

## **Myanmar to Build US\$483.8 million Expressway for East West Economic Corridor**

Myanmar's government has approved a US\$483.8 million loan from the Asian Development Bank (ADB) to build an expressway linking Bago to Kyaik Hto, with the aim to connect with Vietnam's Da Nang port through to Cambodia, Laos and Thailand in the near future. The Bago-Kyaik Hto Expressway Project will stretch for 62km and the construction is expected to start next year and to be completed by 2027. The project would not only help boost the local economy but also enhance the connectivity and trade between Vietnam, Laos, Cambodia and Myanmar. The Bago-Kyaikto expressway is also part of the COVID-19 Economic Relief Plan to restore the economy as the project will create a lot of new employment.

*Learnt from: Construction & Property (3<sup>rd</sup> August, 2020)*

## **What Type of Land Developments must be Approved by the Competent Authorities?**

Any person or real estate company must apply for a permit at the MLMUPC for any project with more than 30,000 sqm of land and apply from the governor of the municipality or provincial governor's board for any project with less than or equal to 30,000 sqm of land. Additionally, for any project with less than or equal to 5,000 m<sup>2</sup> of land, the applicant has to apply for a permit from the governor of the municipality, district and Khan if those administrations have a land-use plan already approved. The Ministry of Land Management, Urban Planning and Construction (MLMUPC) has determined the forms of land development requiring a permit as following:

- The conversion of land use for construction projects
- Land development for parcel conversion projects
- Land development project to organise lots
- Land development to change the land structure
- Land development for urban development projects
- Land development to organise the development of a borey or residential building projects
- Land development to organise the development

- of commercial, service and diverse area projects
- Land development to organise the development of industry, industrial parks and factory area projects
- Land development to organise the development of economic zone projects
- Land development to organise the development of urban infrastructure projects
- Land development to organise the development of tourism area projects
- Land development to organise other development projects.

However, land development in agricultural areas for building family housing, factories in an economic land concession and for handicrafts or factories for agricultural purposes do not require a permit. Notably, after obtaining a permit for land development, the person or company must go on to apply for a license or permit for real estate development business at the Ministry or Department of Economy and Finance to do business legally on those land projects.

*Learnt from: Construction & Property (5<sup>th</sup> August, 2020)*

## **Tax on Unused Land in Cambodia**



*Unused Land*

Unused land is considered taxable, although tax payments on properties are not, all the same, depending on the type, size, and location of the property. The tax on unused land has been implemented since 1996 by the Finance Act of 1995. Article 27 of this law states that the unused land tax is levied on both non-constructed land and the abandoned constructed land, located in the cities and the areas levied by the Unused Land Appraisal Committee (ULAC). The tax on unused land does not fall under the scope of tax on Immovable Property. This unused land tax is paid by the owner

at a rate of 2% of the tax base. The unused land tax is intended to prevent the act of buying land and waiting for higher prices to sell for excess profit and stimulate land use. All owners of unused land can pay the tax at the provincial tax branches where the property is located. The landowner must submit a tax declaration of unused land from 1 January to 30 September of each tax year. To calculate tax, the owner has to multiply the tax base by the tax rate (2%). Before calculating the tax, the owner has to first calculate the tax base, which is the total area of the land multiplied by the value of the land per square meter. In case of negligence, the owner who fails to file a tax return or fails to pay the unused land tax is subject to a penalty of 10% or 25%, and 40% of the amount of the underpaid tax adding interest at 2% of the amount of the underpaid tax for each month or the portion of the month that the underpaid tax has not been paid. According to the notification of the General Department of Taxation on 28 May 2020, the General Department of Taxation has urged all immovable property owners in Phnom Penh and all provinces to pay their property taxes, including the tax on unused land for 2020 before the end of 30 September 2020.

*Learnt from: Construction & Property (10<sup>th</sup> August, 2020)*

**Property prices in capital drop by up to 50 percent**



*Typical new luxury condominium*

Cambodia's condominium market has been falling by rates of up to 50 percent because a lack of foreign investment. Since the first quarter of this year, Cambodia's economic growth has been severely hampered by the outbreak of COVID-19.

Over the course of the second quarter, the market witnessed three new launches of condominium projects across three districts and these projects along with current projects have already seen a decrease in the original sale prices. According to the semi-annual report of the National Bank of Cambodia (NBC), FDI inflow into real estate fell 24 percent, of which construction dropped 8 percent. The high-end condominiums in the capital, which include gyms, rooftop infinity pools, five-star restaurants, movie theatres, kindergartens and mini-marts, have seen a recent drop in price by up to 50 percent. The lack of foreign investment has opened up the door for more domestic investment at much better rates so properties can be unloaded quickly and investments recouped. One major impact being offered to customers is the Guaranteed Rental Return (GRR), which is a future rental income that is guaranteed by the developer or management company to the property purchaser for a contracted period of time after the purchase agreement is signed. While there has been a negative correction across almost all of the condominium market, the COVID-19 pandemic is still at large. It is likely the market will remain under pressure until travel restrictions ease and foreign investment returns.

*Learnt from: Khmer Times (14<sup>th</sup> August, 2020)*

**Mekong Homes Unveils Affordable Housing Model**



*Affordable model housing*

The Mekong Homes project by ISI Steel has launched a new affordable house model to fulfil the needs of small and medium land plot owners in Cambodia. Launched on 14 August, the event hosted real estate developers and microfinance

partners from over 80 institutions who expressed optimism and plan to collaborate with Mekong Homes. Through this collaboration, people can purchase a land plot, build a house, and apply for a loan smoothly without having to go through a complicated procedure. The uniqueness of Mekong Homes is not to go through a complicated process of finding a constructor and buying materials but to choose model which the team will build within 30 days. The Mekong Home is a multi-functional house that can be built as a residence, resort, staff house, leisure house, farmhouse, office, school or library. To date, over 400 Mekong Homes have been built nationwide, and Mekong Homes plans to supply a total of 100,000 homes in the next ten years.

*Learnt from: Construction & Property (24<sup>th</sup> August, 2020)*