

What you need to know



Approval from the Economic Planning Unit (“EPU”)

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Transactions requiring EPU Approval

Approval from the EPU (“**EPU Approval**”) may be required for certain property acquisitions pursuant to the EPU’s **Guideline on the Acquisition of Properties** (effective 1 March 2014) (“**Guideline**”). The EPU is now under the Ministry of Economy.

- **Direct** acquisition of property valued at RM20 million and above, resulting in the dilution of the ownership of property held by Bumiputera interest and/or Government agency.
- **Indirect** acquisition of property by other than Bumiputera interest through the acquisition of shares, resulting in a change of control of the company owned by Bumiputera interest and/or Government agency, having property more than 50 percent of its total assets, and the said property is valued at more than RM20 million.

**Please note that the above transactions are not limited to acquisitions by foreign interest. Rather, the focus is on dilution of ownership or control, as the case may be, held by Bumiputera interest and/or Government agency.*

2 Relevant Definitions

Bumiputera	(a) for Peninsular Malaysia, Malay individual or aborigine as defined in Article 160(2) of the Federal Constitution; (b) for Sarawak, individual as defined in Article 161A(6)(a) of the Federal Constitution; (c) for Sabah, individual as defined in Article 161A(6)(b) of the Federal Constitution.
Bumiputera interest	any interest, associated group of interests or parties acting in concert, which comprises: (a) Bumiputera individual; and/or (b) Bumiputera institution and trust agency; and/or (c) Local company or local institution whereby the parties as stated in item (a) and/or (b) hold more than 50% of the voting rights in that local company or local institution.
Control	any individual, company or parties acting in concert: (a) having interests of more than 50% in a local company or local institution; or (b) empowered to make and implement decisions pertaining to the business or administration of a local company or local institution.
Government	the Federal Government and State Government.
Government Agency	the Statutory Bodies, non-listed Government-Linked Companies, Government-Linked Investment Companies including their subsidiaries.
Property	commercial unit, agricultural land, industrial land and/or residential unit.

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Conditions for Acquisition

Where EPU Approval is required, it is usually granted subject to the following:

- **Equity Condition:**
Companies to have at least 30 percent Bumiputera interest shareholding.
- **Paid-Up Capital Conditions:**
(a) Local company owned by local interest — at least RM100,000 paid-up capital.
(b) Local company owned by foreign interest — at least RM250,000 paid-up capital.
- For **direct** acquisition of property, the above conditions must be complied with **before the transfer of the property’s ownership**.
- For **indirect** acquisition of property, the above conditions must be complied with **within one (1) year after the issuance of the EPU Approval**.
- Compliance with the above conditions must be notified to the EPU.

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Acquisitions by Foreign Interest

-Acquisitions by foreign interest of commercial unit, agricultural land and industrial land valued at RM1,000,000 and above must be registered under a local company.

Foreign interest

any interest, associated group of interests or parties acting in concert which comprises:

- (a) individual who is not a Malaysian citizen; and/or
- (b) individual who is Permanent Resident; and/or
- (c) foreign company or institution; and/or
- (d) local company or local institution whereby the parties as stated in item (a) and/or (b) and/or (c) hold more than 50% of the voting rights in that local company or local institution.

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Restrictions against Acquisition by Foreign Interest

A foreign interest is not allowed to acquire:

- ∅ properties valued less than RM1,000,000 per unit.
- ∅ residential units under the category of low and low-medium cost as determined by the State Authority.
- ∅ properties built on Malay reserved land
- ∅ properties allocated to Bumiputera interest in any property development project as determined by the State Authority.



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Exemptions

The Guideline does not apply to transactions listed in Appendix I thereto. Examples: acquisition of residential units under the "Malaysia My Second Home" Programme, and acquisition of industrial land by manufacturing company.

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Procedures, Decision and Appeal

There are prescribed forms to be used in applying for EPU Approval, and the procedures for such application are set out in Appendix II to the Guideline.

According to the Guideline, decisions on all **complete applications** will be given within ten (10) working days.

There is a prescribed form to be used for appealing against a decision of the EPU, and an appeal will be considered based on the merit of the case.

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Link to the Guideline and the prescribed forms

Click [here](#) to read.

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