

Tax Alert

JULY 2009

**SJ Grant Thornton
Malaysia**

Bold Measures to Boost Economy

On 30 June 2009, our Prime Minister has announced the new economic model for Malaysia. Some of the new measures are:



Foreign Investment Committee (FIC) deregulation

- With immediate effect, FIC guidelines covering acquisition of equity stakes, mergers and takeovers are repealed. FIC will no longer process share transaction nor impose equity conditions on such transactions.
- Currently, public listed companies going for initial public offering (IPO) will need to meet both Securities Commission (SC)'s public spread requirement of 25% and FIC's 30% bumiputra equity requirement. The deregulation will remove FIC's requirement and SC will now impose a bumiputra equity requirement as part of public spread requirement (specifically 50% of public spread to be offered to bumiputras).
- There will no longer be any equity condition imposed post IPO except in the case of reverse takeover and backdoor listing.
- The FIC approval for property transactions will now only be required where it involves a dilution of bumiputra or government interest for properties valued at RM20 million and above. On top of that, all property transactions including those between foreigners and non-bumiputras, will no longer require FIC approval. Any other transactions, barring



Fund management and stockbroking liberalisation

- Ownership in wholesale segment of the fund management industry is fully liberalised to allow 100% ownership for qualified management companies to establish operations in Malaysia.
- For retail segment, the foreign shareholding has been lifted up from 49% to 70% for unit trust management companies.
- Foreign shareholding in existing stockbroking companies has been lifted up from 49% to 70%.

Visa application

- Bank Negara Malaysia and SC will review all visa applications for the financial services industry and capital markets, respectively.

Establishing new institution

- Ekuiti Nasional Berhad (Ekuinas) to be established with initial capital of RM500 million, eventually to be increased to RM10 billion.
- Ekuinas will focus on investments in high growth sectors in line with the New Economic Model and will complement existing funds.
- Ekuinas will jointly invest with private sector, reflecting a genuine partnership and through a fully commercial approach will ensure meritocracy of participating bumiputras.

For any enquiries, kindly contact

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