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## **Budget 2019 — Update for Housing Developers**

| by Cindy Sim Xin Yee |

Last Friday, finance minister Lim Guan Eng tabled the first budget under the Pakatan Harapan government, bearing the theme, “A Resurgent Malaysia, A Dynamic Economy, A Prosperous Society”. One of the key proposals tabled in the budget is “Housing for All”.

### *P2P funding*

“Property Crowdfunding” platforms will serve as an alternative source of financing for first-time home buyers. The platforms will be regulated by the Securities Commission. The purchaser will acquire property by paying 20% of the purchase price. The balance 80% of the purchase price will be fulfilled by potential investors in exchange for the potential appreciation in the value of the property over a particular period of time.

The first platform is estimated to be launched in the first quarter of 2019, subject to obtaining all approvals from the Securities Commission.

### *Stamp duty exemption*

(a) For purchase of residential property valued up to RM300,000

Effective from 1 January 2019 to 31 December 2020, first-time home buyers will be exempted from paying any stamp duty for both instrument of transfer and loan agreement.

(b) For purchase of residential property valued between RM300,001 and RM500,000

Effective from 1 July 2019 to 31 December 2020, first-time home buyers will be exempted from paying any stamp duty for both instrument of transfer and loan agreement for the first RM300,000 of the price of the residential property. The remaining balance will be subject to the prevailing rate of stamp duty.

(c) For purchase of residential property valued between RM300,001 and RM1 million from any housing developer

Effective from 1 January 2019 to 30 June 2019, first-time home buyers will be exempted from paying any stamp duty for the instrument of transfer.

#### *Financing rate*

Effective from 1 January 2019, Bank Negara Malaysia will establish a fund amounting to the sum of RM1 billion to help the lower-income group (whose monthly income is not more than RM2,300) to purchase affordable homes priced up to RM150,000. The fund will be available from participating financial institutions (e.g. AmBank, CIMB, Maybank, RHB and BSN) through a concessionary financing rate as low as 3.5% per annum.

The fund will be available for two years, or until the allocation is exhausted, whichever is earlier.

#### *Cagamas to provide mortgage guarantee*

RM25 million will be allocated to Cagamas Berhad to provide mortgage guarantees to enable borrowers to obtain higher financing from financial institutions, inclusive of down payment support. This is applicable for first-time home buyers with a household income of RM5,000 or less.

#### *SST exemption*

Construction and building materials will be exempted from SST. In return, the Real Estate and Housing Developers' Association has agreed to a 10% reduction in the price of houses that are not subjected to price control in new projects.

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