

Newspaper	The Star
Date	17/8/2014

GST on uncompleted property

(The Star - 17/8/2014)

Tax will be imposed on projects still under construction by April 1

By CHERYL POO
cherylpoo@thestar.com.my

PETALING JAYA: Commercial property that is not completed by April 1, 2015, will be subject to the Goods and Services Tax (GST).

Projects under construction will be valued as of March 31, and GST will be levied on the uncompleted portion of the project. For example, a project that is 40% complete on March 31 will see GST imposed on the remaining 60%.

"The bearer of this tax will depend on the agreement between the contractor and the developer, and between the developer and the buyer," said BDO Malaysia advisory executive director Mok Chew Yin at StarLive, a monthly talk by industry experts and columnists hosted by Star Publications (M) Bhd.

Mok said if there was no provision in the agreement for such a tax to be passed on to the buyer, the developer would have to absorb it.

"Ultimately, the implementation of GST is likely to bring about a slight increase to residential property prices in general - perhaps 2% to 3% by my estimation - as

**STAR
LIVE**

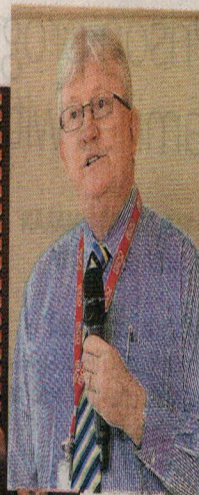
TOPICALLY MALAYSIAN

developers would not be able to claim input tax as sale of residential properties is exempted.

"The increased cost will either be passed on to buyers or absorbed by the developer or shared, but it wouldn't be as high as 6%," he said.

However, BDO tax/GST executive director Jeff O'Connell said GST would actually lower costs to businesses in some instances as GST input tax could be claimed, unlike the sales and services tax, which was not claimable.

"The Price Control and Anti-Profitsteering Act is in place to safeguard against profiteering from the implementation of GST,"



Interested parties

Participants posing questions to O'Connell (inset) during the StarLIVE talk on GST.

O'Connell said, adding that Australia's experience when it introduced GST at 10% bore repeating.

"In Australia, where pricing was monitored for 12 months before

GST was implemented and up to two years after, we received 51,000 complaints, underwent 7,000 investigations, and returned A\$21mil (RM61.7mil) to two million cus-

tomers," said O'Connell.

"Between May 2000 and May 2001, we experienced an average (upward) price change of 2.6% when GST was introduced," he said.