

THE ESSENTIAL GUIDE FOR MALAYSIA MY SECOND HOME (MM2H) VISA HOLDERS - PRACTICAL APPROACH

The Malaysia My Second Home (MM2H) programme allows citizens of the countries to retire and reside in Malaysia with their spouses, children below age 18 for a period of 10 years, which is renewable thereafter (subject to the validity period of their passport).

ELIGIBILITY

It is open to citizens of countries recognized by Malaysia regardless of race, religion, gender or age.

(1) Financial Requirements

(i) New Applications

Successful applications are required to comply with the following financial criteria:

(a) Age below 50 years old

- Must open a fixed deposit *account of MYR300,000
- After a period of one year, the applicant may withdraw up to MYR240,000 for approved expenses relating to house purchase, education for children in Malaysia and medical purposes
- Must maintain a minimum balance of MYR60,000 from the second year onwards and throughout their stay in Malaysia under the MM2H programme
- Show proof of monthly **off-shore** income of MYR10,000 (for single applicant) or MYR15,000 (for applicant with dependent/s)

(b) Age 50 years and above

- Must open a fixed deposit *account of MYR150,000
- After a period of one year, the applicant may withdraw up to MYR90,000 for approved expenses relating to house purchase, education for children in Malaysia and medical purposes
- Must maintain a minimum balance of MYR60,000 from the second year onwards and throughout their stay in Malaysia under the MM2H programme

- Show proof of monthly **off-shore** income of MYR10,000 such as a pension scheme or dividend income, etc

(ii) Existing Applicants

Existing applicants where MM2H visa status was submitted prior to 1 April 2006 will not be subjected to financial requirements when they renew their stay in Malaysia under this programme. However, approvals for renewals are subjected to the fulfillment of the following conditions required by the Government of Malaysia.

- (a) Single applicants with a fixed deposit of MYR100,000
 - Applicant may withdraw up to MYR40,000 for approved expenses relating to house purchase, education for children in Malaysia and medical purposes in year 2 of their renewed MM2H visa
 - Must maintain a minimum balance of MYR60,000 from the second year onwards and throughout their stay in Malaysia under MM2H
- (b) Applicant with dependents (spouse and / or children) with a fixed deposit of MYR150,000
 - Applicant may withdraw up to MYR90,000 for approved expenses relating to house purchase, education for children in Malaysia and medical purposes in year 2 of their renewed MM2H visa
 - Must maintain a minimum balance of MYR60,000 from the second year onwards and throughout their stay in Malaysia under MM2H

Meanwhile, applicants under MM2H (both new and existing) may withdraw their entire fixed deposit anytime should they decide to terminate their stay in Malaysia. However, they must obtain prior approval from the Ministry of Tourism prior to cancellation of their MM2H visa.

(2) Health and Fitness Report

All applicants, including dependents (spouse and / or children), must submit a medical report (Form RB II) issued in Malaysia. The report will be required to be completed by a registered doctor in Malaysia to provide confirmation of the applicants' medical history and certify that the applicants are not suffering from any disease and are healthy to stay in Malaysia.

(3) Local Medical Insurance Policy

All applicants, including dependents must possess a valid medical insurance policy with a Malaysia incorporated insurance company.

However, applicants or their dependants who are above 70 of age, a letter from a local insurance company certifying that applicants could not qualify for the medical coverage due to their age limitation set by the insurance company in Malaysia would be required to obtain as a documentation evidence for MM2H visa endorsement purposes.

(4) Categories Not Eligible for the MM2H Application

While the MM2H programme is open to all foreigners, the following categories of applicants are not eligible for the said application:

- Citizens of Israel, Serbia & Yugoslavia;
- Foreigners married to Malaysia;
- Foreigners who are currently holding a valid working permit in Malaysia; and
- Persons participating in activities that can be considered as sensitive to the local people like political or missionary activities.

PURCHASE OF A TAX FREE PERSONAL CAR

Applicants who have already hold a valid MM2H visa, you may not want to miss out the perks entitlement under the programme. One could either:

Import your personal use car from overseas into the country without paying any import tax and excise duties within six months of your MM2H visa endorsement.

Applicants who wish to bring in their car from overseas will have to follow the following processes in order to secure their cars free from import tax and excise duties.

Step 1 : To liaise with Ministry of Finance (MOF) & submit an application for tax /duty exemption on one personal car (Form MM2H/07) under the MM2H programme. The said process will take between 10 - 14 working days.

Step 2 : Upon receipt of the duty exemption letter, the applicant is now required to submit an application of "Approved Permit (AP)" to the Ministry of International Trade and Industry (MITI). In this application, MM2H holder will be required to submit the following documents together with a copy of the duty exemption letter from MOF to MITI before AP could be granted.

- Form JK69 (Application for Import License)
- Copy of applicant's MM2H visa
- Copy of International or Malaysia driving license
- Vehicle registration particulars
- Insurance coverage of the car
- Copy of invoice and purchase receipt of the car

The above application will take between 2 - 3 working weeks to process. Applicant will be called for an interview and he is required to bring along all original copies of the above documents with him during the interview session.

Step 3 : Upon receipt of the Approved Permit, the applicant may now prepare the Importation Customs Declaration using Customs Forms No1 (K1 Form) for Customs Clearance at point of entry. Though step 3 could be handled by most forwarding agents, the following documents would be required to be made available during importation of the car.

- Approval letter from MOF
- Approved Permit from MITI
- Original copy of the Car Registration Card (Pink Card)

if applicant wishes to bring in a second vehicle from overseas, he would be required to obtain from the Ministry of Tourism confirmation of his MM2H status and attach the following documents to be forwarded to MITI for the applications of Approval Permit (AP).

- A copy of the passport showing the MM2H visa endorsement page with the stamp "Malaysia My Second Home Programme" Letter of application from applicant to bring in a second vehicle into Malaysia
- To provide details based on documents required under step 2 approach for AP

Purchase of a local Completely Knocked Down (CKD) assembled car

The are basically three categories of cars sold in Malaysia :

- Locally produced by Malaysian auto makers such as Proton or Perodua, Naza Ria, etc;
- Local assembled with a mixture of imported and locally produced components (commonly known as CKD - Completely Knocked Down) units; and
- Sales of imported cars (frequently referred to CBU - Completely Built Up) units

ACQUISITION OF RESIDENTIAL PROPERTIES UNDER THE MM2H PROGRAMME

Owning a property in Malaysia is one of the top choices for foreign property investors, according to the Asia Property Trends Survey conducted online for the month of November and December 2007 (source; www.iProperty.com). According to the survey, condominiums are the most preferred property type, with 55% interested in completed projects and 39% favoring newly launched projects. Location, price and the country's foreigner-friendly policies are some of the important factors when making a property investment decision. Low cost of living compared to the overseas is a bonus, apart from the prices of cars.

Conditions for the purchase of residential house in Malaysia

Each applicant is allowed to purchase two units of residential houses at a minimum price of MYR150,000 each, depending on the location of the property. Generally the minimum price for the purchase of residential houses in Malaysia is set at:

- Above MYR350,000 each for certain areas in the State of Sarawak;
- Above MYR250,000 each for the states of Penang, Malacca and Johor; and
- Above MYR150,000 each for other states in Malaysia.

Applicants may need to watch out for land which is strictly allocated as "Malay reserve land" units that are reserved for Bumiputra quota and agriculture land developed on the basis of the homestead concept. Any proposed acquisition under the MM2H programme must be applied directly to the Ministry of Tourism for onwards notification to FIC by the Ministry.

There is no restriction to the type of residential houses to be owned by the MM2H applicants:

- Service Apartment
- Super Condominium
- Terrace Link Houses / Villas
- Semi-Detached Home
- Bungalow

Tips for Purchasing Residential Unit

Identify the property in which the applicant intends to acquire.

One should request for the draw up plan and property flyer to understand the shape and size of the unit purchase.

- When buying a completed unit, one should check if the Certificate of Fitness (CF) has been issued
- It is encouraged for one to seek information on the property from relevant authorities (eg. Land office, local councils or authorities) for confirmation that

the property owners and there is no caveat in the land title unless the property is purchase under mortgage.

- When purchase a property, applicant would be required to assign a lawyer to prepare the Sales & Purchase Agreement (S&P), payment of stamp duty and registration of property with land office, etc.
- To obtain a letter from the Ministry of Tourism (MOT) certifying that the applicant is a MM2H visa holder, so as to assist in the execution of S&P in a more efficient manner

Procedures for Acquisition of Residential Units under the MM2H Programme

- Step 1 : Pre-Submission
- Step 2 : Ministry of Tourism Obtain recommendation letter
- Step 3 : State Authority (Evaluation & Approval)
- Step 4 : Land Office (Evaluation & Approval)
- Step 5 : Inland Revenue Board (Stamping Agreement)
- Step 6 : Acquisition of Property

Documentation required

1. Detail of property that is desired
2. Attach copy of S&P master title / strata title, passport or/and relevant documents deemed necessary

Conditions

1. Value > MYR150,000.00
2. Value > MYR250,000.00 (Penang, Malacca & Johor)
3. Value > MYR350,000.00 (Sarawak)
4. Maximum of 2 residential units

BRINGING IN DUTY FREE PERSONAL BELONGINGS FROM HOME COUNTRY

Applicants could import the household and personal belongings free from custom duty and taxes. However, these goods must be used for a period of not less than three (3) months. Also, these goods will not be disposed of without three (3) months after date of importation into Malaysia.

Some examples of the personal belonging include:

- Crockery and cutlery
- Furniture
- Beddings / curtains

- Pictures / wall paintings
- Kitchen electrical such as kettle, microwave
- Garden appliances such as lawn mower
- Electronics appliances such as television, radio or DVD player

Items Not Categorized Under Personal Household Effects

- Motorbike
- Car
- Powerboat
- Yatch
- Motor home / Caravan

List of Prohibited Goods

- All types of Piranha fish;
- Dagger, flick knives;
- Broadcast receivers capable of receiving radio communication within the ranges (68 - 87) MHz and (108 - 174) MHz;
- Cloth bearing the imprint or duplicate of any verses of the Quran
- Pen, pencil and other articles resembling syringes
- Poisonous chemicals
- Lighting arrester containing radioactive materials, etc

OTHER INCENTIVES TO MM2H VISA HOLDERS

Domestic Helper

Each applicant is allowed to apply for one domestic helper subject to the prevailing guideline of the Malaysia's Immigration Department.

Applicants are required to fill in the foreign maid application form and submit to Immigration Department together with a copy of the applicants' MM2H visa passport for verification.

Applicants who wish to bring a foreign maid from country other than his country of origin will be required to submit an application to the Director General of Immigration Department for further assessment, re-evaluation and approval.

All foreign maids will be required to under go medical examination in Malaysia. The medical report must be submitted to the immigration department together with his/her work permit application.

Bringing in Pets

Applicants who wish to bring in their house pets such as cats, dogs, birds, rabbits, etc. must apply for Import Permit via Veterinary Services Department in Malaysia. Applicants will be required to submit the current vaccination record for dogs and cats.

However, importation of restricted breed of dogs such as Bull Mastiff, Bull Terrier, Doberman, German Sheppard, Alsatian, Rottweiler and Perro-de-presa-canario (also known as Canary Dog) would require special approval from the department.

Please note that all animals and birds imported to Malaysia will be subjected to a quarantine period between 7 to 30 days.

Applicants are also required to obtain a veterinary health certificate for pet from the government veterinarian of the origin country within seven days of export.

Education in Malaysia

Applicants are allowed to bring their children who are under 18 years old and not married as their dependants under this programme. Children who intend to continue their schooling in Malaysia are required to apply for a Student Pass and should be insured throughout their stay under this programme.

Applicants are advised to check with private colleges or universities before registration on the following:

- Courses must be accredited by the Malaysian Accreditation Board;
- The institution must be registered with the Ministry of Higher Education in Malaysia;
- The local Private Higher Education Institution (PHEI) of choice is registered with the Ministry of Home Affairs;
- For students from China, the PHEI must be registered with the China Embassy in Malaysia

To enroll into the institution of choice, the following criteria are required to be fulfilled:

- Academic qualifications as per required by institution of choice;
- Upon compliance with the qualifications, the institution will issue a letter of offer to study in the institute
- Application for student visa is essential for submission at the Immigration Department
- Students are not permitted to undertake employment in Malaysia

Personal Tax Compliances

Applicants are bound by the policies, systems and regulations of taxes of Malaysia. They do not have exemption qualification as granted to diplomatic missions in Malaysia.

However, tax exemption is given to pension or overseas source of income remitted into Malaysia. Applicants are required to obtain the relevant endorsement from the respective authorities in their respective countries of origin as to the total amount of yearly pension or overseas source of income received. A copy of the endorsement letter has to be submitted in their application for tax exemption. On the other hand, any income earned in Malaysia is subjected to Malaysian income tax each year. The basis period for tax reporting is from 1 January to 31 December. Income tax reports are due and payable on 30 April of the following year.

Types of income subjected to tax MM2H visa holders include:

- Business, trade or profession
- Dividends, interest and discounts
- Rents and royalties
- Special classes of income (eg. technical advise, assistance or services rendered in connection with technical management / administration of any scientific, technical and / or commercial undertaking venture or scheme)

Rates of tax for resident individuals for year of assessment 2008 range between 0 to 28%. Non-resident individual is taxed at a flat rate of 28% for income earned in Malaysia except for the following income sources:

- Royalty : 10%
- Special classes of income such as rental of mobil property and technical or management services fees : 10%
- Interest and public professional entertainer income : 15%

An individual is regarded as tax resident if he meets any of the following conditions:

- In Malaysia for at least 182 days in a calendar year;
- In Malaysia for less than 182 days during the year ("shorter period") but that period is linked to a period of physical presence of 182 or more "consecutive" days in the following or preceding year ("longer period"). Temporary absence from for certain specified reasons during the shorter or longer period are counted as part of the consecutive days, provided that the individual is in Malaysia before and after each temporary absence.

- In Malaysia for 90 days or more during the year and in any three of the four immediately preceding years, he was in Malaysia for at least 90 days or was resident in Malaysia;
- Resident for the year immediately following that year and for each of the three immediately preceding years.

MM2H APPLICATIONS & TERMINATION PROCEDURES

Authorised Companies

Only authorized Malaysian companies which are licensed by the Ministry of Tourism can provide their services to the MM2H participants.

New MM2H Application

All applicants who wish to apply to stay in Malaysia under the MM2H programme must submit the following documents:

- Letter of intent to join the MM2H programme and explain how the applicant would support his stay in Malaysia (financial capabilities)
- Applicant's past 10 years working experiences, including education background
- Four (4) copies EACH of coloured passport-sized photographs for the applicants and his/her dependents
- Copies of passport or travel documents (all pages) for the applicant as well as his/her accompanied dependents to be **certified** by notary public or commission of oaths
- **Certified copy** of a Marriage certificate (if accompanied by spouse) with English translation if original certificate is in foreign language
- **Certified copy** of birth certificate for the respective unmarried children (if accompanied by dependent children) with English translation if original certificate is in foreign language
- **Certified copy** of three months latest bank statement or other related financial documents to indicate the financial capability to support stay in Malaysia
- At least three months certified copies of pay slips or pension for applicants 50 years and above who applied using the proof of monthly offshore income

Extensions - Change of Passport

This applies to those who did not receive the full duration of the 10 year MM2H visa endorsement because of the short validity period of their passport at the time of approval and would like to receive the remaining period upon the issuance of a new passport.

The following documents would be required:

- Certified copies of Old and New passports / travel documents (all pages) for the applicant as well as his / her accompanied dependents.

Extensions - After 10 year period

The applicant must be present in person at the Immigration Department of Malaysia at Putrajaya with the following documents:

- Letter of intent to continue stay in Malaysia under this programme;
- Original and photocopy of passport (full pages)

Termination

The applicant should forward the following documents to the Malaysia My Second Home Centre with the following documents:

- Letter of intent to terminate stay in Malaysia under this programme;
- Original passport and photocopy of all participants' passports for cancellation

Restriction

- The new policies approved by the cabinet will allow participants in the programme to take on contract jobs and dabble in business and investment. This will apply to those above 50 and they will be allowed to work in the following sectors: health, biotechnology, science, engineering and the oil and gas industry for 20 hours per week.
- Applicant should not participate in activities that may be considered sensitive to the local people and a threat to the security of the country

FREQUENTLY ASKED QUESTIONS ABOUT MM2H PROGRAMME

Q : Why choose to retire in Malaysia ?

A : Malaysia is a country where everyone can afford to go for holidays or a place to plan to retire. You can enjoy a luxury lifestyle at a very reasonable and affordable cost. Malaysia owes much of its international popularity to the remarkable variety of its natural attractions. This is the place where you will experience:

- A wide choice of delicious food
- Friendly people of difference races such as Malay, Chinese and Indian with their own cultures and languages
- Affordable healthcare facilities under the care of experienced medical practitioners
- Good education system with plenty of international schools, colleges and universities
- Big shopping centers as well as street malls
- Efficient transportation systems
- Plenty of blissful beaches and islands, rugged hills and jungles, streaming rivers and waterfalls and historical places
- A warm tropical climate and a lot more

Furthermore, communication is not a barrier here. You will get to learn different languages from the Malaysian of different races

Application Procedures

Q : Who grant the approval of MM2H application?

A : Malaysia My Second Home (MM2H) Center, a division of the Ministry of Tourism and Immigration Department of Malaysia will issue the MM2H visa endorsement

Q : Can successful applicants be allowed to work in Malaysia?

A : Under MM2H, participants are NOT allowed to work in Malaysia. However, you may apply to the Human Resources Ministry and the Immigration office seeking special approval for you to work in Malaysia because of your area of expertise

If your work permit application is successful, you will be required to terminate your MM2H visa before the endorsement of your work permit at the Immigration office. Should you decide to reside in Malaysia upon expiry of your work permit then you may re-apply for a MM2H visa in the future

Q : Can successful applicants allowed to do business in Malaysia?

A : Participants under this Programme are allowed to have their own businesses in Malaysia subject to a maximum of 30% ownership. MM2H participants 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 are not allowed to have an office in the company. Participants can participate in the local stock exchange market.

Q : When do I have to fulfill the terms and conditions upon receipt of my MM2H application approval?

A : Within (6) months from the date of the approval of your MM2H application. Besides the requirement for a placement of fixed deposits with a local bank, applicant will be required to obtain a medical report duly certified by the local doctors / medical practitioner for the applicant as well as all his / her dependents. Depending on the age of the applicants, a local medical insurance policy would be required to be obtained prior to the endorsement of your MM2H visa for all the approved applicants and dependants.

Q : Who can be my local Sponsor for the MM2H programme?

A : Applicant must appoint a local sponsor who must be a Malaysian for the MM2H application. The sponsor will have to sign a Personal Bond form and would be your appointed MM2H licensed agent approved by the Ministry of Tourism

Q : Can my fixed deposit be withdrawn and top it up from time to time during my stay under the MM2H visa?

A : Participants under the MM2H programme are not allowed to withdraw their fixed deposit placed with the local bank unless with written approval from the tourism ministry.

Education for Dependents

Q : Do I need to apply for a student visa if my child is sent to a nursery?

A : No, children who are below 7 years old are not required to apply for student pass. Student pass are only applicable for children attending primary school to tertiary education only.

Q : Can the applicant bring along his / her unmarried child age above 18?

A : Applicant with unmarried child age above 18 will be required to apply as an independent application. The applicant will be the local sponsor for child's stay in Malaysia.

Investment in Property

Q : Can I purchase a house in Malaysia which is valued above MYR500,000 to be considered as having fulfilled the financial criteria so that to avoid additional placement of fixed deposit at the local bank?

A : No, the purchase of a residential house is not a pre-requisite condition to qualify for your MM2H application. Furthermore, purchase of a residential house in Malaysia could not guarantee your MM2H application to be

successful. The placement of a local fixed deposit is a pre-conditional criteria to be fulfilled for MM2H visa endorsement.

Q : Are the participants subject to the property gains tax if they make a profit from selling their houses?

A : There is no Real Property Gains Tax (RPGT) in Malaysia with effect from 1 April 2007. However, since the Real Property Gain Tax Act 1976 was not abolished by the Malaysian government, it may possibly be re-instated by the government in the future.

Q : Can foreigners purchase secondary homes in Malaysia?

A : Yes, foreigners are allowed to purchase homes in Malaysia from any individuals, incorporation or trust body.

Personal Taxation in Malaysia

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

A : Yes, tax exemption application for overseas income remitted into Malaysia would be required to submit to the Inland Revenue Board for verification before a tax exemption clearance to be issued to you.

Q : In the event of unforeseen death, can the participant's Malaysian assets be handed over smoothly to any of his beneficiaries? Does the Government have any restriction on this matter?

A : Yes, provided that he / she has a will which indicates clearly to whom the properties are to be given to. If not, the next of kin of the participant will have to apply to the Malaysian Government to have the properties released to the rightful heir under the Malaysia Distribution Act, 1958.

Q : What kind of taxes are the participants of MM2H normally subjected to?

A : Income tax is imposed on income earned or derived from Malaysia.