

## **Fee hike for condo living after GST expected at 3%, property groups say**

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**By Wong Yu Han**

Maintenance fees for high-rise property owners should only see an increase of around 3% once the Goods and Services Tax (GST) is enforced, property experts said today.

It was not true that fees would be 10% higher as claimed by the Building Management Association of Malaysia (BMAM), they said.

Based on a breakdown of maintenance charges, half the total services provided would be affected by GST, according to Wong Kok Soo, the advisor of Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS).

These included security services, management fees and staff costs, he said.

"If you look at the existing total expenditure for stratified development, around 50% of the total expenditure is affected and that would only bring about an increase of 3%," Wong said.

He said security services, which makes up 20% of total expenditure in a building's management fees, are already charging a 6% service tax, which would be replaced by the GST, also at 6%.

Other services that may incur a tax charge include management fees, which takes up 10% of the total expenditure, while the employment of on-site staff amounts to 20% of the total expenditure.

"A 6% tax on the 50% of total expenditure will give you a 3% fee increase, so it is not 10% as BMAM suggests," he added.

Chang Kim Loong, the secretary-general of the National House Buyers Association (HBA) said BMAM's claim of an increase in fees by 10% was "exaggerated".

BMAM president Tan Sri Eddy Chen had been reported as saying that high-rise building residents should brace themselves for costlier maintenance fees, even though such fees had been exempted from GST because the management bodies have to absorb the GST charges service contractors levied on them.

Last month, Deputy Finance Minister Datuk Seri Ahmad Maslan had announced that maintenance fees for all types of stratified residential properties will be exempted from GST.

The announcement came after the HBA, PEPS Royal Institution of Surveyors Malaysia

and Malaysian Institute of Professional Property Managers filed a petition to Putrajaya to push for the maintenance fees to be listed as a zero-rated supply item. – March 5, 2015.

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