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Property Tax and Assessment News from Around the World

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Staggering RM384m owed to DBKL in assessment tax

Kuala Lumpur City Hall's (DBKL) Finance Department director Mohamad Hamin says overall, there are over 210,000 owners of both residential and commercial units who owe DBKL in assessment tax totalling RM384 million.

A total of 41,503 commercial premise owners in the city will have their assets seized if they fail to settle arrears in assessment fees totalling RM182 million soon.

Kuala Lumpur City Hall's (DBKL) Finance Department director Mohamad Hamin said it would carry out a special operation from Nov 23 to meet the premise owners, involving 700 staff.

He said the operation would involve commercial premise owners with recorded arrears of over a year, or two terms.

"Overall, there are over 210,000 owners of both residential and commercial units who owe DBKL in assessment tax totalling RM384 million.

"We have taken the soft approach including carrying out discussing and offering negotiations with the owners. However, the amount of arrears keep increasing every year," he told a Press conference on Op Sita on Thursday.

The operation, carried out together with the police, involved 25 commercial premises on Jalan Tuanku Abdul Rahman that were found to have a total arrears in assessment fees of RM1.6 million.

"Four of the premises managed to settle the minimum of 30 per cent of the arrears, totalling RM420,000, preventing seizure of their units.

"The premise owners were given seven days to settle the remaining 70 per cent of the arrears. Failure to do so would result in seizure," he said.

The seizure would be carried under Section 148 of the Local Government Act 1976.

For vacant premises, court action would be taken to allow the units to be auctioned under Section 151 of the same Act.

"We advise premise owners to settle their arrears to prevent enforcement actions being taken against them," he said.

First home sales still exempt from property tax, minister clarifies

The Real Property Gains Tax (RPGT) still does not apply to the sale of an individual's first registered property, Finance Minister Lim Guan Eng explained today.

He was clarifying his announcement of a 5 per cent RPGT for Malaysians and an increase from 5 to 10 per cent for non-citizens in yesterday's Budget 2019.

"The exemption continues where, let's say, you have two properties, then you will get one exemption.

"The (other) one is subject to a minimum 5 per cent under the new rules," he explained at a press conference in Parliament today.

The RPGT is currently a tiered tax that ranges from 30 per cent for property sold inside the first year of its date of purchase to zero per cent after five full years of ownership.

The policy proposal will mean a minimum 5 per cent RPGT for Malaysians and 10 per cent for foreigners on the sale of their second property units and more.

Lim did not explain today if the increase will also affect the RPGT rate in the first five years of ownership.

He assured first-time owners, however, that their units will be exempt regardless of ownership length.

Inheritance tax may further dampen property market

It is inappropriate to introduce the inheritance tax now despite the need for the government to widen its tax base to raise revenue, as its implementation will further dampen the property market, a real estate industry association said.

The Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS) said if at all the inheritance tax were recommended in the 2019 Budget, the minimum threshold should be RM10mil and the inheritance rate at 5% of RM10mil and above.

It said it understood that the government was toiling with the idea of imposing taxes like the inheritance tax and real property gains tax.

This is to tide over the shortfall of revenue from the withdrawal of the goods and services tax and the introduction of the sales and services tax, as well as to lessen the government's debts and liabilities of RM1.087 trillion.

"However, in view of the current downside of the property cycle, the tax, if implemented, would further dampen the property market and it is inappropriate to introduce it during this period," it said in a statement.

As for the real property gains tax, PEPS said although there was no evidence of the speculation given, the market has slowed down for the last two years.

Hence, PEPS recommends that the current real property tax structure (last revised in 2015) to be maintained until the property market stabilises