

REDUCE TAX ON FOREIGNERS TO BOOST REITS, SAYS MANAGER



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KUALA LUMPUR, Aug 22 (Bernama) -- The government should consider reducing the withholding tax for foreigners in local real estate investment trusts (REITs), in the upcoming Budget 2009, to increase the inflow of foreign investments.

Damansara REIT Managers Sdn Bhd chief executive officer, Yusaini Sidek said the Securities Commission had made the right move by raising the foreign ownership in local REITs to 70 percent from 49 percent previously.

However, he told Bernama that the 26 percent withholding tax on foreign ownership was having an impact on income.

"When I do marketing overseas, the main issue raised is that the tax for REITs was too high in Malaysia. But local REITs have the potential to provide lucrative returns," he said.

Citing Singapore's 10 percent tax on foreigners as very attractive, Yusaini said the heavy tax locally would only serve to diminish the attractiveness of the dividend payments by local REITs.

The SC yesterday relaxed the guidelines for the management of REITs and it included greater freedom to decide on the portfolio mix besides the increase in foreign ownership.

According to the SC, the guidelines revision was to enhance the attractiveness of Bursa Malaysia as a destination for REIT listings while promoting a vibrant industry domestically and regionally. -- BERNAMA