



Ride on the home ownership incentives

Food for thought
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THE Home Ownership Campaign (HOC) aimed at encouraging Malaysians to own houses has been extended from June 2019 to Dec 31, 2019.

I was told that the response to the campaign has been positive. Therefore, it is not surprising that the government has extended the HOC to enable more people to benefit from it financially.

This campaign allows purchasers of houses priced up to RM1mil to get a stamp duty waiver for the memorandum of transfer (MOT). Other benefits include full stamp duty waiver on loan documentation up to RM2.5mil and a minimum 10% discount to all properties registered for the scheme, except for those subject to government price controls.

For example, the total savings from stamp duty waivers and property discount for a RM500,000 valued property are about RM60,000.

For Malaysians who plan to buy for their own stay or for long-term investment, now is a good time to ride on this "duty-free" period and enjoy the attractive savings.

To facilitate the campaign, the Real Estate & Housing Developers' Association (Rehda) has planned to host MAPEX exhibitions in various

states, including the national Home Ownership Campaign Expo at Mid Valley Convention Centre from Oct 18 to 20.

All these expos will be a good avenue for potential homebuyers to search for their dream homes with the aim of enjoying the attractive tax incentives.

For homebuyers who don't like the risk or waiting period of buying a house under construction, there are still plenty of completed units to choose from.

I have been advocating the importance of committing to "Good debt", which is to purchase a house or asset that will appreciate over the long term. This is far better than committing to "Bad debt" such as car, credit card and personal loans, for cars and luxury items that depreciate in value.

This concept is especially true for the young generation. If they choose a house over a car when they first join the workforce, they will surely enjoy a much stronger financial position in the future.

Many fresh graduates in Malaysia who buy a car first tend to delay their plan of purchasing a home. Owning a motor vehicle comes with daily and periodic expenses such as loan instalments, petrol, maintenance, licence, toll, insurance, and parking costs. All these expenses can take up a huge portion of their salary leaving them with very little savings at the end of the day.

By the time they can afford a home, be it three, five or nine years later, after serving their car loans, the prices of properties would have escalated because of inflation,

higher construction cost, higher land prices and other factors.

While their salary would also have possibly increased, the percentage of the yearly increment may not be aligned with the yearly inflation rate. It is therefore good to start purchasing a property early.

I believe there is a better way for Malaysians to plan their financial position nowadays. With the improvement plus the eventual expansion of the public transportation system and the availability of ride-sharing services such as Grab, it is actually much more convenient and cheaper to use these transportation modes compared to purchasing a vehicle.

If you think likewise, it is timely to look at the HOC. Since purchasing a property is a long-term commitment, it is important for homebuyers to always do their own research and buy from reputable developers before committing to any purchase.

The HOC was first held in 1998 to lessen the burden of homebuyers and to encourage home ownership. This campaign is now re-introduced after two decades.

Start riding on the financial incentives offered by the government and developers and search for your dream home now. A good deal like this does not come often.

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