

No property price cut, no tax exemption — MoF

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Guan Eng: Focus is to reduce prices of houses priced at RM400,000 each and below

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KUALA LUMPUR: The finance ministry may retract the tax exemption for construction services if property developers do not reduce selling prices despite the tax saving they now enjoy.

“I hope developers would pass on the expected saving from the exemption to homebuyers in the form of reduced home prices.

“If this does not happen, then the government may have to rethink the exemption given and find new ways to make home affordable, especially for first-time homebuyers,” said Finance Minister Lim Guan Eng in his keynote speech at the Real Estate and Housing Developers Association (Rehda) Institute CEO Series 2018 (Annual Property Developers Conference) yesterday.

Speaking to reporters yesterday, Guan Eng said the ministry wants to focus on reducing prices of residential properties, in particular those priced at RM400,000 each and below.

“We want to see a reduction in housing prices, and we are not interested to see any additional perks (freebies, rebates and so on),” Guan Eng said.

Rehda acknowledged that with the abolishment of the goods and services tax, there will be direct savings of 6% for buyers of commercial and industrial properties.

“We would want to call on all developers to pass on whatever savings to purchasers, on top of whatever discounts and rebates that they are giving,” Rehda Malaysia president Datuk Soam Heng Choon said. Furthermore, Guan Eng said the government had requested Bank Negara Malaysia to reassess its strict lending guidelines.

“While the government is sensitive to concerns over rising household debt, we believe not all debt is bad. Debt backed by a decent home priced right should make home-related debt sustainable,” said Guan Eng.

He added that increasing supply alone will not help to resolve the problem of the mismatch be-



Guan Eng: We want to see a reduction in housing prices, and we are not interested to see any additional perks (freebies, rebates and so on). Photo by Suhaimi Yusuf

tween supply and demand in the property market.

While official data suggest only 20% to 30% applicants failed in their home loan applications in 2017, unofficial calculations suggest that the number could be as high as 60% to

70%, he noted. Additionally, Guan Eng stressed that the government will not allow property developers to build houses or townships exclusively for foreigners.

“If it is only exclusively for foreign residence, I would not think that any country would accept this kind of situation,” said Guan Eng.

“Foreign buyers buying the properties is not the problem — we welcome that. After all, they are putting money in Malaysia, but building a township for foreign citizens, where they do not buy properties in our country, but is given a free unit, when they purchase a unit in a foreign country ... how does that benefit Malaysia?” noted Guan Eng.

He reiterated Prime Minister Tun Dr Mahathir Mohamad’s stance of not opposing any foreigner buying property in Malaysia. “So, do not worry that we are preventing foreigners [from] buying your projects. After all, your projects are open and available to everyone, Malaysians and foreigners,” said Guan Eng.