

PRESS STATEMENT

Petaling Jaya, 27 October 2009

The Real Estate and Housing Developers' Association Malaysia (REHDA) welcomes recent incentives announced under the Budget 2010 for the housing and property industry, especially the new EPF withdrawal scheme for house purchase and incentives for 'green properties' as it is envisaged that such measures will help create some market excitement in these current trying times.

The industry however, is taken aback by the Government's decision to impose the RPGT at 5% for disposal of real property effective 1 January 2010. Describing the move as counter - productive to the ongoing efforts to stimulate investment in the property sector, REHDA is of the opinion that re-instating RPGT after a brief exemption period of less than 3 years will adversely impact the already fragile market confidence level among investors, both local and foreign. Worse yet, the move is also a reinforcement of Malaysia's infamous 'flip-flopping' property investment policies. Datuk Ng Seing Liong, JP, REHDA Malaysia President said.

"On one hand, we undertake various efforts to attract more Foreign Direct Investment into the property sector. On the other, we send contrasting signals that could deter investors array." added Datuk Ng. REHDA noted that the market reacted positively to the RPGT waiver in 2007 where increased sales and enquiries were recorded. Any loss of income to the Government should have been compensated via higher stamp duty to increased market activities.

REHDA also is of the view that the re-imposition of RPGT at 5% irrespective of number of years of acquisition is punitive to owners of existing housing units who may have bought their properties decades ago. "These owners may want to sell their houses to upgrade to better properties or to relocate. With the 5% RPGT kicking in, it seems almost like buyers are fined for selling their houses. If the intention is to curb unhealthy speculation in the market, which is unlikely given the

current market condition, then the Government should really focus on such possible speculators, and not impose RPGT blanketly across the board,” quipped Datuk Ng. Surely there are measures less destructive to the market and the economy that could be adopted to expand the country’s tax base,” he added.

REHDA Malaysia hopes that the Government will review the Budget 2010 proposal on the RPGT and carefully study the cost benefit analysis of such a move before it is implemented come 1 January 2010.

Issued by:

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