

Malaysian Budget 2023: Real Estate Sector

Introduction

The Malaysian budget for 2023 was re-tabled on 24 February 2023 (“Budget 2023”) by Datuk Seri Anwar Ibrahim, the Prime Minister and Minister of Finance of Malaysia. The Budget 2023 was formulated to include inclusive and sustainable economic growth, restore confidence in institutions and governance, and combat inequality through social justice. Among the critical areas of focus in the budget is the real estate sector, which plays a crucial role in providing basic quality amenities.

The real estate sector in Malaysia has been facing various challenges, such as the oversupply of properties in specific segments of the market and affordability issues for homebuyers. Moreover, the sector has been adversely affected by the global economic slowdown.

Impacts of the Budget 2023 on the real estate sector

First-time home ownership

The Government has proposed the full stamp duty exemption for the purchase of houses valued at RM500,000.00 and below until the end of 2025. Furthermore, stamp duty exemption for the purchase of houses valued from RM500,000.00 to RM1,000,000.00 will be increased from the current rate of 50% to 75% until 31 December 2023.

This move is expected to boost first-time home ownership and make housing more affordable for Malaysians.

Transfer of property by way of love and affection

The Budget 2023 also addresses the transfer of property by way of love and affection. Currently, the Government provides a 50% stamp duty remission on the instrument of transfer of property between parents and children of Malaysian citizenship, pursuant to the Stamp Duty (Remission) (No. 2) Order 2019.

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One of the measures proposed under the 2023 Budget is the full stamp duty exemption on the instruments of transfer of property for the first RM1,000,000.00 of the property's adjudicated value and 50% remission on the stamp duty imposed for the property's adjudicated value above RM1,000,000.00. This exemption and remission will not only cover the instrument of transfer of property between parents and children of Malaysian citizenship but also extend to the instrument of transfer of property between grandparents and grandchildren, which is not currently available.

Conclusion

The Budget 2023 is expected to impact the real estate sector in Malaysia positively. The measures are expected to address the affordability of housing in Malaysia. These initiatives are crucial in enhancing the well-being of Malaysians and driving economic growth in the country.

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