

16/05/2001

Ministry issues circular on processing fee waiver

THE Finance Ministry has issued an official circular to all Government departments not to collect processing fees for the purchase of residential property.

The circular, signed by Finance Ministry secretary-general Datuk Samsuddin Hitam on April 17, is to re-instate the waiver of the processing fees for the purchase of houses as outlined under the pre-emptive measures to counter the effect of the US economic slowdown announced on March 27.

Prime Minister Datuk Seri Dr Mahathir Mohamad had announced the waiver as part of the initiatives for the purchase of property.

Other incentives include exemption of stamp duty and higher financing margin which is to help reduce the property overhang in the market.

The incentives were, in effect, introduced during the previous home ownership campaign.

According to the circular, the waiver of the processing fee of RM1 for each RM1,000 for the first loan and RM2 for each RM1,000 for the second loan are being given only for the purchase of completed houses from developers licensed under the Housing and Local Government.

Applications, with a photocopy of the developers' licence should be submitted to the Treasury's housing loan division before January 31 2002.

The waiver takes effect from March 28. This incentive is given to the sales and purchase agreements signed between March 28 and December 31 2001.

In trying to boost the property sector, the Government has also announced the liberalisation for foreigners to acquire properties early this month.

Under the new Foreign Investment Committee guidelines, foreigners are now allowed to own all types of residential and commercial properties costing RM250,000 and above in either existing or soon-to-be-launched projects.

They are also free to buy the properties, including shophouses, office space and industrial lots, without having to set up a company with local equity.

Foreigners are also allowed to source their funding from local financial institutions for their property acquisition following further relaxation to the special guidelines of April 22, 1996.

Previously foreigners were only allowed to acquire properties that at least 50 per cent completed.

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