

Frequently Asked Questions

Fixed Deposits

Q: Can I withdraw my fixed deposit any time during my stay in Malaysia?

A: Participants are not allowed to withdraw the fixed deposit for the whole duration of the one year period, unless for emergency cases and with prior approval from the Ministry of Tourism.

Q: Can I place the fixed deposit in a Malaysia bank located in my country?

A: No. Participants have to open a fixed deposit account in any Malaysian local bank or financial institution in Malaysia.

Q: Can the purchase of a house in Malaysia which is valued more than RM150,000.00 be considered as having fulfilled the financial criteria for this programme?

A: No. Participants are required to fulfill the fixed deposit requirement or monthly off-shore income for age 50 years and above as the purchase of a house is not compulsory for participants under this programme.

Q: Am I allowed to withdraw my fixed deposit for a few months and then topped it back later?

A: No. Participants are not allowed to do this, unless for an emergency purpose but with prior approval from the Ministry of Tourism.

Q: When can I withdraw my fixed deposit?

A: After a period of one year, the participant may withdraw his/her fixed deposit for approved expenses relating to house purchase, education for children in Malaysia and medical purposes OR when he/she decides to terminate his/her stay in Malaysia by first informing the Ministry of Tourism of his/her intention at Malaysia My Second Home Centre. Participants can apply to withdraw part of their fixed deposit for emergency cases such as medical purposes, etc. with prior approval of the Ministry of Tourism.

Investment

Q: Can I open a restaurant, book shop or clinic in Malaysia under this programme?

A: No. Participants under this programme are NOT allowed to have their own businesses.

However, they are allowed to invest in local companies as an inactive partner. They are allowed to attend Company's Board Meetings as one of the company directors but they are not allowed to have an office in the company. Participants can participate in the local share market.

Employment

- Q: I am a qualified doctor in US. How can I get to work in a Malaysia hospital or a private hospital?
- A: Under Malaysia My Second Home Programme, participants are NOT allowed to work. However, you can apply to the Human Resources Ministry seeking special approval for you to work in Malaysia because of your special expertise. If you are successful, you will be issued a work permit or Employment Pass. You may join Malaysia: My Second Home Programme at the end of your work permit if you decide to continue your stay in Malaysia.

Education

- Q: Do kindergarten level child need a Student Visa to attend kindergarten here?
- A: Children below the school going age (that is 7 years old) are not required to apply for a Student Visa. They need only apply for a Social Visit Visa.
- Q: If my children are already married and want to study in Malaysia with their husband, do they need to pay the fixed deposit?
- A: Not necessary. They can apply for a Student Visa once they have obtained places of study in Malaysia.

House Purchase

- Q: Are the participants entitled to any special entitlements?
- A: All participants are allowed to purchase two units of residential properties of value more than RM150, 000.00 each except for certain states like Johor, Malacca, Penang (above RM250,000.00) and for certain areas in Sarawak (above RM350,000.00).
- Q: Can I purchase a house for residential purpose and a shop lot to be rented out?
- A: No, you are only allowed to purchase residential properties.
- Q: Do I have to pay the yearly assessment and quit rent for my houses like the local?
- A: Yes.
- Q: In the event of unforeseen death is the participant able to hand over his Malaysian assets to any of his beneficiaries smoothly. Does the Government have any restriction on this matter?
- A: Yes, provided he/she has a Will which indicated clearly to whom the properties are to be given. If not the next of kin of the participant will have to apply to the Government to have his properties released to them as the rightful heirs.
- Q: Must foreigners buy new Malaysia property only, such as from developers, or can they purchase any property, such as from individual owners (second hand or third hand property)?
- A: Participants can purchase any type of housing properties provided that it has been issued with CF (Certificate of Fitness).

Q: Is the RM150, 000.00 foreign property ownership regulation applies to landed property only?

A: No. It also applies to other properties with strata titles such as condominiums, apartments and service apartments.

Q: If I buy a piece of land costing RM100,000.00 and to build a house costing RM100,000.00, which is less than RM150,000.00 regulation, am I breaking the regulation?

A: No, since the total cost of the whole house purchase is RM200,000.00 which is more than the RM150, 000.00 and above requirements.

Q: Do I need to obtain prior approval from Foreign Investment Committee (FIC) for the purchase and sale of my house?

A: Participants under this programme are not required to obtain prior approval for the purchase and sale of houses from FIC. However, they must write to the Ministry of Tourism giving details of the house (location as well as price) so that a letter can be issued to them certifying that they are eligible to purchase the said property this programme. In addition, they are required to send a copy of the approval letter obtained from the respective State Authority which has authorized the purchase or sale of the property concerned to FIC for information.

Q: Am I subjected to the property gain tax if I make a profit from selling my house?

A: Yes.

Car Purchase

Q: Is a participant who buys a second-hand local car eligible for tax exemptions?

A: Second hand cars are transacted on a willing buyer, willing seller basis and the government do not levy any sales tax and excise duty on such transactions. As such tax exemptions do not arise. However, second hand cars which are imported are subject to sales tax and import duty at the point of entry.

Q: If I had a car accident and as a result I need to change the car, do I have to pay back the tax exemptions?

A: Given the following situations:

i. If the car is repaired and sold it will be subject to the applicable tax/duty according to the prevailing rates.

ii. If car is written off, taxes will be waived.

iii. If the participant wishes to buy another car, their application will be processed on the merit of each case. Under normal circumstances a participant of this program is allowed tax exemption for a car on a one time basis.

Q: When can I sell the car, which has been given all the tax exemptions?

A: Cars that have been exempted from taxes and duties under this program can be sold or its ownership transferred provided the prevailing taxes and duties on the car have been paid prior to the transaction. However, for imported cars the condition stipulated in the AP should be complied before any sale or transfer can be permitted.

Income Tax

Q: What kind of taxes are the participants of this programme normally subjected to?

A: Income tax is imposed on income earned from investments in local companies and local share market. Apart from this, gains from the sale of landed property are also subjected to real property gains tax. Please refer to www.hasilnet.org.my for more details on the tax structure.

Q: Is the interest for their fix deposit taxable? Some say it is taxable, other it is not taxable. If the deposit amount exceeds RM100, 000.00 OR if the deposit period is one year. What is the exact regulation?

A: Interest earned by an individual from fixed deposit account is exempted in the following situations: -

- i. Period exceeding twelve months or more – any amount of interest.
- ii. Period not exceeding twelve months – interest on fixed deposit account of up to a maximum of RM100,000.00.

Q: Is income remitted from abroad taxable?

A: Before year of assessment 2004 income remitted from abroad to Malaysia (apart from pension) is subject to tax. However, from year of assessment 2004 all income remitted from abroad is not subject to tax.

Q: Does the participant have to submit any personal tax declaration to the Income Tax Department of Malaysia, like Malaysians have to?

A: Yes.

Q: If the participants have to submit income tax return to the Income Tax department, are they entitled to any exemptions under the programme?

A: They will only be taxed on the income earned in Malaysia after taking into account the personal tax allowances. The income will be taxed according to a progressive tax rate structure.

Q: I am a German in which my country has a 'double taxation agreement' with Malaysia. I have an early pension and if I stay in Malaysia for at least 184 days, my pension scheme will not be taxed by the German Government and will also not be taxed by the Malaysia government. Is this true?

A: Under this Programme, pension remitted to Malaysia is exempted from tax.