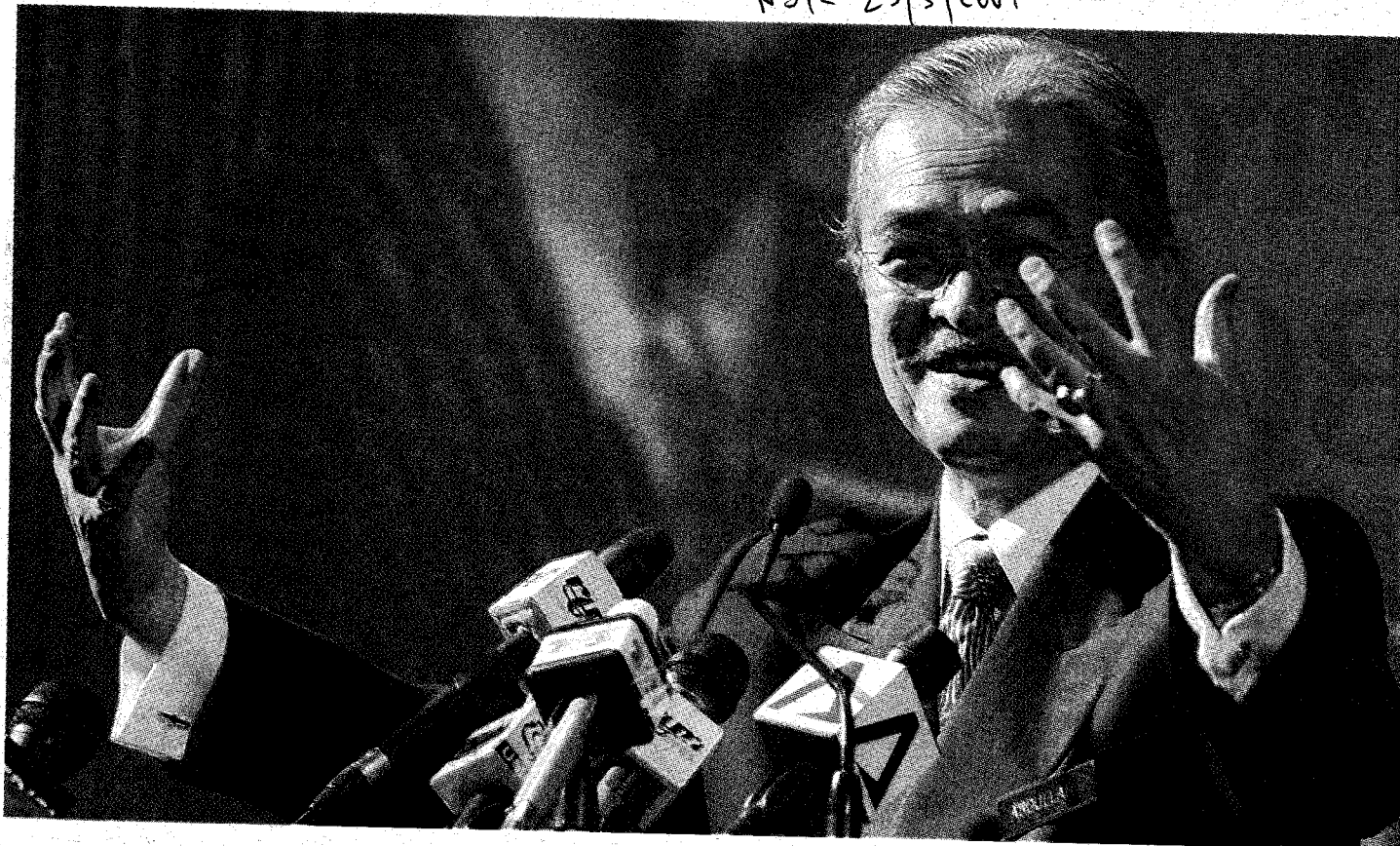


# Real property gains tax to go on April 1

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Come, invest in property, Prime Minister Datuk Seri Abdullah Ahmad Badawi seems to be saying after announcing the abolition of the capital gains tax on property at an investment conference in Kuala Lumpur yesterday.

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**KUALA LUMPUR:** Malaysia will scrap a capital gains tax on property from April 1, the latest in a string of announcements to help boost a sluggish property market.

The announcement was made by Prime Minister Datuk Seri Abdullah Ahmad Badawi in his keynote speech at an investment conference here yesterday.

"This is long-awaited news for developers and investors alike, and I hope that it will inject more excitement and dynamism into both the property and the financial sectors," Abdullah said.

The latest news comes hot on the heels of previous rulings where foreigners could buy high-end

houses without Foreign Investment Committee approval. Foreigners would also be able to take more than three property loans from April 1, Bank Negara announced on Wednesday.

Doing away with the real property gains tax would spur more deals in the sector, said Datuk Dr Gan Khuan Poh, the Asian Strategy and Leadership Institute's senior economic research fellow.

"It is positive for the sector as now, it creates demand from not only locals but also foreigners," he told *Business Times*.

Property developer Mah Sing Group, which has projects in the Klang Valley and Johor Baru, expects its sales to increase with the tax abolishment.

The RPGT, introduced to curb

highly speculative activities in the sector, works on a sliding scale where one would be taxed less if one holds a property longer.

Malaysians are subject to a 30 per cent tax if they sell the property within two years, and the rate keeps dropping till five per cent in the sixth year and thereafter.

Foreigners pay a flat rate of 30 per cent if they sell within five years, after which the rate is five per cent.

Sunrise Bhd managing director Datuk Michael Yam said the immediate beneficiary would be the secondary market as property owners would no longer be trapped in the five-year tax ruling.

"With the multiplier effect and greater transactions, the government will get back what it loses (from the abolishment of the tax)."

## Major policy announcement

**KUALA LUMPUR:** Prime Minister Datuk Seri Abdullah Ahmad Badawi will make a major announcement next month.

"On April 13, I will make a major announcement on public service delivery improvements as they relate to local government authorities," Abdullah said at an investment conference here yesterday.

He did not elaborate.