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Property market boost (HL)

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KUALA LUMPUR, Thurs. - Foreigners are now allowed to own all types of residential and commercial properties, either old or new projects costing more than RM250,000 each, without having to set up a company with local equity participation.

At present, this relaxation is only extended to projects which had already been completed or 50 per cent completed.

This is among several new guidelines of the Foreign Investment Committee announced by Prime Minister Datuk Seri Dr Mahathir Mohamad in a statement today in a move to attract more investments from abroad.

The foreigners are also allowed to source their funding from local financial institutions for their property acquisitions following further relaxation of the Special Guidelines of April 22, 1998.

Foreign companies incorporated in Asean intending to set up joint venture companies or to operate in Malaysia are allowed to own offices or office space costing above RM250,000 without equity conditions.

The guidelines, which came into effect on April 25, include relaxation of several rules and regulations pertaining to asset ownership in Malaysia by foreigners and ownership of commercial land by foreign companies. To encourage the setting up of corporate or regional headquarters in Malaysia, including branch offices, foreign companies are allowed to own offices or office space costing over RM250,000 without equity condition.

Foreigners who now undertake manufacturing activities and are exempted from having to get a manufacturing licence from the Ministry of International Trade and Industry are now allowed to own industrial lots or factories for manufacturing and not for rental purposes.

This is to help foreigners own industrial lots for their manufacturing activities.

Foreigners are now also allowed to buy residential houses worth RM150,000 and above each under the "Silver-Haired Programme" in specially designated areas.

Under this programme, qualified foreign retirees who own such houses will be allowed to live in Malaysia.

He also said companies or individuals involved in selling property under RM20 million now only need to report their transactions to the FIC Secretariat for record purposes.

With this, State authorities need not wait for approval from the FIC in the management of such cases.

These regulations cover the sale of property by Bumiputeras, non-Bumiputeras to Bumiputeras, non-Bumiputeras to non-Bumiputeras and foreign interests to Malaysians.

Malaysian purchasers of real estate worth under RM10 million each will not require FIC approval. This replaces the previous ruling which required Malaysian purchasers of more than RM5 million to obtain FIC approval.

The move, Dr Mahathir said, was aimed at facilitating and speeding up small transactions under the purview of the State authorities.

He said the new guidelines were issued due to the Government's realisation that the country's economy faced challenging times due to the global economic slowdown and the increasing competition between nations to lure foreign direct investments.

"The Government is committed to ensuring an open and friendly economic environment.

"It was for this reason guidelines for private and foreign investments have been relaxed to encourage more investments," he said.