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Penang to consider giving grants to city councils due to assessment tax cuts

The Penang local government committee chairman said the state government would consider offering grants to both the Penang Island City Council (MBPP) and Seberang Prai City council (MBSP) due to the loss in funding from the assessment tax.

It was announced in May this year that rate payers would only have to pay their previous assessment rate for the year to reduce the burden caused by the Covid-19 pandemic.

Jagdeep Singh (Datuk Keramat) said MBPP was supposed to receive an additional RM54.24mil from the increased assessment this year, while MBSP would have received an additional RM39.7mil.

“Due to the assessment rebate this year, both councils would only receive RM19.5mil and RM27.8mil.

"Our main aim is to ensure the health security and safety of Penangites.

"The increase in assessment rates were discussed and approved pre-Covid-19.

"The rebate has definitely impacted the local councils and project expenditure will now be a burden on the councils.

"We have held discussions on how to scale down on expenditure and looked at our core businesses," he said at the 14th Penang State Legislative Assembly at Dewan Sri Penang, George Town on Monday (Oct 12).

Jagdeep Singh was responding to an oral question by Lee Khai Loon (PH-Machang Bubuk) on how the local councils would manage due to the rebate, as assessment tax was its main source of income.

Over 600,000 rate payers in Penang received a rebate on assessment rates this year.

The state had announced an assessment rate review last year (2019) where the annual value of properties was adjusted to reflect the current values, while the actual assessment rates were reduced.

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