



MALAYSIA – April 2020

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Call for moratorium on property taxes

Property consultants are urging the government to consider a moratorium on quit rent and assessment tax for the second half of 2020, due to the Covid-19 pandemic which is affecting businesses everywhere.

Knight Frank Malaysia managing director Sarkunan Subramaniam said offering such a moratorium would be one of the quickest ways to reduce business cost.

“To cushion the economic hit caused by the Covid-19 pandemic, governments in other countries have rolled out supporting policies to shore up business confidence,” he said in a statement yesterday.

Sarkunan noted that the Singapore government announced property tax rebates of up to 100% for non-residential properties for the tax payable this year, adding that in the Jiangsu province, China, the local government had introduced exemption of property tax and urban land use tax for industries severely affected by the epidemic in the first half of 2020.

“We wish the various state governments could look into this closely and assist organisations in this unprecedented period.”

“The hospitality and tourism sectors have been affected since January, with many hotel bookings and flights being cancelled. Many food and beverage sectors have also been impacted.

“I believe a moratorium for half-a-year or even a year would be relevant to just these industries or those that really deserve it, rather than a blanket waiver for everyone.”

Foo also said the government should consider relaxing other rules relating to the property sector. “Perhaps the government could consider another round of the Home Ownership Campaign. But instead of just confining it to the primary market, they should consider extending it to the secondary market as well.

“The government could also consider relaxing the rules relating to foreign buyers, given the challenging market situation currently.”

Savills (M) Sdn Bhd group managing director Datuk Paul Khong said any moratorium on statutory payments, including property taxes like assessment and quit rent or even insurance premiums, will be helpful to retain cashflow for businesses to continue on.

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“This will bring a positive impact to all categories of property owners who may also be struggling at varying degrees.

“Property owners have also been asked in the latest Prihatin Plus Stimulus Package to offer discounts on rents and some like the Sunway group have already started and any such moratorium from the state governments from this property angle will go down well,” he said.

City Valuers & Consultants Sdn Bhd real estate services and business development head Ruben Kelvin meanwhile said the government should consider reducing or exempting the real property gains tax (RPGT) and stamp duty rates till the end of the year, or at least until the market consolidates.

“This would be ease the burden on sellers and would be healthy for the secondary market as well,” he said.

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