abdullah.