

Property gains tax reprieve possible

By Rupa Damodaran
rupabanerji@nstp.com.my
2009/11/05

The government may do away with the real property gains tax (RPGT) based on feedback from industry players, said Deputy International Trade and Industry Minister Datuk Mukhriz Mahathir.

The RPGT will return next year at a fixed 5 per cent after it was scrapped in 2007, following the 2010 Budget announcement on October 23.

However, some industry players were upset about the tax as they feel it could hurt the market and Malaysia's effort to promote local properties to foreigners.

"We will look at the feedback and if there is a need for us to do any adjustments, we will reconsider," he said in response to media queries.

Mukhriz was launching a one-day seminar on the impact of globalisation and liberalisation to the business and real estate industry.

Mukhriz said the government had received feedback from non-governmental organisations and other agencies.

Earlier, he said the government had provided numerous incentives to the housing sector to shore up the economy as shown in the RM400 million incentives extended through the two stimulus packages.

In addition, there is a tax relief on housing loan interest of up to RM10,000 for three years in the 2009 Budget to stimulate the industry.

Meanwhile, estate agent Raine & Horne managing partner Datuk Zaki Said said the property sector does not take policy inconsistencies well.

"The international market feels uncomfortable with changes in the policy. On the part of the industry and policymakers, they are looking at the (market) scenario one of which is to curb speculation." "But we need genuine buyers which will be good for the industry and economy," he said.

The Malaysian property market has been attracting regional buyers, including Singaporeans and there has been higher interest for expensive properties in Kuala Lumpur from Indonesian investors too.

Zaki said the market has stabilised and is expected to grow by 5 per cent to 10 per cent next year.