

# FIMM hopes for 3-year tax exemption extension

by MOKHRIZ MOKHTAR

**THE** Federation of Investment Managers Malaysia (FIMM) hopes the government would extend another three years of tax exemption on Islamic fund's managing fee in Budget 2016.

Its CEO Nazaruddin Othman (*picture*) said the tax exemption, when it was granted in 2008, has boosted the Islamic fund growth in the country.

"In terms of the percentage of Islamic funds against the total net asset value (NAV), it is considered still relatively low at only 14%.

"However, we still have that kind of impetus for the Islamic funds to grow further in the future. Thus, we are proposing to the government to extend the current exemption of fees for another three years," Nazaruddin told reporters in Kuala Lumpur yesterday. The current tax exemption will end by 2016.

As of Aug 31, 2015, the NAV for Islamic fund stood at RM47.9 billion, recording an annual growth of about 14% to 16% which is higher compared to the conventional funds that grew at 10% annually.

Local and foreign-owned companies managing Islamic funds of local investors will be given income tax exemption on all fees received from managing the funds.

Nazaruddin said demand for Islamic unit trust fund has been encouraging as some



*Pic by Muhd Amin Naharui*

investors preferred Shariah-based stocks compared to conventional stock as it is less risky.

"The investors are more risk averse and some of them did not want to be exposed to financial-based stocks in their investment because of the different risk profile," said Nazaruddin.

Meanwhile, he said despite the current uncertainties in the market, the present scenario may offer a good opportunity for investors to accumulate more units because the valuation is at a low level.

"Investment in unit trust is only for long term. If you have a long-term view, you can just disregard the short-term fluctuation because over the long run, it will still have a positive return.

"Although the return is affected by the downside in the market, this is temporary. Market will pick up when everything has been corrected," said Nazaruddin.