

Purchasing a Duty Free Car

Andy Davison puts you on the right road

WE'VE RECEIVED VARIOUS LETTERS AND E-MAILS regarding Malaysia My Second Home (MM2H) visa holders' entitlement to a duty free car. Several people who were here under the program complained they had never been notified of this privilege. As far as we know, there is no established procedure to advise visa holders of changes in the rules and regulations. We are not sure when the rules were changed to allow tax-free cars. We believe it was the beginning of this year.

We have managed to receive clarification on some of the issues and are covering these below. We are also setting out the procedure for obtaining approval for the tax exemption MM2H applicants are allowed to import a new or used car free of all taxes (import and excise duties and sales tax).

Each adult person who comes into Malaysian under MM2H can bring in a duty free car. Therefore if a husband and wife both have MM2H visas, we are told they can both purchase a tax-free car.

This privilege must be exercised within six months of the MM2H visa being approved. If for any reason application is not made within this time frame then an application can be made to Secretary General at the Ministry of Finance for an exemption, which will be evaluated on a case-by-case basis.

If any visa holders who have missed the six-month deadline have made this appeal, please share your experiences with us.

Applicants can also buy a Malaysian car free of taxes. However this only applies to new Proton and Perodua cars.

Applicants can sell an imported car at any time, but all the duties will then have to be paid at the currently prevailing rate.

We understand that the basis for computing the tax will be on the value of the car at the time of the sale and not

the applicable rate when the car was first brought into the country. If the car is a locally manufactured Proton or Perodua, the car must be kept for at least two years.

To Make An Application

Applicants are required to submit an application for the duty free car to the following:

Deputy Undersecretary

*International & Services Section, Tax Analysis Division
Ministry of Finance*

*7th Floor, Central Block, Precinct 2, Federal Government
Administrative Centre, 62592 Putrajaya*

Tel: 03.8882.3380 Fax: 03.8882.3885

The following documents are required:

- A certified copy of the letter from Malaysia Immigration stating the applicant is here under MM2H programme
- A certified copy of the international passport or travel documents endorsed with the words "Malaysia My Second Home."
- For imported cars – a certified copy of Approved Permit (AP) for the car. This AP has to be obtained from the Ministry of International Trade and Industry (see below for procedures in getting an AP). Any conditions of the AP must be met.
- For imported cars - a copy of the vehicle registration card. If it is not in English a translation is required. The following details are required: car make, car model, registration number, country of origin, chassis number, and whether it is a new or used car.
- For cars purchased new in Malaysia, applicants have to supply the car make and model, registration number and chassis number.

Obtaining An Approval Permit (AP)

Before applying for tax exemption on a car, the MM2H visa holder has to get an AP (Approved Permit) to bring in the car. This has to be obtained from **Ministry of International Trade and Industry (MITI)**:
*Block 10, Government Offices Complex
Jalan Duta, 50622 Kuala Lumpur*

This is the large complex on the left side of the road at the last roundabout as you travel along Jalan Duta towards Jalan Kuching.

To obtain the permit you have to appear for an interview at their offices bringing the following documents:

- A covering letter stating that you want to buy the car for personal use.
- Your passport with the MM2H visa (best to also bring a copy).
- Registration documents for the car. If it is not in English a translation will be required.
- Details of the car including car make, car model, registration number, country of origin, chassis number, and whether it is a new or used car.
- Form GK69 (the customs form). We understand you can get this form from MITI.

Important Notice: The information we supply in this section is based on our own research. We make every effort to obtain the facts, but we ask our readers to double-check any information here before exposing themselves to any financial risk. As many of our readers will know, the answers you receive sometimes depend on the person to whom you speak. We welcome any corrections and if anyone has first hand experience of buying a tax-free car under this programme we would welcome hearing from them.

Stop press: Seminars on MM2H & buying a home

We are hoping to hold two seminars in Kuala Lumpur towards the end of September. This is a joint effort with British Malaysian Chamber of Commerce to assist people who would like to find out more about Malaysia My Second Home and those interested in buying property in Malaysia. The sessions will take the form of a panel discussion with everyone allowed to ask questions. Full details will appear in our November issue and on our website.

Preliminary details are as follows:

- November 23rd 2004 – Invest in Property Lunch. Venue to be confirmed.
- November 30th – Malaysia My Second Home (Evening event – venue to be confirmed). If any people here under Malaysia My Second Home would like to share their experiences at this seminar, please contact us. If you would like to reserve a place for either event then you can call Gaya or Anne now at 03.2284.9564.



Local Interest In Malaysia My Second Home

The Malaysia My Second Home programme has attracted considerably interest from many of the property developers, as clearly it provides them with the potential for additional sales. There is also the strong possibility that increased overseas demand will result in rising property prices in Malaysia. Certainly properties in places like Phuket and Bali are higher than comparable developments in Malaysia. Malaysia also does not offer holiday home rentals, which have proven very popular in many other countries.

Tan Sri Lee Kim Yew, who developed Country Heights luxury homes, Mines City Resort and The Palace of the Golden Horses is keen to see more focus put on this programme. He has suggested that the government allow people coming here under this programme to apply to become Permanent Residents. This is expressly denied under the existing immigration procedures. It remains to be seen if the government takes up his suggestion.

Last Year Saw Over 1300 New MM2H Applicants Approved

In 2003, there were 1332 MM2H visas approved. The applicants came from many different countries, but the five countries with the largest number of successful applicants, in order of number of visas approved, were as follows:

- China • Singapore • United Kingdom • Indonesia • India

It is reasonable to assume the numbers will increase dramatically when the government starts to promote this programme overseas.

Want to share your experiences or find more information?

Further details on the requirements for the MM2H programme can be found on our website www.expatKL.com by going to the menu and clicking on **About Malaysia** and then clicking on **Malaysia My Second Home**.

We also want to make sure we are reflecting the views of people interested in the programme or already living here under MM2H so we hope our readers will continue writing to us. Either write or call us or e-mail me directly at andyd@expatkl.com.