

Headline	WHAT YOU MUST KNOW ABOUT BUDGET 2021: For the real estate sector		
MediaTitle	EdgeProp.my		
Date	13 Nov 2020	Color	Full Color
Section	News	Circulation	4,562
Page No	17,18	Readership	13,686
Language	English	ArticleSize	2057 cm ²
Journalist	N/A	AdValue	RM 22,548
Frequency	Weekly	PR Value	RM 67,644

WHAT YOU MUST KNOW ABOUT BUDGET 2021: For the real estate sector

THE EDGE



Datuk Soam Heng Choon

President of Real Estate and Housing Developers' Association (Rehda) Malaysia

"This is a homebuyer-friendly budget as most of the measures are targeted towards encouraging homeownership.

With the expansion from the earlier RM300,000 houses to RM500,000 for a period of five years, we believe that the stamp duty waivers will benefit a lot of Malaysians who find it hard-pressed to own a house, particularly those in the B40 and M40 groups.

Rehda is also in support of all measures undertaken by the government to provide social housing for the B40 group. We believe that the various recipients of this allocation, namely Program Perumahan Rakyat, Syarikat Perumahan Negara Bhd's Rumah Mesra Rakyat and Program Perumahan Penjawat Awam Malaysia will provide the much-needed relief for those in need."

Datuk Chang Kim Loong

Honorary secretary-general of National House Buyers Association (HBA)



"For years, the victims of the abandoned projects have suffered in silence, but the newly-announced federal budget has addressed their concerns and to a certain extent could reduce their burden.

HBA supports the proposal (the stamp duty exemption on loan agreements and memorandum of transfer (MOT) for 'white knight' contractors and buyers) as the affected buyers have suffered a lot from the abandonment through no fault of theirs but for the laxness and lack in the Ministry of Housing's monitoring, supervision and enforcement process. The exemption will, to a certain extent, reduce the burden of the victims.

Meanwhile, the full stamp duty exemption for the MOT and for loan agreements

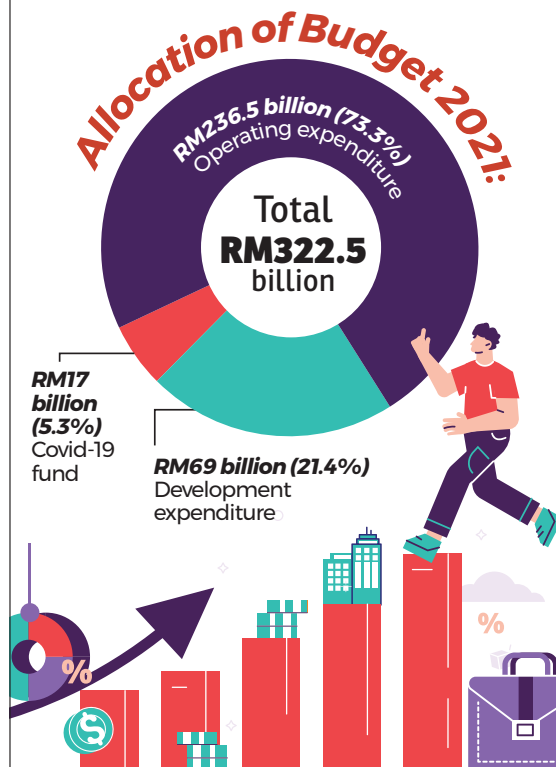
BUDGET

2021

BY **EDGEPROP.MY**

Budget 2021, which was unveiled on Nov 6, 2020, was widely expected to be one of the biggest federal budgets, with a total of **RM322.5 billion** or 20.6% of the GDP (gross domestic product) allocated next year to spur the economic growth and improve the livelihood of the rakyat.

On the few measures provided for the property market, industry stakeholders do see them as positive moves, but some have also expected more initiatives in stimulating the overall weak market demand.



for properties with selling prices of up to RM500,000 is a good proposal as it could help first-time house buyers save over RM10,000 on the stamp duty expenses (assuming 90% financing)."

Adzman Shah Mohd Ariffin

President of Malaysian Institute of Property and Facility Managers (MIPFM)



PICTURES BY LOU YEN YEING | EdgeProp.my

"We laud the government's effort in looking to work with certain banks on rent-to-own schemes up to 2022 for PR1MA housing units. However, more details are needed for homebuyers to check whether they are eligible for the scheme.

The proposal of the full stamp duty exemption on MOT and loan agreement for first homes priced RM500,000 and below will be good for the property market but it may not help strata property purchasers if the strata titles are delayed beyond 2025. This is because stamp duty is payable only upon MOT being submitted when strata titles are issued."

Lim Boon Ping

President of Malaysian Institute of Estate Agents (MIEA)



"In terms of the property-related measures, Budget 2021 is mainly targeted to provide additional assistance for first-time homebuyers.

It does not really stimulate the market, but rather, to assist first-time homebuyers. To be fair, the Pelan Jana Semula Ekonomi Negara (Penjana) is a policy that is aimed at stimulating the property market.

What's missing from the Budget are these two measures. Again, I emphasise that we are hoping for more market stimulating incentives as well as those for the secondary market — why can't first-time house buyers choose from the secondary market?"

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FEATURE

← FROM PREVIOUS PAGE

Datuk Ezumi Harzani Ismail

President of Malaysian Institute of Architects (PAM)



LOW YEN HENG | EdgeProp.my

"On digitalisation of the construction industry, we hope that the grant allocated would not be targeted only to help companies acquire software and hardware, but also to develop a structured system that would promote the usage of Building Information Modelling (BIM). Digitalisation efforts need to be focused on maybe only a few selected firms, so that we could create leaders in digitalisation in the building industry. Only then, others would be motivated to follow suit.

What the government is doing now is to allocate only a small amount to many companies, which would not be enough to spur the whole company to change from the conventional way to adopt digitalisation. Digital transformation through adoption of BIM will be a quantum leap to the construction industry."

The Association of Banks in Malaysia (ABM)

"The enhancements to the targeted repayment assistance will be available to B40 borrowers who are recipients of Bantuan Prihatin Rakyat (BPR) — previously known as Bantuan Sara Hidup (BSH) — as well as microenterprises.

Eligible borrowers for this enhanced assistance will be able to choose one of two options for each loan, namely a three-month deferral of instalment or a six-month reduction in instalments by 50%, which will be effective from Dec 1, 2020 until end-June 2021.

Only loans that were approved before Oct 1, 2020 and are not in arrears exceeding 90 days as at the date of request by the borrower would be eligible for this enhanced targeted repayment assistance."

BUDGET 2021

Highlights for real estate sector

1 Full stamp duty exemption on memorandum of transfer (MOT) and loan agreement for the first home priced RM500,000 and below — for agreements inked from January 2021 to December 2025



2 The extension of the stamp duty exemption on loan agreement and MOT given to rescue contractors and original buyers of abandoned houses for another five years — effective for Loan agreements and MOT executed from January 2021 to December 2025 for abandoned housing projects certified by the Ministry of Housing and Local Government (KPKT)



3 RM1.2 billion provision for the construction of comfortable and quality housing for low-income earners:

- I. RM500 million to build 14,000 housing units under People's Housing Project (PPR)
- II. RM315 million for 3,000 units of Rumah Mesra Rakyat built by Syarikat Perumahan Negara Bhd
- III. RM125 million for maintenance of low- and medium-low-cost strata-housing, and also for upgrading of old houses and those damaged by natural disasters
- IV. RM310 million for Malaysia Civil Servants Housing Programme (PPAM)

4 Government to cooperate with selected financial institutions to provide a rent-to-own scheme — to be implemented until 2022 involving 5,000 PR1MA houses with a total value of more than RM1 billion and reserved for first-time homebuyers



A glance at how Budget 2021 could benefit you

Case 1

Single aged above 21, unemployed, EPF member and has no plans in getting a home



- RM30 monthly unlimited pass for rides on Rapid buses and trains
- RM350 Bantuan Prihatin Rakyat welfare cash aid
- Tax exemption on your severance pay will be doubled to RM20,000 for 2020 and 2021
- Option for EPF withdrawal of RM500 a month from Account 1 or up to RM6,000 for 12 months

Case 2

Married employed couple with more than two kids and currently own a home, EPF members and household income below RM5,000



- RM30 monthly unlimited pass for rides on Rapid buses and trains
- School-going children are eligible for a RM5 monthly unlimited travel pass on KTM Komuter
- RM750 Bantuan Prihatin Rakyat welfare cash aid
- Tax cut of 1% (from 14% to 13%) in personal income tax for the chargeable income band of RM50,001 - RM70,000
- Tax relief of RM3,000 for Private Retirement Scheme extended to 2025
- Tax relief of RM1,000 for vaccinations

- Tax relief increased to RM1,000 (from RM500) for medical check-up for self, spouse or children
- Tax relief up to RM8,000 (from RM6,000) for serious disease treatment for self, spouse or children
- Lifestyle tax rebates of up to RM3,000 (from RM2,500)
- Option to reduce EPF contribution to 9% (from 11%)

Case 3

Married couple with children; currently renting but looking to buy a home, EPF members and household income over RM5,000



- Rent-to-own scheme for PR1MA homes
- Stamp duty exemption for property priced up to RM500,000, for sale and purchase agreement (SPA) signed between Jan 2021 and Dec 2025
- RM30 monthly unlimited pass for rides on Rapid buses and trains
- School-going children are eligible for a RM5 monthly unlimited travel pass on KTM Komuter
- Tax cut of 1% (from 14% to 13%) in personal income tax for the chargeable income band of RM50,001 - RM70,000
- Tax relief of RM3,000 for Private Retirement Scheme extended to 2025
- Tax relief of RM1,000 for vaccinations
- Tax relief increased to RM1,000 (from

- RM500) for medical check-up for self, spouse or children
- Tax relief up to RM8,000 (from RM6,000) for serious disease treatment for self, spouse or children
- Lifestyle tax rebates of up to RM3,000 (from RM2,500)
- Option to reduce EPF contribution to 9% (from 11%)

Case 4

A single employed person, EPF member and looking to buy his/her first home



- Rent-to-own scheme for PR1MA homes
- Stamp duty exemption for property priced up to RM500,000, for SPA signed between Jan 2021 and Dec 2025
- RM30 monthly unlimited pass for rides on Rapid buses and trains
- Tax cut of 1% (from 14% to 13%) in personal income tax for the chargeable income band of RM50,001 - RM70,000
- Tax relief of RM3,000 for Private Retirement Scheme extended to 2025
- Tax relief of RM1,000 for vaccinations
- Tax relief increased to RM1,000 (from RM500) for medical check-up for self
- Tax relief up to RM8,000 (from RM6,000) for serious disease treatment for self
- Lifestyle tax rebates of RM3,000 (from RM2,500)
- Option to reduce EPF contribution to 9% (from 11%)