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Property Tax and Assessment News from Around the World

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Strata living not for selfish folk

FOR the past 20 years, Jennifer Khoo and her family have lived in a modest three-bedroom apartment in Ampang, Selangor.

She has been diligently paying the RM55 monthly fee for maintenance to the apartment's joint management body (JMB).

She also paid her yearly quit rent of RM47 to the JMB, which is forwarded to the Selangor Land and Mines Office (PTGS).

However, unknown to her, more than 60% of her neighbours failed to pay the quit rent, some for more than 15 years, and the JMB accumulated more than RM200,000 in unpaid arrears.

So when Khoo attempted to sell her unit, PTGS informed her that she would not be able to transfer ownership of her strata title as the land office records showed arrears on the stratified building's master title land tax.

It was a blow to Khoo as her transfer of strata title was thwarted by other people's failure to pay their quit rent.

Khoo's story is a familiar one, as more people are moving to live in high-rise buildings, especially in the cities.

In an effort to address this issue, PTGS adopted parcel rent billing for stratified buildings from June 1, 2018, replacing the land tax.

However, parcel rent only applies to those who have separate strata titles.

With parcel rent billing, the onus is on the unit owner to pay his own quit rent.

This also reduces the burden on the building management in collecting the tax from each unit owner to pay to the land office.

Previously, the land tax was divided and paid by unit owners through maintenance fees collected by the buildings' management.

Selangor is the first state in Malaysia to implement parcel rent to overcome the problem of unpaid quit rent at high-rises.

While there are still some details that need to be worked out, as some have complained of drastic increase in their quit rent, it could be a game changer for those living in stratified buildings.

But, this does not solve the larger issue – people need to realise they have responsibilities and duties when they live in stratified buildings.

I could go on about how we need not have such laws and that everyone should realise it is the collective responsibility of every resident to pay their bills, but there will always be those who just don't care.

Issues related to strata living are the ones I come across most often over the years as a journalist covering community stories.

Non-functioning lifts, unpaid utilities and maintenance fees are just some of the problems that arise when residents do not have a sense of community.

Once the front door is closed, nothing else matters.

This group of people must learn to adapt to the culture of strata living.

There is a need to change the mindset of people to foster more civic-minded communities in high-rise buildings.

But before we can achieve this, at least we can take steps to set a proper precedent for future generations who will otherwise inherit these problems from us.

Sabah gets praise after decision not to implement property assessment tax

KUALA LUMPUR: The Malaysian Estate Owners Association (MEOA) has applauded the Sabah state government's decision not to implement the proposed Property Assessment Tax (PAT) on palm oil mills and the labour quarters.

MEOA president Jeffery Ong said the oil palm planters in Sabah were delighted when Chief Minister Datuk Seri Mohd Shafie Apdal, in a dialogue with business entrepreneurs held in the state, announced that the proposed PAT will not be implemented.

"The Sabah chief minister shared that he recognises and is appreciative of the current low crude palm oil (CPO) prices affecting the oil palm growers and also the prevailing taxes, however, the state government needs the Sales Tax – but it will not add on new taxes.

"The cancellation of the intended implementation of PAT is well received and much appreciated by the industry," he said in a statement.

Being a commodity, said Ong, CPO producers are price takers and not price makers and the prevailing low CPO prices affected and its impacts cascaded across the entire upstream supply chain involving producers of fresh fruit bunches (FFB) to CPO.

He said any new taxes would further erode the competitiveness and sustainability of the oil palm industry in Sabah which is still recovering from the El Nino weather impact, low CPO prices and labour shortage.

"This is of immediate livelihood concerns for the smallholders, profitability of plantation companies as well as the supporting millers.

"In recent times, amid low CPO prices, the cost of production has continued to increase with the multitude of taxes, levies and mandatory compliance requirements, including the recent nearly 20% revision in minimum wages being imposed on oil palm growers in Sabah," he said.

One of the association council members, Joseph Tek, highlighted at the dialogue that one of the new taxes that was about to be imposed in Sabah by a number of local district councils was the PAT on palm oil mills and their labour quarters. This is related to the Sabah Local Government Ordinance 1961.

Currently, the appointed valuer is already pursuing the valuation surveys on palm oil mills.

The yearly financial implication is very high and the add-on costs will be passed down to all crop suppliers, which inevitably will include smallholders and estate owners selling their FFB to the affected mills.

There could also be a potential of non-compliance relating to the ongoing Malaysian Sustainable Palm Oil certification.