

## Foreign Investment Committee Guidelines

Foreign ownership of property in Malaysia is permitted subject to certain conditions laid down in law. The controls on foreign ownership of property are set out in the National Land Code, State rules and guidelines of Foreign Investment Committee (FIC). FIC is a division of the Prime Minister's Department monitoring the national policies regarding foreign ownership of property through the implementation of its guidelines. The State Authority has the discretion to consider the acquisition based on the area or location of the property, types of property and percentage of the total units in a project.

### *Individual Foreign Investor*

By law, a foreigner can acquire property valued at more than RM150,000 per unit with no limit on the number of property acquired. But Every State of Malaysia has its own guidelines on the acquisition of property by foreign interest as illustrated below:

States	Limitation on Property Price
Kuala Lumpur Selangor, Kedah, Perak, Negeri Sembilan	Must not less than MYR150,000
Penang, Malacca, Johor, Sabah	Must not less than MYR250,000
Sarawak	Must not less than MYR350,000

Financing from internal and external sources are allowed for all acquisition of properties. Acquisition of residential unit under Malaysia My Second Home Programme is exempted from obtaining the approval of FIC. Acquisition of commercial property valued at less than RM10 million does not have to incorporate a local company provided that the property is only for own use.

### *Foreign Corporate Investors*

Acquisition of property by foreign interest as stated below has to be registered under a local company and will be subject to the conditions for acquisition:

- a) acquisition of 1 unit or more contiguous properties with a total value of RM10Mil and above;
- b) acquisition of an entire building or an entire property development project, irrespective of value; and
- c) Acquisition of land or land with building for redevelopment on a commercial basis.

Conditions for acquisition of property by local and foreign interests comprise of equity, share capital, property development, and employment conditions are as follows:-

#### a) Equity Conditions

At least 30% of Bumiputra equity and the remaining shareholding can be held under either local or foreign interests or both parties.

#### b) Share Capital Conditions

Local company owned by foreign interests with paid up capital of at least RM250,000.

#### c) Property Development Conditions

At least 75% of the total value of building materials and fittings used for the construction project should be of local materials;

#### d) Employment Conditions

The company with foreign interest, to the best of their ability, recruit and train the Malaysian employees so as to reflect the country's population composition at all levels of employment.

### *General*

Foreigners are not allowed to acquire:

- all properties under the category of low and medium low cost as determined by the State Authority;
- all properties built on Malay Reserve Land
- properties allocated to Bumiputra in any property development project as determined by the State Authority
- stall and service workshop;
- agricultural land developed on the basis of the homestead concept.

Disposal of property by foreigner to foreign interest requires FIC approval. If disposal of property less than RM20 million by foreigner to local interest needs to be informed to FIC.

Charging of property acquired in Malaysia to foreign interest requires the approval of FIC. Charging of the property is allowed provided all of the loans taken would be utilised for the operation of business in Malaysia only.

For more information, please visit [www.epu.jpm.my](http://www.epu.jpm.my) to download the complete guidelines.

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