

GST No Excuse To Raise Rent, Maintenance Fees

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PUTRAJAYA, March 27 (Bernama) -- Implementation of the Goods and Services Tax (GST) must not be used as an excuse to raise house rents and maintenance bills for residential properties which are exempted from the tax, according to the Royal Malaysian Customs.

Senior assistant director of Customs II, Real Property, Construction and Professionals sector, Raizam Mustapha, said the development of land or buildings used for residential, agricultural land or for general purposes is not subjected to any GST.

"Any property in Malaysia categorised as residential is exempted (excluded) from GST.

"Whereas, buildings that are not deemed residential buildings are considered commercial and subjected to six per cent GST," she said in a GST media briefing related to the property and housing sector here, Friday.

The GST will be implemented from April 1 at the rate of six per cent to replace the Sales and Services Tax (SST) totalling 16 per cent.

Commenting on maintenance bills, Raizam said they are also exempted from GST to prevent occupants, especially of stratified residential properties from being burdened.

She explained that any charges related to a building's maintenance bill is determined by the Joint Management Body (JMB) or Management Corporation (MC) and it should not be associated with the implementation of the GST.

At present the JMB or MC is exempted from registering with the GST, therefore maintenance bills should not be increased, she added.

"For cleaning purposes, the JMB or MC may get the services of parties (companies) which are not registered for GST, which has a turnover not exceeding RM500,000," she said.

Moreover, Raizam said under GST era, residential land developers can recover the costs for the construction of public facilities such as schools, housing estates, religious houses and roads from the government through the input tax.

However, she explained that the six per cent claim is only eligible if the developers surrender all the public facilities erected to the government.

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