

# Rehda urges govt to cut GST, stamp duty

> Goods & Services Tax on materials has boosted construction cost, which is passed on to house buyers

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**PETALING JAYA:** The Real Estate and Housing Developers' Association Malaysia (Rehda) has called on the government to reduce the Goods and Services Tax (GST) on construction materials and stamp duty for residential houses to help tackle the affordability issue.

Rehda past president Datuk Ng Seing Liong (pix) said the 6% GST introduced in April 2015 has resulted in higher construction cost, which has been passed on to house buyers. Although residential properties are exempted, they are not zero-rated meaning developers cannot claim back the input tax, thus passing on the cost to buyers.

"Over and above that, construction services also attract that 6%. We all know that components of construction materials are very big item materials like steel bars, sand aggregates cement and that 6% has been passed on," he told reporters at a briefing on Rehda's property survey yesterday.

"Rehda has been telling the government that you can introduce GST but for construction materials you can actually lower it. In many countries, there are many types of GST rates, it's



what they call differential rates. This is an area where the government, if they want to help the construction industry, they should lower the GST," he said, adding that a 1-2% GST for construction materials would be more palatable.

Ng said another component of affordability is stamp duty, which should have been reduced after the introduction of GST.

"But now, they are looking at increasing stamp duty for property above RM1 million at 4%. Now stamp duty for the first RM100,000 is at 1%, RM100,000 to RM500,000 is at 2%, RM500,000 and above is at 3%. But they want to go another tier above RM1 million at 4%," he added.

Ng said the 6% GST and stamp duty are among the reasons for the marked

increase in property prices over the last few years.

Although material costs are subject to market forces, things like levies, for example on steel, could be lifted to reduce construction cost, said Rehda president Datuk Seri FD Iskandar. He noted that steel prices in Malaysia and Thailand are similar at about RM1,700 per tonne but due to the levy imposed by the government, Malaysian contractors are paying up to RM2,800 per tonne.

"We understand that every manufacturer has a cost. We are not asking them to sell below cost and make losses ... but the moment you put an element such as a levy, it unnecessarily increases the cost," he said.

"When we say we want to build affordable homes in suitable areas, give us the incentives. For those who build affordable homes, lower the tax, give higher density, don't charge development charges, lower conversion premium - a lot can be done," he added.

FD Iskandar said state governments should allow developers to pay a contribution in lieu of building affordable homes in unsuitable areas where there is no demand, which has been enforced by Kuala Lumpur City Hall.

"Instead of forcing developers to build where there is no demand, let's sit down and discuss. Maybe you take RM4,000 or RM5,000 for every unit the developer doesn't build ... the money can be used to build in places where there is demand," he said.