

M'sia a big hit with Japanese retirees

Cheaper cost of living, good medical facilities, better security and strong Japanese community make country their top choice



by Laura Lee

FOR Japanese who plan to spend their "golden years" or retirement overseas, Malaysia has emerged as their most popular country for long-haul stay for the last eight years.

According to the Japan Long-Stay Foundation Survey 2014, Malaysia has overtaken Thailand, Hawaii, Australia, New Zealand, the Philippines, Singapore, the US, Canada and Indonesia in descending order last year.

Tropical Lifestyle (MM2H) Sdn Bhd managing director Shatoro Ishihara tells *FocusM* that Australia and Hawaii used to be top favourites in the earlier years.

Malaysia remains the best country for long stay and investment as its cost of living is considered to be still quite cheap for the Japanese who wish to relocate here.

As one of the top 10 agents for the Malaysia My Second Home (MM2H) programme, he says his company does not just focus on the Japanese market but also handles the Chinese, European and Middle Eastern markets as well.

A number of them have retirees who have diversified their assets into Malaysia and made the country their investment destination while others have sought to look for a new lifestyle here.

Foreigners, especially from cold countries, find Malaysia's warm weather throughout the year, which is often taken for granted by its citizens, appealing. They tend to make the country their second home during the winter months, Ishihara quips.

"The medical standard here is good," adding that the country has some good hospitals with English and Japanese-speaking staff.

Security-wise, he says Malaysia is better when compared to the Philippines and Indonesia. The foreigners like it here as English is widely spoken besides being able to experience multi-cultures and a variety of tasty Malaysian cuisines.

"Unlike Japan, we are the extreme



Ishihara says the country has some good hospitals with English and Japanese-speaking staff

opposite. We are a homogeneous society versus the multi-racial society found in Malaysia."

He says there is a strong presence of the Japanese community here. Besides the existence of a Japan Club, there is a proliferation of Daiso and Aeon outlets as well as Japanese restaurants nationwide.

Japan has been one of the top five participating countries in the MM2H programme since 2006. Cumulative figures from 2002 to August from the MM2H Centre shows China leading with 5,929 cases followed by others numbering 5,783 (see table).

Next comes Japan with 3,434 MM2H cases, Bangladesh (2,933) while the UK, including Northern Ireland, have 2,143



Fees are not only lower but educational institutions are also more cosmopolitan



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cases due to their strong historical links with Malaysia.

Ishihara says each "case" normally involves a couple and in some instances, include children as well. This means that there are more than 10,000 participants from China alone.

The figures as of August are reflective of the same descending order for the top four positions with China taking the lead with 1,004 cases.

This is followed by other countries (280), Japan (250) and Bangladesh (178), which Ishihara says the latter might be a third-world country but it has many rich people who want to migrate to Malaysia.

He attributes the jump in the number of MM2H cases in Japan from 195 in 2010 to 423 and 816 cases in 2011 and 2012 respectively partly to the tsunami in 2011, making it also the top participating country in 2012.

Three-and-a-half years after the tsunami hit the Japanese city of Isinomaki on March 11, 2011, the people have forgotten about the disaster as they resume their peaceful lives. Ishihara says this is reflected in the drop in the number of

cases to 739 last year.

He cites the yen's depreciation following the easing of the country's monetary liquidity after Japan Prime Minister Shinzo Abe took over the administration as another small contributory factor to the drop in the number of applications from the Japanese.

Ishihara notices certain trends in the MM2H programme. For instance, when disaster strikes or political instability occurs in certain countries like Iran, Pakistan and Bangladesh, there is an upsurge of applicants from those countries to Malaysia.

Citing Iran's political crisis a few years ago, he says the number of MM2H cases was above the 200 mark from 2008 to 2012 but it has since dropped to 51 cases last year.

Meanwhile, Singapore, which saw its largest increase of 145 cases last year due to developments taking place in Iskandar Malaysia, Johor, is holding steady with 58 cases as of August, bringing its cumulative number since 2002 to 1,090.

South Korea, which had 101 cases last year, is showing promise with 75 cases registered as of August this year. It trails Singapore, Taiwan and Pakistan with a cumulative 872 cases since 2002.

Ishihara says the aggressive promotion of the MM2H programme by the government saw total applications showing strong increase from 2011 to last year.

Cases rose from 1,499 in 2010 to 2,387 in 2011. It went on to touch new records of 3,227 and 3,675 cases in 2012 and last year respectively. As of August, it has clocked in 2,057 cases.

In his company's promotion of the MM2H programme, Ishihara deems it necessary for Tropical Lifestyle, which was incorporated in 1999 in Penang, to have an inbound tour operator's licence. "We team up with a travel agent in Japan to encourage people to visit Malaysia first."

He believes in letting them see the country for themselves. If they like it, they will then apply for the MM2H programme, Ishihara says. "We do a lot of tours and feel that this tour function is very important to induce people who are new to Malaysia to visit the country."

Tropical Lifestyle, which obtained its MM2H licence in 2002, subsequently opened an office in Kuala Lumpur in 2006. Two years later, its Tokyo office was set up followed by the Johor office in 2012.

To-date, the company has over 30 staff and has sponsored more than 600 MM2H cases or 1,000 people.

Ishihara says it was a natural development for Tropical Lifestyle to venture

How the MM2H scheme works

THE Malaysia My Second Home (MM2H) programme offers a 10-year social pass with multiple entries. It is renewable after 10 years and is not a permanent residency.

According to Shatoro Ishihara, one of the top Japanese agents selling this programme, those who are 50 years and above are now allowed to work for 20 hours a week but they need to get the approval from the MM2H Centre. Other terms and conditions apply.

They can set up a company and do business as a shareholder and investor-director that are not executive positions. They cannot be a full-time sales person or run a restaurant.

In terms of tax incentives, Ishihara says its Japanese clients who come to Malaysia are not taxed on their overseas income, unlike in Thailand. Their pension income is also tax-free in Malaysia.

For Japanese expatriates working in Malaysia, they can apply after the expiry of their work permits without having to go through a cooling-off period.

The MM2H programme, which is open to any nationality, age, race and religion, allows its applicants to bring their children below 21 years of age who are not married, parents above 60

years of age and a domestic maid.

On property purchases by MM2H participants, Ishihara says they can purchase unlimited amount of properties although it appears that the government has come down harshly on foreigners buying Malaysian properties with the announcement of the new RM1 mil ruling, which came into force at the beginning of this year.

The RM1 mil ruling applies to Terengganu, Johor, Pahang, Negeri Sembilan, the Federal Territory of Kuala Lumpur and Putrajaya.

Since the state governments have their final say and their own set of guidelines, MM2H participants can buy properties from below RM1 mil in certain states.

For Kedah, Perlis, Kelantan and Sabah, the threshold is from RM500,000. As for Melaka, it is RM500,000 for strata-titled properties and RM1 mil for landed-titled properties whereas it is RM500,000 for the purchase of two property units in Penang.

For Perak, the amount is RM350,000 while for Sarawak, it is RM300,000.

In Selangor, which has no exemption for MM2H participants, the state government has recently increased it to RM2 mil for Zones 1 and 2 while for Zone 3, it is RM1 mil.

Commenting on the other incentives for MM2H participants, Ishihara says they

can import only one car without any import duty, excise duty and sales tax or purchase a locally-assembled car from foreign manufacturers without duties and sales tax. In the case of the latter, they can get 30% to 40% discounts.

With a company car in Malaysia costing almost RM200,000, Japanese MM2H participants view the car import incentive as a big benefit to them since they can get one for about half the price in their country.

They not only can bring in the imported car free of tax but can also save RM100,000. This is like an approved permit for the car imports, Ishihara remarks.

Another significant incentive for MM2H participants is education. As Malaysia emerges as an educational hub to be reckoned with, there are now more international schools, colleges and universities that offer good education and twinning programmes to the UK, Australia and the US.

The fees are not only lower here but the country's education institutions are also more cosmopolitan. Ishihara says foreigners, especially from the non-English markets such as South Korea, Japan and China find such factors, including the exposure to multi-languages, to be very appealing. They tend to use Malaysia as a stepping stone to go to the UK and Australia, he observes.

the Kuala Lumpur City Centre. "We also introduced Mitsui Fudosan to Malaysia Airports Holdings Bhd."

Mitsui Fudosan is involved in building an outlet mall which is expected to

be opened next year. The mall will offer discounted goods near klia2.

Ishihara says his company also facilitates Japanese property investment funds into Malaysia, adding

that a number of Japanese companies like restaurant chains have expressed interest in Malaysia. "We assist them to buy the shops, offices and residential properties." *FocusM*

Top participating countries in MM2H programme from 2002 to August 2014

No	Country of origin	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (Aug)	Total (2002 – Aug 2014)	Share (%)
1	China	241	521	468	502	242	90	120	114	154	405	731	1,337	1,004	5,929	22.7
2	Japan	49	99	42	87	157	198	210	169	195	423	816	739	250	3,434	13.1
3	Bangladesh	0	32	204	852	341	149	68	86	74	276	388	285	178	2,933	11.2
4	UK & Northern Ireland	108	159	210	199	209	240	208	162	141	153	139	148	67	2,143	8.2
5	Iran	0	2	8	7	9	59	227	212	227	286	201	51	14	1,303	5.0
6	Singapore	96	143	91	62	94	58	48	61	73	78	83	145	58	1,090	4.2
7	Taiwan	38	95	140	186	63	31	16	36	49	70	85	151	57	1,017	3.9
8	Pakistan	9	55	82	104	36	31	65	103	77	136	100	58	40	896	3.4
9	South Korea	5	12	66	60	65	152	86	54	49	64	83	101	75	872	3.3
10	India	45	123	118	80	51	46	32	35	51	50	56	41	34	762	2.9
11	Others	227	404	488	476	462	449	432	546	409	446	545	619	280	5,783	22.1
	Total	818	1,645	1,917	2,615	1,729	1,503	1,512	1,578	1,499	2,387	3,227	3,675	2,067	26,162	100.0

Source: MM2H Centre