

KUALA Lumpur City Hall (DBKL) must be selective and make a distinction among the different classifications of properties. Perhaps that should be done first before it imposes new rates on new residential, commercial, industrial and mixed development projects. After all, pricing is reflective of current valuations and there are so many new developments: Stratified, landed, high-rise, commercial, retail, office, malls, SoFo, SoHo, condotels, hotels, serviced apartments, boutique and industrial, to name a few.

The issue of not having enough money should not arise. As plot ratios and density have been increased drastically for developers in KL, more revenue in terms of development charges and assessment fees would be collected. DBKL has also been collecting millions of ringgit in Infrastructure Service Fund (ISF) fees from developers for the development of infrastructure in KL, along with millions in lieu of the non-availability of car park bays.

The last tax increase was implemented in 2013 whereupon assessment taxes were revised and imposed on all rate payers. Other excuses do not hold water because some newly completed properties delivered four to five years ago had suffered the fate of a revision with an increase of 100% to 200% as though the properties had doubled in value within that short span of time. Some owners then in Cheras have received notices of revision that translate into a 200% hike in rates. Did DBKL take into consideration that the leasehold land upon which the property is erected expires in 60 years? The property value on resale would obviously fetch a lower price based on the diminishing lease period.

Be mindful that property increases in value are merely paper gains. These can only be monetised when sold by the owner, which will attract capital gains taxes.

Hence, increasing assessment taxes does not make sense if the property has only increased in value on paper.

Maintenance borne by owners, not DBKL

In fact, a rebate should instead be offered to those living in stratified properties such as flats, apartments and condominiums, as they are already paying maintenance fees to their Joint Management Bodies (JMBs) and Management Committees (MCs) for the upkeep of infrastructure and playgrounds, maintenance of trees and grass-cutting, sweeping, cleaning (internal roads and drains) and rubbish disposal within their perimeters.

The JMBs and MCs maintain the buildings, playgrounds, parking lots and other facilities while DBKL's role is limited to cleaning the drains and maintaining roads outside the perimeters.

Previously, DBKL's duties included sewerage services but today taxpayers must make separate payments to Indah Water Konsortium. Shouldn't this issue be considered for a reduction?

DBKL's sources of revenue

DBKL does not depend on assessment collection alone for revenue. There are other major sources of revenue like

DBKL's tax moves on KLites questioned



DATUK CHANG KIM LOONG

Honorary secretary-general
National House Buyers
Association

If not, why not?

Complaints galore

The proposed assessment rate hike by DBKL has understandably irked the city's dwellers, as the list of complaints about the standard of service it delivers is rather long. Among the grievances are roads riddled with potholes, untrimmed trees, unkempt and unsightly public parks, undergrowth on road reserves, inconsistent rubbish collection, broken drains, poor upkeep of playgrounds, flooding, parking woes, uneven roads, a spike in dengue fever, illegal dump sites, rat infestations, issues with illegal migrants and beggars, illegal bunting and billboards, lack of enforcement, failure to collect rent from council home defaulters, poor maintenance of public lighting and the list goes on.

How taxes can be saved:

- Public access to financial information:** Governments should improve transparency by providing easy access to budgets, financial statements and spending reports. This allows taxpayers to see exactly where their money is going, fostering trust.

- Clear allocation of funds:** Clear communication about how increased tax revenue will be utilised – whether for infrastructure, public services or debt reduction – ensures taxpayers see value in the hike and are more likely to support it.

- Cost-cutting and efficiency:** Identify areas where spending can be reduced without impacting services. For instance, cutting wasteful practices, renegotiating contracts or streamlining operations can help minimise the need for tax hikes.

- Performance audits:** Regular audits and reviews of public fund usage can pinpoint inefficiencies or misuse. These audits ensure taxpayer money is spent effectively.

- Public engagement:** Holding open forums or consultations to

involve taxpayers in budget decisions can increase acceptance of necessary tax increases. When citizens feel heard, they are more likely to support changes.

- Taxpayer incentives:** Providing credits, rebates or deductions for responsible property ownership or energy-efficient improvements can help offset the impact of higher taxes for some taxpayers.

- Open data platforms:** Leveraging technology to make financial data more accessible and understandable reassures taxpayers. Platforms tracking tax revenue, spending and project progress can demonstrate responsible fund management.

- Tax incentives for transparency:** Governments can encourage clear financial reporting practices by offering lower rates or deductions for individuals and businesses maintaining transparent income and expense records.

- Accountability measures:** Systems ensuring local officials are accountable for tax increases – by demonstrating tangible results or improvements – encourage responsible decision-making. Regular updates on fund usage and progress toward promised outcomes should be provided to the public.

- Independent oversight:** Establishing an independent body or watchdog to oversee tax fund usage helps prevent misappropriation and ensures that tax hikes are justified by visible improvements in public services or infrastructure.

DBKL must demonstrate a strong commitment to transparency and accountability. By fostering openness, ensuring financial responsibility and engaging with the public, governments can justify necessary tax hikes while helping citizens understand their benefits. This approach can build trust in the system and potentially reduce resistance to such increases. Ratepayers have a right to live in a safe and well-maintained environment, supported by a governing authority that upholds a strong

sense of accountability.

Establishment of an ombudsman

Accusations of inflated pricing for asset purchases and project expenditures are not uncommon and remain a frequent topic of concern among ratepayers.

To address these concerns, prevent corruption and ensure sound fiscal management, DBKL's expenditure should be made public and easily accessible. Ratepayers should have the ability to oversee spending and influence decisions, including the scrutiny of annual budgets. We propose the establishment of an Ombudsman to monitor the use of funds and prevent self-inflicted wastage.

Selangor's 25% tax hike

Our arguments and rationale can similarly be applied to question the Selangor state government's plan to increase property rates for residential properties by at least 25%. Notably, this move may be unlawful, as property valuation increases are unlikely to be consistent across the entire state. Variations exist between cities and municipalities within Selangor. Consequently, this arbitrary method of implementing a uniform 25% increase in assessment rates could be subject to legal challenge.

Before opting for the straightforward solution of raising property assessment rates, the state government should conduct a comprehensive evaluation of their respective entities' financial and operational performance. This would help identify areas where excesses and wastage can be reduced and costs optimised, ensuring a more justifiable and sustainable approach.

This raises the final question: Can DBKL and the Selangor state government give a guarantee that the quality of services offered will greatly improve if tax are increased? Or is it business as usual?