

DOING BUSINESS IN SELANGOR

>A Guidebook for Investors



> SELANGOR

The Golden State of Malaysia



3.59
Million
in Size



KLIA, KLIA 2
&
Subang Skypark

GDP Value
RM 344.5b
GDP Growth
6.7%

Labour
Force

More than
60,000
Graduates
Per Annum

2
Airports



GDP
24.2%
of Malaysia



5
Core
Clusters



Electrical
and Electronics
(E&E)



Transport
Equipment



Life
Sciences



Machinery
and Equipment (M&E)



Food and
Beverages (F&B)
Manufacturing

MRT - LRT - KTM - ERL



Connecting to
Kuala Lumpur & Putrajaya

Free

from Natural
Disasters



Population of

6.53 Million

20% of Malaysia's
Total Population

12th
Busiest
Container
Port



99%
Literacy
Rate



4
Major
Rail
Lines



> Foreword

It is a great honour and pleasure to present Selangor Investment Guidebook. This guidebook is another resourceful document meant for investors to understand further on setting up the operation in the State.

Selangor is the most progressive state in Malaysia. The state boasts strategic location, top notch infrastructure, conducive business environment, thriving commercial ecosystem, and biggest talent pool of skilled workforce in the country. In addition, Selangor is also the cornerstone and economic powerhouse of Malaysia. Our service-driven and manufacturing-based economy contributes almost a quarter to Malaysia's gross domestic product (GDP), forming the very foundation to the country's economic development.

Despite the challenging global economic development, 2019 was a phenomenal year for Selangor as we recorded RM17 billion worth of approved investment in the manufacturing sector. As a Gateway to ASEAN and an aspiring global trading hub, Selangor is a significant center point for domestic and international business to build and strengthen their presence in ASEAN.

In future, Selangor will continue to be a pro-business state and welcome all investments across the globe.

In order to maintain Selangor's dominant position and its sustained economic growth, Invest Selangor Berhad has developed a new industrial master plan, focusing on the development of 5 core clusters, namely Life Sciences, Food & Beverages Manufacturing, Machinery & Equipment, Electrical & Electronics as well as Transport Equipment. Companies involved in the 5 core clusters are highly encouraged to leverage on Selangor's vibrant ecosystem to grow their business further. Last but not least, Selangor is in a good position to embrace Industry 4.0 technologies given its strong manufacturing base. In line with our National Policy, Selangor is transitioning itself into a high-value manufacturing hub in Southeast Asia.

Selangor Investment Guidebook is a comprehensive compilation of questions and answers to enable investors to plan their projects execution in the State effectively. I welcome everyone to go through it and let us know if we can assist you further in making your decision to call Selangor your home, a seamless one.

The Honourable
Dato' Teng Chang Khim

Selangor State Executive Councillor, Chairman of Standing Committees for Investment, Industry & Commerce and Small & Medium Enterprise (SME)



> Foreword

Invest Selangor is committed to the success of your business. We have more than 20 years of experience in facilitating and coordinating investment projects in Selangor State. With vast experience in investment promotion and close relationship with the government agencies, Invest Selangor can ensure a seamless business setup and operation for all investors.

Since our inception, we have directly and indirectly facilitated more than 5,660 manufacturing projects worth over RM180.2 billion. Our success has led us to become the role model for other investment promotion agencies in Malaysia.

Invest Selangor will continue to create a conducive investment-friendly environment through the creation of new networks, services and competitive incentives. Our main goal is to intensify our efforts in becoming the bridge between the State and investors, in hope of creating a vibrant and holistic commercial ecosystem in Selangor. To the government, we are the provider of solutions and catalyst to the economic development; to the investors, we are their gateway to a rich pool of resources.

Ultimately, we envision a Golden State in which the investors, government, stakeholders, and most importantly, the citizens are reaping the benefits of a sustainable economic development.

Dato' Hasan Azhari Bin Hj. Idris

Chief Executive Officer, Invest Selangor



> Content

01

Overview of Malaysia and Selangor

• Highlights of Malaysia	12
• Malaysia's Global Competitiveness	14
• Economic Development in Malaysia	15
• Introduction to Selangor	17

02

Investment Opportunities in Selangor

• Overview	22
• 5 Core Clusters	22
• SME in Selangor	30
• Selangor Initiatives	31
• Infrastructure Support	34
• Trade Zones	38

03

Business Establishment Requirements

• Business Formation Structure	42
• Local Company Incorporation	44
• Foreign Company Incorporation	45
• Representative Office/Regional Office	46
• Equity Policy	47

04

Regulatory Environment for Businesses

General Regulatory Requirements	54
• Competition Act 2010 (CoA)	54
• Personal Data Protection Act (PDPA)	55
• Intellectual Property Protection	56
• Department of Occupational Health and Safety (DOSH)	57
• Price Control and Anti-Profiteering	60
• Strategic Trade Act 2010 (STA)	61
• Consumer Protection Act 1999 (CPA)	61
• Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA)	62
• Standards of Malaysia Act 1996 (SMA)	63
• SIRIM Berhad (SIRIM)	64
• Halal Requirements	65
• Other Business Licenses	67
• Accounting Standards Requirements in Malaysia	69
Sector Specific Requirements and Guidelines	70
• Electrical and Electronics (E&E)	70
• Food and Beverages (F&B) Manufacturing	71
• Healthcare	72
• Education	75
• Information and Communication Technology (ICT)	76
• Logistics Services	79
• Franchising Regulations	82
• Transport Equipment	84

05

Foreign Exchange Administration

• Overview of the Banking, Finance and Exchange Administration	88
• Controls on Foreign Exchange	89
• Foreign Exchange Rules	91

06

Taxation

• Types of Taxes	96
• Income Tax	96
• Withholding Tax (WHT)	99
• Petroleum Income Tax	100
• Real Property Gains Tax (RPGT)	101
• Indirect Taxes	102
• Stamp Duty	103

07

Tax Incentives

• Overview of Incentives	106
• Tax Incentives for Key Industries	107

08

Real Property Requirements

• Overview	118
• Foreign Investment in Real Property	119
• Process for Acquiring a Property	122
• Land Ownership Cost	123
• Alternative to Land Ownership	124
• Malaysia My Second Home (MM2H)	124

Appendix

• Appendix 1 - General Operating Costs	158
• Appendix 2 - Rental Rates	160
• Appendix 3 - Benchmark Salary Rates by Position and Experience 2018	161
• Appendix 4 - Waste Management Cost	163

09

Environmental Management

• Overview	128
• Environmental Requirements	128
• Scheduled Wastes Management	132

10

Labour Environment

• Overview	136
• Employment Regulations	136
• Recruitment Facilities	139
• Employment of Expatriates	139
• Permanent Residency in Malaysia	147

11

Key Government Agencies

• Overview of Agencies	152
• Ministries, Departments and Agencies of the Federal Government	152
• State and Local Authorities	157



> 01

Overview of Malaysia and Selangor

- Highlights of Malaysia
- Malaysia's Global Competitiveness
- Economic Development in Malaysia
- Introduction to Selangor
 - Demographics and Economic Indicators



> Highlights of Malaysia



Malaysia is a country in the Southeast Asia region. It is a federal constitutional monarchy that consists of 13 states and three federal territories, with land area of approximately 330,000 sq km. It is separated by the South China Sea into two regions: Peninsular Malaysia and East Malaysia (part of Borneo island). Malaysia shares land and maritime borders with Brunei, Indonesia and Thailand, and maritime boundaries with China, Philippines, Singapore and Vietnam.

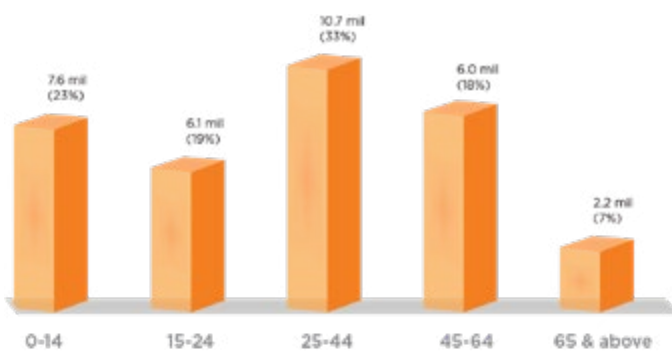
Malaysia is the 44th most populous country in the world, with a population of 32.6 million in 2019.¹ It is expected to surpass 35 million by the year 2030.

Malaysia is a multi-ethnic and multi-cultural country, which comprises 63% Malay, 21% Chinese, 6% Indian, and a small population of indigenous minorities² (e.g. Kadazandusun, Bugis, Murut, Iban, Bidayuh, Bajau). The Malays and indigenous people are awarded “Bumiputera” status in accordance with the country’s constitution. The country’s official language is Bahasa Malaysia (or Malay language), though English is an active second language.

The country is predominantly Muslim, and Islam is recognised as the country’s established religion. The Islamic practice followed by all Muslims adopts the concept of “Halal”, which means engaging in an action that is lawful or permissible according to the Syariah law and Islamic principles.³ This practice covers all spectrums of a Muslim’s life from respect for animal welfare and social issues, friendliness to the environment and the consumption of food. Nevertheless, the constitution grants freedom to practice other religions to non-Muslims.

Malaysia has a tropical climate which is sunny and humid throughout the year with abundant rainfall during the two monsoon seasons; Southwest monsoon in May to September and the Northeast monsoon from October to March. The average high temperature reaches up to 34°C while the average low is at 24°C. The country is also spared from severe natural disasters such as volcanic eruption and typhoons, and there are no major earthquakes in Malaysia.

Population by Age Group in Malaysia, 2019



Traditionally an agriculture and commodity-based economy, Malaysia has successfully transformed to a newly industrialised economy, playing host to a robust manufacturing and services sectors. Malaysia has benefitted from its location, which is at the crossroads of trade between the East and West. Peninsular Malaysia serves as one of the most important shipping lanes linking major Asian economies such as China, Indonesia, Thailand, India and Japan. Malaysia’s strategic location has led the country to become one of the largest importers and exporters in the world, playing a significant role in international trade.

Technological advancement has become an integral part of Malaysia’s growth as an industrialised nation. The country is shifting towards a digital population with internet penetration and smartphone penetration reaching c.86% and c.64% respectively in 2018.⁴ Malaysia also witnessed a sharp growth in its digital banking penetration that reached c.85% in 2018.

The Travel and Tourism Competitiveness Report 2017 ranked Malaysia in 25th place globally for its tourism appeal. Home to some of the world’s tallest skyscrapers, acclaimed islands and beaches, as well as Mountain Kinabalu, a World Heritage Site, Malaysia is an attractive destination to international travellers. Its multi-culturalism and deep history of diversity are the underpinning factors that led to the reputation of “Malaysia Truly Asia”, embodying the country’s unique distinctiveness. In 2017, Malaysia recorded close to 26 million international tourist arrivals, one of the most visited countries in Asia⁵



4. Malaysia’s Internet Penetration Rate, NST, Updated 19 March 2018
 5. Tourism Malaysia Annual Report 2017

> Malaysia's Global Competitiveness

Based on World Economic Outlook 2019, Malaysia is the third-largest economy in Southeast Asia and the 33rd largest economy in the world; and is projected to become a high-income economy nation by 2021/2022.⁶ According to World Bank, Malaysia is recognised as the fourth easiest place to do business in Asia after Singapore, Hong Kong and South Korea.

Malaysia's Rankings by Global Institutions

| **Ranked 15th** in World Bank's Doing Business 2019 Report for Best Places to do Business

| **Ranked 25th** out of 140 economies in the Global Competitiveness Index 2018-2019

| **Ranked 22nd** (74.0) in the Global Index of Economic Freedom 2019

| **Ranked 3rd** in AT Kearney's offshore Location Attractiveness 2019



Malaysia has been recognised as one of ASEAN's highest potential markets to do business and has received several recognitions such as Bloomberg's Emerging Market Scorecard 2018 and INSEAD Global Talent Competitiveness Index 2018, both ranking Malaysia as No.1. The national literacy rate stands at c.99%, contributing to a talent pool of multilingual and tech-savvy workforce.

The country has a labour force of more than 15.6 million as of the end of 2019.⁷ Unemployment rate remains low at 3.3% and majority of the workforce are below the age of 40. c.63% of the total employment were in the services sector, followed by manufacturing sector (c.18%) and agriculture sector (c.10%).

Malaysia's share of skilled workers currently stands at 27.5%. Labour productivity continues to improve in 2019 by 2.2%, reaching RM93,909 in 2019.⁸ Such growth surpassed many developed economies, including Japan, Korea, Australia and US.

> Economic Development in Malaysia

The Malaysian economy grew 4.3% in 2019 to reach a GDP of RM1.42 trillion. Services sector remains the key contributor to the economy at 57.7%, followed by manufacturing sector at 22.3%, with the rest being mining and quarrying, agriculture and construction. The economic growth was slower in 2019 vis-à-vis 2018 (4.7%), attributed to moderating global growth, and a slowdown in commodity exports. Despite these challenges, Malaysia remains one of the fastest growing economies in the region.

Global trade tensions, volatility in commodity prices, and tightening of global financial conditions have affected the global economy, with emerging markets, including Malaysia, experienced some form of portfolio outflows of financial assets. However, Malaysia's economy is anchored by private sector activities, underpinned by stable income and employment growth, as well as sustained capacity expansion by businesses. The well-diversified export structure shall cushion the impact of moderating global growth.

In addition, the federal government's economic reforms and cautious fiscal policies; coupled with a well-developed financial system with strong financial institutions, demonstrates an economy with strong fundamentals to withstand external headwinds and global economic slowdown.

Malaysia remains one of the most developed economies in Southeast Asia, with GNI per capita of RM45,131 in 2019, behind only to Singapore and Brunei. With the impending high-income nation status, Malaysia is expected to create a dynamic, multi-fold economy with better job opportunities and higher consumption, which ultimately leads to a prosperous country.

Malaysia continues to appeal to foreign investors, with approved Foreign Direct Investment (FDI) reaching an all-time high of RM82.4 billion in 2019; of which RM53.9 billion worth of investments were in the manufacturing sector, RM24.7 billion worth of investments in the service sector and RM3.8 billion worth of investments in the primary sector.

Strong fundamentals, stable economy amidst volatilities in the macro environment, and a conducive business environment are cited as the primary drivers for Malaysia remaining an attractive destination for foreign investments. Including Domestic Direct Investments (DDI), total approved investments in 2019 reached RM207.9 billion.⁹

Despite uncertainties in the global environment, Malaysia's total trade in 2018 remained resilient, expanding by 5.9% YoY to reach RM1.9 trillion. Exports rose by 6.7% to reach a value of RM998 billion.¹⁰ Based on the World Economic Outlook 2019, Malaysia's top exports were integrated circuits, refined petroleum, machinery parts and palm oil with the top export destinations being ASEAN countries, China, European countries and the United States.

The national financial system continues to focus on supporting steady growth in the Malaysian economy amid an environment of relatively low inflation around the world. In 2019, Malaysia registered an inflation rate of c.0.7%. While the risk of financial imbalances is expected to be contained through sound policies, volatility in global capital flows remains a challenge. Nonetheless the nation's treasury arm is well-placed to ensure sufficient liquidity and orderly market conditions through a wide array of policy options, including monetary policy, micro and macro-prudential measures, empowering the country with sufficient flexibility to manage emerging risks.

The country continues to pursue gradual fiscal consolidation, paring down national debts and liabilities. These include enhancing expenditure effectiveness, diversify the federal government's revenue base, and encourage transparent debt management; all while maintaining its commitment to promote sustainable economic development. While the medium-term fiscal plan outlined the path towards fiscal balances projected at c.3.4% and c.3.0% of GDP in 2019 and 2020 respectively, targeted public spending shall ensure positive economic growth in the long run.¹¹ This is demonstrated through the introduction of several mega-infrastructure projects, such as the East Coast Rail Link, Kuala Lumpur-Singapore High Speed Rail, Penang tunnel, Bandar Malaysia development, among others.

7. Economy 2019, Ministry of Finance, Malaysia
8. Productivity Report 2019, MPC
9. MIDA Media Release, MIDA

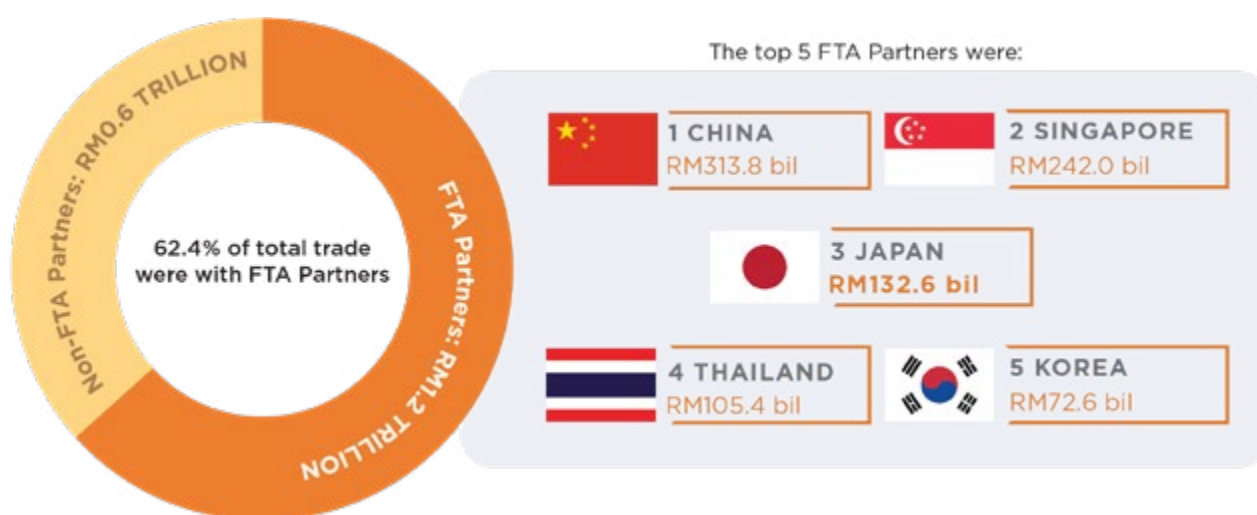
10. Trade Performance, MATRADE
11. BNM Report 2019

Going forward, private sector expenditure shall remain the key driver of growth, as stable employment, wage growth, conducive financial condition and benign inflation shall underpin the domestic consumption. Private investments are anticipated to expand with capital outlays channeled into the services and manufacturing sector. These sectors shall continue to support growth in the economy; while external trades remain a challenge with the ongoing global uncertainties.

Malaysia has worked towards greater trade liberalisation among ASEAN member countries and beyond through the removal of trade barriers in order to support trade integration, investment and capital flow to bolster the economy. The shift towards preferential trading agreements at the regional and bilateral levels has gained momentum to promote free trade between countries. Greater transparency and more liberal trade regimes provided under the free trade agreements (FTA) is likely to create greater opportunities for investors.

Malaysia has implemented seven independent bilateral FTAs with Japan, New Zealand, India, Chile, Australia, Turkey, and Pakistan, along with six regional FTAs (under the ambit of ASEAN) with countries including China, Korea, Japan, Australia, New Zealand, India and ASEAN countries. More FTAs are also on the horizon, as Malaysia diligently pursues economic integration to increase the trade of goods and services with other countries.

Malaysia's Total Trade with FTA Partners in 2018



Bilateral FTAs	Regional FTAs
<ul style="list-style-type: none"> • Malaysia-Japan Economic Partnership Agreement (MJEPA) • Malaysia-New Zealand Free Trade Agreement (MNZFTA) • Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) • Malaysia-Chile Free Trade Agreement (MCFTA) • Malaysia-Turkey Free Trade Agreement (MTFTA) • Malaysia-Australia Free Trade Agreement (MAFTA) • Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA) 	<ul style="list-style-type: none"> • ASEAN-China Free Trade Agreement (ACFTA) • ASEAN-Korea Free Trade Agreement (AKFTA) • ASEAN-Japan Comprehensive Economic Partnership (AJCEP) • ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) • ASEAN-India Free Trade Agreement (AIFTA) • ASEAN Trade In Goods Agreement (ATIGA)

> Introduction to Selangor



Selangor is located on the west coast of Peninsular Malaysia bordered by Perak to the north, Pahang to the east and Negeri Sembilan to the south. The state is separated into nine districts, with a land area of approximately 7,951sq km. It is the country's primary port of entry and is strategically located around the capital city of Kuala Lumpur; and is home to the administrative capital - Putrajaya. The state was associated with tin and ore mining activities in the past and its history dates to more than 2,000 years.

Between the 18th and 19th century, Selangor's economy experienced significant economic progress due to growth in the agriculture and mining sectors, given the state's rich natural resources. Particularly the exploitation of its tin reserves, this led to the growth of Kuala Lumpur, where most tin mining activities were concentrated. The economic boom also led to the influx of Chinese and Indian migrant labours, which contributed to its multi-racial, diverse-cultural demographic composition in modern day Selangor.

Kuala Lumpur was the state capital of Selangor until 1970s, where the state relinquished the city to the federal territory. Currently, Shah Alam is the state capital of Selangor, with Klang being its royal capital.

Selangor is one of the most developed states in the country with a stable socioeconomic environment and well-developed infrastructure. It has grown into a vibrant commercial centre, harbouring the economic and administration hub of Malaysia. The state's key attributes include a diversified manufacturing base, high concentration of industrial activity, central location to markets, skilled labour force and good access to transport and infrastructure.

Selangor now boasts the best infrastructure and connectivity in Malaysia, including rail, highways, world-class seaports and airports. In addition to the Kuala Lumpur International Airports and Subang Skypark airport, the state is also well connected to several major highways. Port Klang in Selangor has positioned itself as a leading port in Southeast Asia due to its strategic location and easy accessibility along the Straits of Malacca.

The state is home to a labour force of 3.59 million, the largest in Malaysia. Selangor houses more than 160 institutions of higher learning, producing more than 60,000 graduates per annum. This provides a platform for continuous learning and development of talents, as well as sustainable supply of talented workforce into the economy.

Selangor is home to 6.53 million people (c.20% of the country's population), the most populous state in Malaysia. Continuous development and urbanisation of the state have further led to more migrations from other states as well as those from overseas over the years. 95% of the population are below the age of 65, a younger population vis-à-vis the national average. Ethnicity composition is comparable to the nation, with 60% Bumiputera, 27% Chinese, and 13% Indian. Similarly, majority of Selangor's population are Muslim.

Since 2010, Selangor has registered the highest urbanisation rate vis-à-vis other states in Malaysia (with the exception of the federal territories), at over 90%. Such urbanisation has allowed the state to strategise its economic development, promote social well-being, optimise resources, among others. This will eventually result in a sustainable future growth for the state, capable of competing in the global stage.

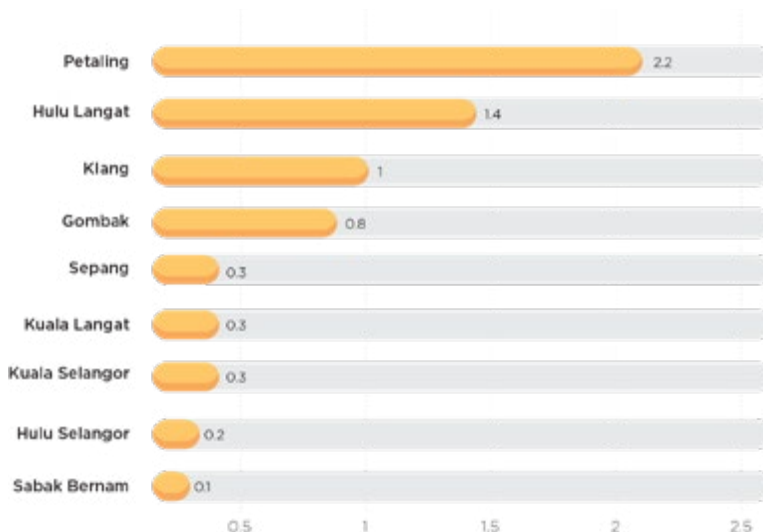
In 2019, Selangor registered a GDP growth of 6.7%, higher than the national average of 4.3% and the highest amongst all states. Its GDP stands at RM344.5 billion, representing 24.2% of the lion's share of the nation's economy. Selangor's GDP per capita stands at RM54,995, which is above the Malaysia's GDP per capita of RM46,450. Its contribution to the country has led to Selangor being known as the Golden State of Malaysia and an economic powerhouse of the nation.

Selangor continues to attract investors domestically and abroad. In 2019, Selangor recorded direct investment of RM17.04 billion in the manufacturing sector, contributed by RM10.41 billion in FDIs and RM6.63 billion in DDIs, with a total of 351 approved manufacturing projects, an amount that is the highest in the country.

As the country continues to embark on various mega-infrastructure projects to spur economic development, Selangor is well-positioned to capitalise on the investment opportunities given its overall attributes. Mega projects such as the Mass Rapid Transit (MRT), Light Rail Transit (LRT), Kuala Lumpur-Singapore High Speed Rail (HSR), East Coast Rail Link (ECRL), West Coast Expressway (WCE), Klang Valley Double Track (KVDT), among others; put Selangor as the central of development or as an integral part of the overall infrastructure. These projects, while having a longer gestation period, are set to generate multiplier effect on the Malaysia economy in the long run. Selangor is pivotal to the success of the nation and shall continue to play a leading role in Malaysia's economic development.

The Selangor state is governed by respective city / municipal / district councils. Below is a summary of the state's population by district:

Selangor Population by District, 2018 (million people)



Selangor Districts by Land Area





> 02

Investment Opportunities in Selangor

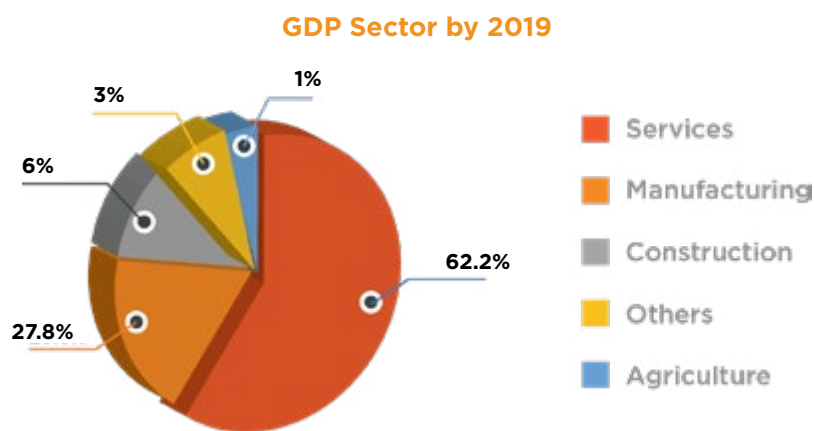
- Overview
- 5 Core Clusters
- SME in Selangor
- Selangor Initiatives
- Infrastructure Support
- Trade Zone



> Overview

The Selangor state government has been supportive to the economic progression of the state and the country. Various initiatives have been undertaken to ensure continuous socioeconomic development, attract direct investments, and promote a business-friendly environment. For example, the Selangor State Development Corporation (Perbadanan Kemajuan Negeri Selangor or “PKNS”) was established as the state’s development agency to undertake various development initiatives of the state.

Another primary state government agency, Invest Selangor Berhad was established as a one-stop agency for existing and potential investors, providing information and assistance to new start-ups, expansions, joint ventures and advisory-services. Since its inception in 1999, Invest Selangor Berhad has attracted more than 5,600 manufacturing projects, creating over 400,000 job opportunities and attracting more than RM180 billion worth of manufacturing investments to the state. Invest Selangor Berhad also continuously showcases new incentives and investment benefits granted at federal level by the Malaysian Investment Development Authority (MIDA).



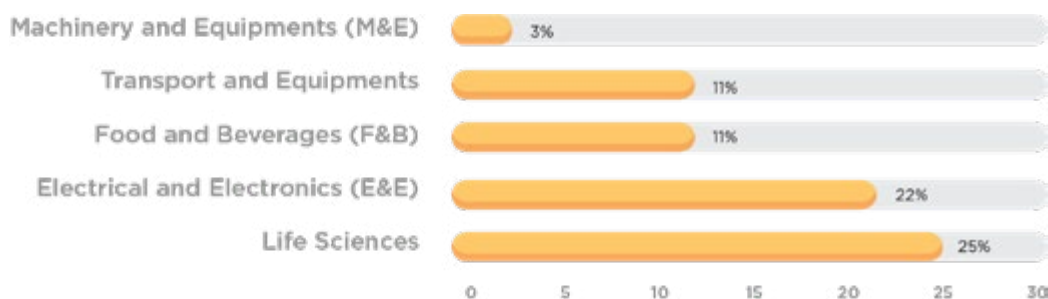
The Selangor state’s economy is primarily driven by services sector at 62.2% of the State’s GDP, followed by manufacturing sector at 27.8%. GDP in the services and manufacturing sectors grew by 10.5% and 5.3% respectively in 2019, outpacing the national average growth of 6.1% in services sector and 3.8% in manufacturing sector in the same year.

Based on Selangor’s current economic development and national aspiration, the state government has identified the following industries dubbed “5 Core Clusters” to drive the state’s future growth.

With the right investments, the 5 Core Clusters are expected to contribute significantly to the manufacturing sector, with spillover effects on the other sectors within the state’s economy. Below are further highlights of the 5 Core Clusters.

> 5 Core Clusters

Contribution to Selangor’s Manufacturing GDP in 2016 (%)



Electrical and Electronics (E&E)

The E&E cluster is an important sector contributing a significant proportion to Selangor’s economy. E&E made up 22% of Selangor’s total manufacturing output in 2016. Strong performance in the sector is supported by formidable demand for semiconductors, automatic data processing machines, electronic machine apparatus and office machines.¹³ Since the inception of Invest Selangor in 1999, the industry has successfully attracted more than RM32.7 billion of manufacturing investments into the state and created over 80,000 employment opportunities. Growth was driven mainly by demand for consumer electronic products such as smartphones and tablets, energy saving devices, particularly light emitting diodes (LED) and photovoltaic solar panels.

The E&E subsector has benefited from the global demand for Internet of Things (IoT) and the need for new semiconductors applications in digitalisation, mobility, connectivity, energy efficiency and miniaturisation. Malaysia’s IoT market is expected to reach RM42.5 billion in investments by 2025 as efforts will be focused towards system integration, big data, electric vehicles and advanced energy storage. To expand Malaysia’s E&E capabilities, the government is positioning the country as a test and measurements hub offering design and development as well as a certification facility for LED and solar products.

The Malaysia Productivity Blueprint (MPB) has established the E&E Productivity Nexus, aimed to collaborate between government agencies and experts from various subsectors of the E&E industry, in order to accelerate the productivity and growth of the sector. In addition, the global demand for E&E products, coupled with government’s focus on this industry, is likely to create greater growth opportunities for investors as well as the industry.



Food and Beverages (F&B) Manufacturing



The F&B manufacturing cluster revolves around the primary activity of food processing and manufacturing. Many large companies have been producing food products in Selangor, successfully catering to both domestic and overseas markets. Lately, Small and Medium Enterprises (SMEs) are also gaining tractions in exporting their food products to regional markets.

As a Muslim-majority state and country, and a pioneer in Halal certification globally, emphasis is placed on the manufacturing of Halal certified food. The global Halal market is estimated to be at RM9.2 trillion in which the Malaysian market for Halal product food consumed is close to RM40 billion. The concept of Halal food is associated with high quality food cleanliness, sanitation and compliance with religious requirements including certification by the Department of Islamic Development Malaysia (JAKIM). Selangor has a strong foothold in the Halal sector with c.30% of Halal certified companies based in Selangor.

Over the past two decades, the F&B industry in Selangor has attracted more than RM16.2 billion worth of manufacturing investments, creating more than 36,000 job opportunities.

Machinery and Equipment (M&E)



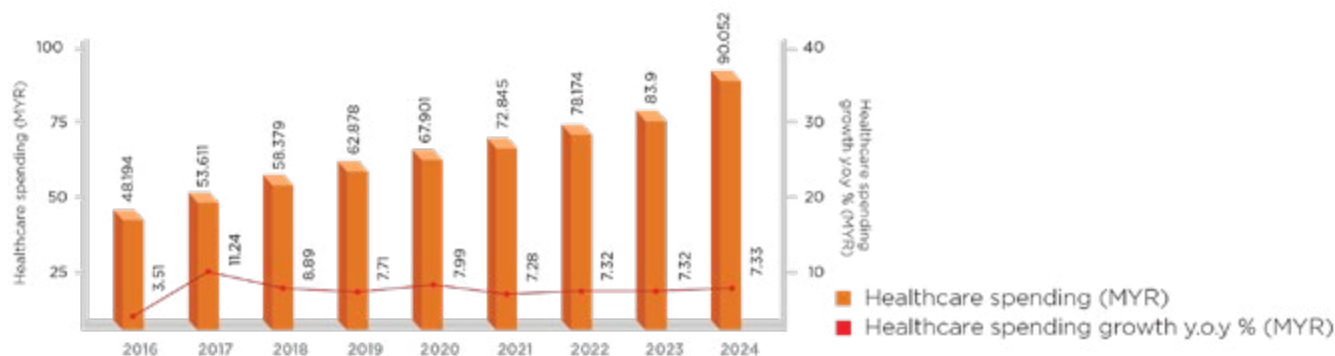
Although the machinery and equipment cluster contributed only 3% of the state's manufacturing output but it remains as a key focus area to fuel the growth of various support industries in the market such as packaging, E&E, automotive and oil and gas. Over the past 20 years, the sector has attracted close to RM9.9 billion worth of investments in Selangor, creating more than 35,000 jobs opportunities in the process.

Growth in exports of machinery, equipment and parts were spurred by higher demand in heating and cooling equipment and specialised machinery for specific industries with exports to Singapore, Indonesia, Japan and Germany. Revenue from optical and scientific equipment also contributed significantly due to the demand for measurement and calibration instruments and medical apparatus arising from Singapore, United States, China and Taiwan.

Additionally, Selangor is increasingly becoming a top choice for MNCs seeking for a strategic and cost-effective outsourcing location for engineering support services and manufacturing processes to meet market demands.

Life Sciences

The life sciences cluster contributed a quarter of Selangor’s total manufacturing GDP. The extensive supply network of chemical and intermediate products provides a robust ecosystem for companies in the field of biotechnology, pharmaceuticals, cosmetics and personal care products, food and beverage processing and nutraceuticals. There are three prime focus areas in the life sciences cluster, namely medical tourism, medical devices and pharmaceuticals.



Healthcare sector in Malaysia is expanding rapidly. The total healthcare expenditure is projected to reach RM90.0 billion by 2024 from RM62.9 billion in 2019, indicating a CAGR of 9.37% over a period of 4 years. Private healthcare in Malaysia is highly developed, having received various international accreditations, including the Joint Commission International (JCI) accreditation and the Malaysian Society for Quality in Health (MSQH). These accreditations showcase a high-quality healthcare industry, which helps in attracting patients from across the globe.

Malaysia’s Medical Tourism Market



The main source of medical tourism arrivals in Malaysia are from Indonesia, China, Singapore, United Kingdom and Philippines, primarily driven by its cost effectiveness, affordability in healthcare and access to quality healthcare facilities. The medical tourism revenue in Malaysia is forecasted to reach RM2.8 billion in 2020 and the medical tourists traffic flow is expected to reach 1.5 million in 2020.¹⁴ It is the preferred destination in the ASEAN region for treatment in oncology, cardiology and fertility.

Meanwhile, the medical devices industry is one of the fastest growing sectors in the healthcare spectrum which has been included under the cluster focus. Selangor is home to the world’s leading producer and exporter of products such as catheters and medical gloves with the industry slowly transforming to produce higher value added and technologically advanced products. There is a push from the government seeking for manufacturers to produce advanced equipment for diagnostic imaging and general health equipment.

In the pharmaceutical industry space, major international pharmaceutical companies have set up their operating bases in Selangor, establishing manufacturing operations and distribution centres to capitalise on the potential opportunities arising from the pharmaceutical industry. In order to maintain high quality of products, all pharmaceutical manufacturers are required to comply with the Good Manufacturing Practices and Good Laboratory Practice requirements that are in line with international standards. MIDA has established the Pharmaceutical Investment Advisory Panel (PharmIAP) to develop strategies to enhance the capabilities of the industry in penetrating the global market and strengthening the supply chain. The focus areas are biopharmaceuticals / oncology drugs, active pharmaceutical ingredients (APIs), pharmaceutical excipients and vaccines.

Transport Equipment

The transport equipment cluster has attracted more than RM26.3 billion worth of manufacturing investments into Selangor over the past two decades, supporting over 34,000 jobs. Assisted by the influx of both domestic and foreign direct investment, transport equipment accounted for approximately 11% of the state's total manufacturing output. This cluster is split into three different industries particularly in automotive, maritime and aerospace industry.

The automotive industry has been identified under the Energy Efficient Vehicle (EEV) plan to become a hub in the region through the National Automotive Policy (NAP). Such policy has spurred the transformation of the automotive industry to increase the production of EEVs. As a result, sales of EEV has been increasing y-o-y since 2014, reaching a penetration rate of 62% in 2018, while growth is expected to continue in the future. The industry saw an injection of direct investments worth RM1.88 billion in 2018.

There was also an influx of import related to transport equipment due to the development of several high-profile rail projects in Selangor with the upgrade of the light rail transit (LRT) and mass rapid transit (MRT) line. In addition, Malaysia is embarking on various mega railway infrastructure projects such as the East Coast Rail Link (ECRL) and KL-Singapore High Speed Rail, which shall further spur the demand for the industry.

The state is also home to numerous shipyards, ports and terminals due to its prime geographical location. Malaysia has approximately 200 shipbuilding / ship repair-related activities that include marine equipment manufacturing, maintenance, repair and overhaul (MRO) and design works etc.

The aerospace industry is a critical sector that offers abundance of opportunities in engineering, electronics, composite materials, system integration, maintenance, repair and overhaul (MRO) and industry led research and technology. The strong market demand has accelerated local supply chain making Malaysia one of the critical suppliers for aircraft structure components, Airbus and Boeing groups.



Main Service Focus Areas

In addition to the 5 Core Clusters above, the state is also encouraging investors to participate in Selangor's services sector. To expedite the growth in this sector, the state has identified the following service-related focus areas as priorities in Selangor's economic development:

- | Logistics
- | Education
- | Information and Communication Technology (ICT)
- | Global Business Services

The federal government has liberalised majority of the focus areas above, allowing up to 100% foreign equity participation in phases. The liberalisation of this sector brings plenty of opportunities to investors, as well as promotes collaboration among entrepreneurs and businesses. This will ultimately lead to greater innovation and technological advancement, giving Malaysia the advantage to compete in the global economy. With the four Main Service Focus Areas as the fundamental block, Selangor is well-positioned to capitalise on the nation's economic development.



Notable Industry Players in the 5 Core Clusters in Selangor

Selangor currently supports a wide range of industrial players covering the 5 Core Clusters. Below are some of the notable local companies and MNCs who have established their presence in their respective fields in Selangor:

Machinery and Equipment (M&E)

Manufacturing

- Besi Apac Sdn Bhd
- Sapura Kencana Petroleum Bhd
- Winstar Power
- Fluidmech Engineering

Transport Equipment

Aerospace

Manufacturing

- DRB-HICOM - PHN
- DRB-HICOM - HTS
- Siemens
- Aleris

Assembly

- UMW
- Spirit Aero systems

MRO

- Airbus Malaysia
- Honeywell Aerospace Services (M) Sdn Bhd
- Sepang Aircraft Engineering
- Global Turbine Asia

Operator

- Malaysia Airports Berhad

Association

- Malaysia Aerospace Industry Association

R&D

- Aerospace Malaysia Innovation Centre

Treatment

- T7 Aero
- Asahi Aero

Automotive

Manufacturing

- Perusahaan Otomobil Nasional Bhd (Proton)
- Scania (M) Sdn Bhd
- Perodua Manufacturing Sdn Bhd

Assembly

- Tan Chong Motor Assemblies Sdn Bhd
- Volve Car Manufacturing (M) Sdn Bhd

Life Sciences

Pharmaceuticals

Manufacturing

- Duopharma (Malaysia) Sdn Bhd
- Pharmaniaga Berhad
- Zuelling Pharma Sdn Bhd
- Antah HealthCare Group

Medical Devices

Manufacturing

- Top Glove Sdn Bhd
- Kossan Latex Industries (M) Sdn Bhd
- Steripack Medical Asia Sdn Bhd
- Medipro Manufacturing (M) Sdn Bhd

Electrical and Electronics (E&E)

Manufacturing

- Western Digital Group
- OSRAM Opto Semiconductors Malaysia Sdn Bhd

Assembly

- Panasonic Group

Food and Beverages (F&B) Manufacturing

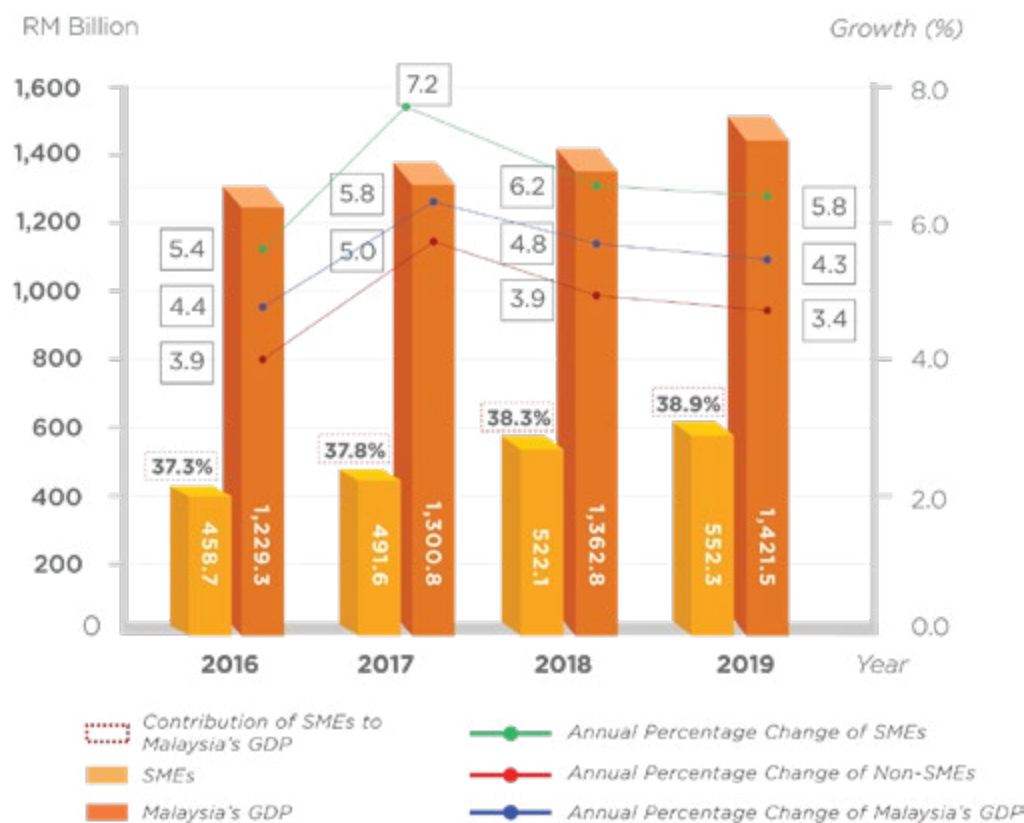
Manufacturing

- Fonterra
- Nestle
- Pepsico
- Yakult



> SME in Selangor

Chart 1: Value Added and Annual Percentage Change for 2016-2019 at Constant 2015 Prices



SME is an important building block to the Malaysia's economy, contributing RM552.3 billion, or c.38.9% of the country's GDP in 2019. In the same year, SME posted a GDP growth of 5.8%, outpacing the country's GDP growth of 4.3%. The SME GDP contribution is led by services sector at 63.3%, followed by manufacturing sector at 19.8%. Meanwhile, construction and mining & quarrying sectors contributed 5.6% and 0.5% respectively.¹⁵

SME provided job opportunities to over 7.3 million workers in Malaysia, representing 48.4% of the nation's total workforce. Based on Economic Consensus 2016, SMEs represent 98.5% of all business establishments in Malaysia.

The SME sector in Selangor is highly vibrant and progressive, and Selangor holds the highest number of SME establishments in Malaysia, at c.179,000 (c.19.8% of total SME establishments) as of 2016, which was higher than Kuala Lumpur (c.134,000), the capital city of Malaysia.¹⁶

The significant contribution by Selangor's SME sector is primarily attributed to its highly diversified, comprehensive economic environment. Selangor has the attributes to attract large conglomerates and multi-national corporations, whilst remained accommodative to start ups and small-medium businesses. Its access to large pool of workforce, matured infrastructure, geographical location, digital and technological developments; among others, have made Selangor an ideal destination for SMEs in Malaysia.

› Selangor Initiatives

The Selangor government has collaborated with relevant industry councils to catalyse its economic development particularly in the 5 Core Clusters. The collaboration includes Selangor Bio Council, Selangor Aerospace Council, Selangor Information Technology and E-Commerce Council (SITEC) and Selangor Halal Hub,¹⁷ amongst others. Selangor Information Technology & E-Commerce Council.

SITEC

The council was established by the Selangor State Government to uplift the startup ecosystem and develop Selangor into a regional trading centre for e-commerce. SITEC has organised startup accelerators programmes under its Selangor Accelerator Program (SAP) to identify new or emerging technologies applicable across industries and verticals such as Artificial Intelligence (AI), Blockchain, Cloud computing, Big Data, Machine learning, Internet of Things (IoT), Smart City and e-commerce businesses.¹⁸

Initiatives such as Maker Space were launched to promote digital making, enable collaboration amongst educators and students to share resources and expertise. In addition, the coveted Alibaba Biz School Training Partner was accredited to Mystertr, (a SITEC's affiliated partner), to provide specialised courses in e-commerce, entrepreneurship and digital marketing. To further enhance the creative and digital economy scene, the Selangor Digital Creative Centre (SDCC), an 11,000 sq ft incubator and co-working space located in i-City, Shah Alam, was officially launched in 2015.

Selangor Halal Council

Selangor Halal Hub¹⁹ has established a Halal ecosystem that serves as a one stop centre for a hassle-free establishment of operations and procedures in setting up Halal businesses. The hub assists in receiving, processing and expediting the approvals to obtain the Halal certified status from the Department of Islamic Development Malaysia (JAKIM), Selangor Islamic Religious Department (JAIS) and the national standards development agency, SIRIM. Selangor has a strong foothold in the Halal sector with c.30% of Malaysia's Halal certified companies based in Selangor and c.26% coverage of Halal certified products nationwide manufactured in the state.

Halal Development Corporation Berhad (HDC) expects Malaysia's Halal exports to reach a target of RM50 billion in Halal export by 2020, as there are plenty of untapped potential in the global Halal market. Selangor Halal industry is poised to propel itself as a leader in the global marketplace and is ready to capitalise on the Halal trade. Selangor's established infrastructure and logistics networks with its expansive networks of retailers, supermarkets and specialty shops, concentration of food and service outlets, accommodation providers and fast food outlets are well-positioned to provide ideal markets and test beds for the Halal industry. Halal International Selangor, part of Invest Selangor's initiative, is ready to be a flagship Halal training and education centre for all businesses by providing the Halal platforms to assist businesses. This would fortify the state government's effort in attracting investors to view Selangor as the catalyst for development in the Halal industry.

17. Selangor positioned in the eyes of the world by Malaysian Reserve

18. Selangor accelerator programme, DNA

19. Selangor Halal Hub, Central Spectrum

Selangor Aerospace Council²⁰

The Selangor state government has established the Aerospace Council to further drive the development of the aerospace sector and to enhance recognition of the state's capabilities as a leading aerospace hub in the ASEAN region. Three dedicated industrial locations have been identified as the main growth centre for aerospace related activities. These locations include Subang Nexus, Sepang KLIA Aeropolis and the newly announced Serendah UMW High Value Manufacturing Park, which strategically form the '3S' Aerospace Belt of Selangor expanding from the north to south region of Selangor. These parks house c.62% of the total 230 aerospace companies in Malaysia.

The local aerospace manufacturing sub-sector contributed RM6.97 billion worth of investments (or 48%) of Malaysia's total aerospace industry revenue in 2018, with a Y-o-Y increase of 8.3% from 2017.²¹ The whole industry is estimated to generate RM55.2 billion in investments annually and create more than 32,000 high income jobs by 2030.

Selangor Darul Ehsan Aerospace Industry Coordination Office (S-DAICO)

S-DAICO is a division under Invest Selangor Berhad and responsible for the coordination, execution, management and monitoring of the Selangor Aerospace Growth, Development as well as promotion.

Its roles include the strategizing and execution of projects with the Selangor State Government, together with the State Government Linked Companies (GLCs), and the Federal Government and its agencies for the development of the aerospace industry within the state of Selangor, Malaysia.

S-DAICO is intended as the referral and a "one-stop centre" for both foreign and domestic investors in the general Aerospace & Aviation sector and across all sub-clusters such as Electrical and Electronics (E&E), Manufacturing, Research & Development, Technology, Innovation and facilitating on promoting and facilitating the involvement of small and medium enterprises into the global supply chain.

Among its other duties include coordinating with relevant Selangor State bodies and agencies, together with the federal government and its agencies on all matters with regards to Aerospace and Aviation including promotion and marketing of the Aerospace Park within the State of Selangor, Aerospace Trade and Investment, Human Capital Development, Research and Technology (R&T) Development initiatives and OEM Jobs and placement with the SMEs located in the State of Selangor, Malaysia.

S-DAICO also functions as the 'Secretariat' to the Selangor Aerospace Council chaired by The Chief Minister of Selangor.

Selangor Bio Bay (SBB)²²

SBB is a mixed development project established as part of the Smart Selangor initiative. It is a state-of-the-art biotechnology hub furnished with eco-friendly, high-tech infrastructure facility that provides end-to-end industrial, commercial and residential needs. With over 1,300 acres of land in Pulau Indah, Selangor, SBB shall be developed in three phases over a period of 25 years, with an estimated gross development value of RM5.5 billion.

Upon completion, SBB shall be the first bio bay centre in Asia equipped with comprehensive infrastructure, including a Biotech Accelerator Centre, a research and development hub for biotechnology, pharmaceutical, nutraceuticals, cosmetics and life sciences industry, among others. Underpinned by economic, social, environmental drivers, SBB shall spur the biotechnology industry in Selangor and Malaysia.

Selangor is currently home to over one-third of biotechnology companies in Malaysia (i.e. companies awarded with the BioNexus status). The BioNexus status is awarded to qualified international and local biotechnology companies undertaking value added biotechnology or life sciences activities. Companies which hold the status are given incentives, grants and other guarantees to promote the biotechnology industry in Selangor as well as the nation.

20. Selangor Aerospace Council

21. Aerospace industry set to soar higher, MITI

22. Selangor Bio Bay, Central Spectrum



SME Initiatives

SMEs setting up their businesses in Selangor can leverage on Selangor Information Technology & E-Commerce Council's (SITEC) initiatives to facilitate and support SMEs digitalisation efforts. The council plays a pivotal role in bridging new SME players in the market with consumers within the e-commerce industry, in line with the government's effort to encourage digitisation of businesses.

Technology and matching grants are given to SMEs to digitise and adopt new technology, such as electronic Point of Sale system (e-POS), Enterprise Resource planning (ERP) and electronic payroll systems. Malaysia Digital Economy Corporation (MDEC) is also onboard to set up 14 one-stop Digital Enhancement Centres to assist SMEs in digital transformation by ways of training entrepreneurs to leverage on e-marketplaces to sell and trade online.²³

On the federal level, SME Corp Malaysia acts as the central coordinating agency that formulates overall policies and strategies for SMEs, provide advisory services, as well as coordinates the implementation of SME development programmes across all ministries. In addition, Bank Negara Malaysia (BNM) is highly supportive in providing financing to SMEs. A robust SME financing ecosystem was developed to enhance SME financing in the country, including guarantee schemes, debt resolutions, consultancy services, among other services provided to SMEs. In 2018, SMEs applying for financing had an average approval rate of 99% from financial institutions in Malaysia, which ranged from purchase of machinery and equipment, to working capital financing, as well as startup funding.

23. SME Initiatives, SME Corp

> Infrastructure Support

In terms of basic infrastructure and amenities, Selangor is one of the most developed states in Malaysia. Almost all households in the state have access to electricity and water. These are supported by five main power plants, generating electricity for consumer and businesses; whilst the state government provides water distribution throughout the entire state.

Selangor is well-connected throughout the state with a matured infrastructure of air, sea, road, and rail networks. Selangor remains as the nation's most attractive investment hub given its integrated connectivity, and its proximity to Kuala Lumpur, the capital of Malaysia; and Putrajaya, the federal administrative centre.



Digital Connectivity

Selangor aspires to become ASEAN's premier smart state by 2025. In line with this, the state government launched the Smart Selangor Programmes in 2016. Under the programme, a series of Smart Selangor initiatives were developed, which aim to leverage on latest technology and innovations to become one of the top 20 smart cities in the world. The initiatives under this programme cover domains such as governance, transport and mobility, digital infrastructure, education and food among others.

To become the premier smart state by 2025, Smart Selangor initiatives have listed down a few focus areas such as development of smart solutions and integrated platforms between the local authorities and state departments, improvement in quality of public security monitoring, and advancement in the state government's overall digital infrastructure. The expected investment by the state government is estimated to be at c.RM300 million between the 2019 - 2025 period, with budget allocation of approximately RM50 million each year.²⁴

As part of the Smart Selangor initiative, the state government has also launched the WiFi Smart Selangor programmes to increase the connectivity between rural and urban areas. The programmes has currently created over 3,900 available hotspots throughout the state, with a further 500 hotspots to be added in the near future. Selangor's high-speed internet penetration rate currently stands at 60%, with an aim to reach 100% by the year 2025.

Road Connectivity

Selangor is strategically located in the central region of Peninsular Malaysia making it easily accessible to the northern, southern and east coast states of the 30 expressways and highways in Peninsular Malaysia, more than half have intersections throughout the entire state. This has allowed easy access of human capital into the state, as well as being the heartbeat of logistics system in Peninsular Malaysia.

Air Connectivity

There are three airports in Selangor with KLIA and KLIA2 being the region's major aviation hubs. Kuala Lumpur International Airport (KLIA) caters to more than 60 international airlines whilst Kuala Lumpur International Airport 2 (KLIA2) serves as the low-cost carrier terminal dedicated to Air Asia Airline. Sultan Abdul Aziz Shah Airport located in Subang serves as a neighborhood airport easily accessible for domestic flights and selected international routes.

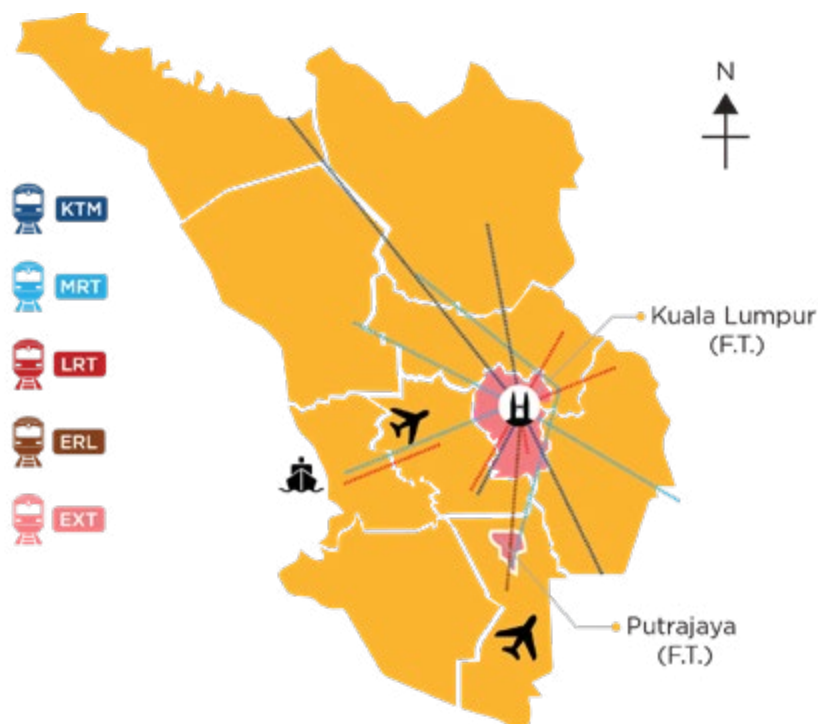


Public Connectivity

Selangor is well connected to the city through several rail networks, such as Light Rail Transit (LRT), Mass Rapid Transit (MRT), Express Rail Link (ERL) services and KTM trains that pass-through Selangor and Kuala Lumpur. The rail connectivity further compliments the existing matured road infrastructure. It is estimated that by the year 2026, rail development would cover 2,766km in Peninsular Malaysia, with Selangor being central to the nation's rail infrastructure.

Public buses and e-hailing services such as Grab further compliment the rail infrastructure to ensure seamless connectivity when moving around the state.

Klang Valley Integrated Transit Map



Sea Connectivity

Port Klang, located in the Klang district, is the largest and busiest port in the country, with a market share of c.50% of the country's annual container traffic. The port is also ranked the world's 12th busiest port with an annual traffic volume of 12.3 million twenty-foot equivalent units (TEU) in 2018. Between 2014 to 2018, Port Klang experienced a volume CAGR of 3%.

The Port Klang Authority (PKA) is currently planning to embark on two new expansion projects to increase Port Klang's capacity to meet the growing demand. The capacity expansion project is planned to be carried out at Carey Island and Westport respectively. The expansion is estimated to increase the Port Klang capacity by 28 million TEUs p.a., with completion expected to be done in stages over the next 25 years. This farsighted approach ensures Port Klang remains relevant in coping with the demand, as well as being competitive in the global trade and shipping scene.

Industrial Parks

The influx of investors in Selangor has promoted the development of industrial parks within the state. Special economic zones have been designated to industrial parks and areas to promote industrial activity. These industrial parks are fully equipped with infrastructure facilities such as roads, electricity supply and telecommunication services to support the whole ecosystem. The state is continuously developing these facilities to meet demands of businesses and consumers.

Several new industrial areas are promoted to cater to various industries. Businesses are offered competitive prices when choosing a site which suits their criteria. Below are some of the industrial parks in Selangor which are newly established and are available for business uptake:

Industrial Parks	District	Industries
Pulau Indah Industrial Park, Phase 3C	Pulau Indah	Light / Medium
UMW High Value Manufacturing Park	Serendah	Light / Medium / Heavy
Tanjung Industrial Park	Sepang	Medium / Heavy
Eco Business Park V	Puncak Alam	Light / Medium
Selangor Bio Bay, Precinct 1A	Pulau Indah	Light / Medium
Bandar Bukit Raja Industrial Park	Klang	Light / Medium
Serenia City	Sepang	Medium
Elmina Business Park	Selayang	Medium
Banting Industrial City	Banting	Various
Bukit Changgang Industrial Park	Banting	Light / Medium / Heavy
Selangor Halal Hub	Pulau Indah	Light / Medium
Costa Legend Industrial Park	Pulau indah	Light / Medium
Klang Group Industrial Park	Kapar	Light / Medium / Heavy

> Trade Zones



Free Industrial Zone (FIZ)

FIZ are export-processing zones, developed for businesses which are export-oriented. The trade zones are established to facilitate import and export activities, enhancing the competitiveness of Malaysian businesses. Companies located in free zones are provided with duty-free imports of raw materials, components, machinery and equipment that are required in the manufacturing process, as well as exemptions of sales and services taxes (SST). Within Selangor, the major FIZ are Telok Panglima Garang, Pulau Indah (PKFZ), Sungai Way and Ulu Kelang.

Digital Free Trade Zone (DFTZ)²⁵

DFTZ is an initiative launched by government of Malaysia. Malaysia is home to DFTZ, the world's first special trade zone that promotes the growth of e-commerce business by offering a seamless cross-border e-commerce environment. DFTZ has a virtual zone supported by e-services platform to facilitate trading activities.

This initiative is a part of the National e-commerce Strategic Roadmap to boost Malaysia's e-commerce growth. DFTZ was established with the objective of empowering entrepreneurs, particularly SMEs, to engage in cross border trade and establish Malaysia as a regional e-commerce hub. DFTZ follows the regulatory framework under the Free Zones Act 1990, which among other things, allows duty-free and SST relief for goods that were brought into Free Trade Zones and re-exported or transhipped.

DFTZ has attracted participation from more than 5,000 companies from various sectors, including some of the world's leading technology and e-commerce companies such as Alibaba (China), Lazada (ASEAN), and eBay (USA) onboard.





Cyber Hub of Innovation²⁶

Selangor prides itself as a Cyber Hub of Innovation with 16 cyber-centres, and is home to the national ICT Capital – Cyberjaya, which is an integral part of the MSC Malaysia programme developed by the federal government. Cyberjaya, often dubbed as “Malaysia’s Silicon Valley” is a designated zone with MSC Malaysia status, where technology entrepreneurs and global multinationals have access to a developed infrastructure and highly-skilled talent pool. The network infrastructure is equipped to provide hi-speed fiber optic internet with speed up to 100 megabits per second through the Cyberjaya Metro Fibre Network.

This provides Selangor with state-of-the-art infrastructure and network connectivity, supporting businesses to embark on technological innovation and industrial revolution.

MSC Malaysia

MSC Malaysia is a hub for the development of Malaysia’s ICT industry. It aims to provide a business-friendly environment for ICT companies to create, distribute and employ multimedia products and services. MSC Malaysia status companies enjoy the benefit of tax incentives and expatriate employment passes. Depending on the type of MSC Malaysia status, eligible companies located within the designated cyber-centre locations may enjoy up to 100% tax exemption.

Currently, there are over 1,500 active companies with MSC Malaysia status in Selangor. Aside from Cyberjaya, there are over ten MSC Malaysia locations in Selangor, primarily situated in the Petaling Jaya districts.



²⁶ Cyberjaya website and publications



> 03

Business Establishment Requirements

-
- Business Formation Structure
 - Local Company Incorporation
 - Foreign Company Incorporation
 - Representative Office/Regional Office
 - Equity Policy



> Business Formation Structure

All businesses are required to register with the Companies Commission of Malaysia, also known as Suruhanjaya Syarikat Malaysia (CCM or SSM). There are several forms of business entities that are available in Malaysia:

- a) Locally incorporated company, or branch of a foreign company
- b) Limited Liability Partnership (LLP)
- c) Partnership
- d) Sole proprietorship

Locally incorporated company or branch of a foreign company

The Companies Act 2016 (CA) regulates all companies in Malaysia. There are 4 types of companies that can be incorporated under the CA:

Company limited by shares

This is the most common company structure in Malaysia, where the company is formed on the principle that the member's liability is limited to the number of shares held by the shareholders. A limited company may be incorporated as either a private limited company (i.e. Sendirian Berhad, or Sdn Bhd) or a public company (i.e. Berhad, or Bhd).

The incorporation of a private limited company restricts the number of its members to a maximum of 50, excluding employees in the employment of the company or its subsidiary. It prohibits any invitation to the public to subscribe for its shares and debentures. However, the ownership of shares can be transferred to other individuals at a nominal price. A public company, however, is not subject to these restrictions. Public companies can apply to have its shares listed on the Malaysia Stock Exchange market, (a.k.a. Bursa Malaysia).

Company limited by guarantee

A company limited by guarantee is typically used for non-profit purposes and is known as Berhad (or Bhd). The liability of the members is limited to the amount which the members have contributed to the assets of the company, in the event of wound up. It is not permitted to distribute dividends to its members.

Unlimited company

An unlimited company has no limit on liability placed on its members for this entity structure. Creditors can sue members for debts of the company when the company is unable to meet its debt and wound up. Debts and liabilities are liable by present members, including past members (unless the past member has ceased to be a member for one year or more from the commencement of winding up).

Branch of a foreign company

Foreign companies intending to carry on business in Malaysia may either incorporate a subsidiary or register a branch under the CA. The incorporation of a subsidiary shall be in the form of a locally incorporated company either limited by shares, guarantee or unlimited.

For a branch set up, incorporation of a company is not required. However, the branches shall not have separate legal personality and is considered an extension of the foreign company. The foreign company will be liable for all debts and liabilities of the branch. In addition, the branch is not allowed to undertake any wholesale and retail trade-related businesses in Malaysia.

LLP

LLP is regulated under the Limited Liability Partnerships Act 2012. An LLP functions as a separate corporate body and legal entity from its partners. It is formed by a minimum of two partners (wholly or partly individuals or corporate bodies) in accordance with the terms of the partnership. The Act does not impose a maximum number of partners of an LLP, and the liabilities of the partners are limited. Typically, LLPs are formed by professionals such as lawyers, accountants and company secretaries for the purpose of carrying on their professional practices.



Partnership

Regulated by the Partnership Act 1961, partnership involves more than one owner jointly liable, without limit for debts and obligations in a partnership agreement. A partnership allows up to 20 partners, beyond which a company has to be registered under CA. The partners can either be jointly and severally liable for all debts of the firm under an ordinary partnership, or through a partnership agreement with limited partnerships where a minimum of one partner is responsible for all the firm's debts.

Sole Proprietorship

The sole proprietor has ownership of all profits and personally liable for all debts and obligations of the business.

> Local Company Incorporation

To incorporate a company, an application must be made to the CCM. Below are the procedural requirements for the incorporation of a company with CCM:

- 1) Application for a proposed business name
- 2) Application for formation of a company:
 - Company name, status of company (private or public), proposed address of the registered office in Malaysia
 - Principal business activity
 - For company limited by shares: Details of class and number of shares to be taken up by each member
 - For company limited by guarantee: Amount which the member undertakes to contribute to the assets of the company in the event of wound up
- 3) Statement of confirmation that the director is not disqualified under CA

Upon completion, an incorporation fee of RM1,000 (company limited by shares and unlimited company) or RM3,000 (company limited by guarantee) shall be paid to CCM.

Requirements of a Locally Incorporated Company

The company shall comply with CA on the following requirements:

- At least one director for a private company (two for a public company) of 18 years of age or above, with place of residence in Malaysia.
- Name of the company, along with the company number must appear on its seal, official documents, publications and website.
- Company shares cannot be dealt with or held in its holding company.
- Appointment of a company secretary within 30 days from incorporation which must be a natural person of full age who has his principal or only place of residence in Malaysia.
- Appointment of a company auditor.
- Option to choose whether to adopt a constitution. If there is no adoption of a constitution, the default provisions of CA shall apply.

In addition, investors should note that shareholders of a company have the right to vote on a show of hands on any resolution of a company at a general meeting, with each equity share carrying the right to one vote.

Ongoing Obligations of a Locally Incorporated Company

- a) Maintenance of documents and registers to be kept at a registered office in Malaysia.
- b) Preparation and submission of financial statements within six months of its financial year end.
- c) Proper accounting records to be retained for seven years after the completion of transactions to which entries relate.
- d) Appointment of a licensed auditor to perform annual audit on its financial statements.
- e) Filing of annual tax returns with the Malaysian Inland Revenue Board.
- f) Lodgment of annual returns to the Registrar of CCM within 14 days of annual general meeting.
- g) Notification to CCM on any changes to company particulars.

> Foreign Company Incorporation²⁷



A foreign company may carry on business in Malaysia by either:

- Incorporating a local company (requirements of a locally incorporated company shall apply).
- Registering a branch.

A foreign company (branch set up) must register with CCM, and comply with CA. A foreign company must appoint an agent in Malaysia, who shall be responsible for all matters required under CA and be personally liable to all penalties imposed on the foreign company for any breach of CA. In addition, the foreign company must have a registered office in Malaysia.

²⁷ Guidelines for registration of foreign company, SSM

Below are the application procedures to register a foreign company branch with CCM:

- 1) Application for a proposed name (same name as that registered in its country of origin) subject to approval.
- 2) Application for the registration:
 - Certificate of incorporation or registration document of the foreign company.
 - The foreign company’s charter, statute or Memorandum and Articles of Association.
 - Memorandum by directors residing in Malaysia who are members of the local board (if any), stating their power of execution on behalf of the foreign company.
 - Memorandum of appointment of the agent.

The fee payable for the registration of a branch varies based on the foreign company’s paid-up capital as follows:

Registration fee based on paid-up capital of:	RM
i. Up to RM1 million	5,000
ii. > RM1 million to RM10 million	20,000
iii. > RM10 million to RM50 million	40,000
iv. > RM50 million to RM100 million	60,000
v. > RM100 million; or no prescribed share vcapital	70,000

The paid-up capital of the foreign company shall be converted to the Malaysian currency equivalent at the prevailing currency rate for the purpose of calculating the above.

Ongoing Obligations of a Foreign Branch

- The ongoing obligations of a locally incorporated company of (a) to (e) shall apply.
- Filing of annual returns annually no later than 30 days from the anniversary of company’s registration date.
- Documentation of accounting records arising out of its operations in Malaysia should be maintained in Malaysia.
- Notification to CCM on any changes to company particulars.

> Representative Office / Regional Office²⁸

Foreign companies may also set up a representative or regional (RRO) office to establish a presence before deciding to invest into Malaysia. RRO is not subject to CA and are either under the purview of BNM (financial services sector) or MITI (other sectors). RRO shall register their offices with the relevant government agency depending on their business activities. A representative office is typically set up to collect information on investment opportunities, enhance bilateral trade relations and carry out research and development. A regional office is established as the coordination centre for multinational companies within the region.

However, RRO is not allowed to carry out trading activities (including import and export), commercial activities, enter into a business contract on behalf of the foreign company, or provide services for a fee.

To be eligible for an RRO establishment in Malaysia, the operational expenditure of the RRO must be at least RM300,000 p.a., and the RRO must be financed completely by the foreign parent company.

²⁸ Guideline for setting up a regional or representative office, MIDA

> Equity Policy

The CA does not stipulate any equity conditions on Malaysian incorporated companies. However, to increase local participation in business, the government encourages joint ventures between Malaysian and foreign investors, which resulted in the imposition of local equity requirements in select economic sectors. In recent years, the government has liberalised most of the sectors, with 100% foreign equity ownership allowed. The country remains committed in creating a conducive investment environment and has thus far attracted more than 8,000 international companies from over 40 countries.

There are still a select few sectors which continue to require some form of local equity participation with prescribed minimum capital investment. These are highlighted further below.

Manufacturing Sector

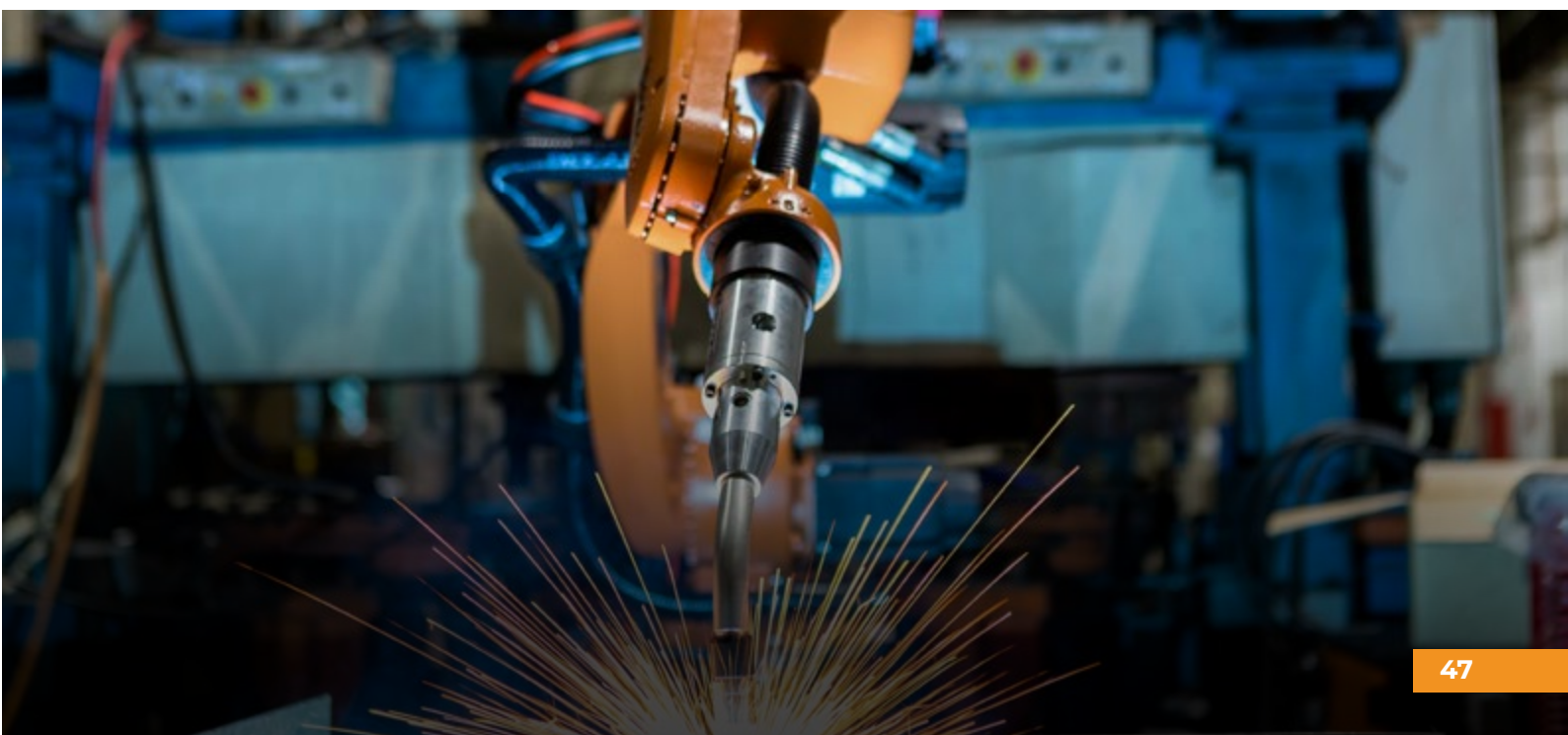
Effective from June 2003, foreign investors can now hold 100% equity in all new investments as well as expansion or diversification projects by existing companies. For existing licensed manufacturing companies, the equity conditions under respective licenses shall remain. Therefore, any investment into licensed manufacturers prior to June 2003 may still contain certain equity restrictions, if imposed on their manufacturing licenses previously. Nonetheless companies can request from MITI for these conditions to be removed, where the approval is granted on a case-by-case basis.

The Industrial Co-ordination Act 1975 (ICA) requires all manufacturing companies with shareholders' fund of RM2.5 million and above or engaging 75 or more full-time employees, to apply for a manufacturing license with MIDA. Alternatively, if a company does not meet the criteria, an exemption can be applied from MIDA, in order to carry out operation without a manufacturing license. To qualify for a manufacturing license, the approval criteria are as follows:

- Project's capital investment per employee is at least RM140,000.
- Total full-time workforce of the company comprises at least 80% Malaysians.
- At least 25% of the company's full-time workforce are managerial, technical or supervisory (MTS) staff, with degree and / or diploma.
- Value added of the manufactured finish product's must be at least 40%.

Value added is the difference between the value of goods and the cost of materials or supplies that are used in production.

Prior to granting the manufacturing license, investors shall obtain a 'No Objection Letter' from the state government, should the manufacturing business be setup in the Selangor state.





Construction Sector²⁹

Pursuant to Construction Industry Development Board of Malaysia Act 1994, it is mandatory for all local and foreign contractors to register with the Construction Industry Development Board (CIDB) to obtain an operating license before undertaking any construction work in Malaysia.

In general, foreign contractors are defined as a company incorporated in Malaysia with 30% equity or more held by a foreign company (in the case of ASEAN foreign company, the limit is increased to 51%).³⁰ Local contractors will receive the license to perform construction activities for a period between one and three years, bound by the following capital tier:

Foreign contractors are not bound by the above capital requirement for license application. Instead, foreign contractors shall receive the license on a project-by-project basis. Foreign companies are not permitted to tender for any projects without first obtaining a provisional registration certificate from CIDB.³¹

Services Sector³²

Over the years, the Malaysian government has continuously liberalised its services sector by allowing up to 100% foreign equity ownership. These include subsectors in health and social services, tourism, transport services, professional services and ICT-related services. Such liberalisation is seen to be beneficial in attracting more foreign investments as well as strengthening the competitiveness of the sector.

Grade	Minimum Paid-Up Capital	Tender Value
G1	RM10,000	≤ RM200,000
G2	RM25,000	≤ RM500,000
G3	RM50,000	≤ RM1 million
G4	RM150,000	≤ RM3 million
G5	RM250,000	≤ RM5 million
G6	RM500,000	≤ RM10 million
G7	RM750,000	No limit

The government is intensifying its effort to promote and develop the services sector. While there are still subsectors with selected equity restriction, the government expected to progressively undertake liberalisation of other services subsectors on an ongoing basis.

Currently, the equity requirement is primarily limited to the following subsectors covered in the following page:

Sub sectors	Equity restriction	Minimum capital requirement															
Public Bonded Warehouse Private Warehouse	Minimum 30% Bumiputera equity	Minimum paid-up capital: Critical Goods: RM1,000,000 Non-Critical Goods: RM250,000 Minimum paid-up capital: Critical Goods: RM150,000 Non-Critical Goods: RM100,000															
Transportation Services - License A	Minimum 51% Malaysian equity (including 30% Bumiputera equity)	-															
Freight Forwarding/ Custom Agent	-	Paid-up capital of RM0.1 million															
Integrated Logistics Services (ILS)	Minimum 60% Malaysian equity	-															
Renewable Energy Generation: Feed-in-Tariff	Minimum 51% Malaysian equity	-															
Hypermarket (i.e. size of 5,000 sq m or more)	Minimum 30% Bumiputera equity	Paid-up capital and reserves of RM50 million															
Superstore (i.e. size of 3,000 sq m to 4,999 sq m)	-	Paid-up capital and reserves of RM25 million															
Departmental Store	-	Paid-up capital and reserves of RM20 million															
Direct Selling Business	-	<table border="1"> <thead> <tr> <th>Paid-up capital</th> <th>Non 100% Bumiputera</th> <th>100% Bumiputera</th> </tr> </thead> <tbody> <tr> <td>Multi-Level Marketing</td> <td>RM 1.5 million</td> <td>RM 0.5 million</td> </tr> <tr> <td>Single Level Marketing</td> <td>RM 0.5 million</td> <td>RM 0.1 million</td> </tr> <tr> <td>Mail Order</td> <td>RM 0.5 million</td> <td>RM 0.1 million</td> </tr> <tr> <td>Foreign Owned Companies</td> <td>RM 5 million</td> <td>RM 5 million</td> </tr> </tbody> </table>	Paid-up capital	Non 100% Bumiputera	100% Bumiputera	Multi-Level Marketing	RM 1.5 million	RM 0.5 million	Single Level Marketing	RM 0.5 million	RM 0.1 million	Mail Order	RM 0.5 million	RM 0.1 million	Foreign Owned Companies	RM 5 million	RM 5 million
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Foreign Owned Companies	RM 5 million	RM 5 million															
Advice and Representation, Patents and Copyrights, Deeds, Wills, Trusts	100% Malaysian equity ownership	-															
Building Design and Drafting, town and City Planning, Landscape Architecture	-	Architectural services: paid-up capital of RM50,000 Multi-Disciplinary services: paid-up capital of RM150,000															
Geological and Prospecting activities, Airborne Geophysical Surveys, Hydrological Surveys, Map-making, Land surveying activities	-	Quantity Surveying services: paid-up capital of RM50,000 Multi-Disciplinary services: paid-up capital of RM150,000															
Engineering Advisory and Consulting Services	-	Engineering services: paid-up capital of RM50,000. Multi-Disciplinary services: paid-up capital of RM150,000															

In addition to the above, non-resident companies intending to set up a wholesale, retail and trade (WRT) businesses in Malaysia will need to comply with MDTCC's Guideline on Foreign Participation in the Distributive Trade Services. Where foreign equity participation in WRT is more than 50%, approval must be obtained from MDTCC before the commencement of business. Approval from MDTCC is ensued by a WRT license which has a validity of two years and shall be renewed subsequently.

The distributive trade services entail all linkage activities that channel goods and services down the supply chain to intermediaries for final sale to consumers. Specifically, MDTCC has prohibited any foreign involvement in the following distributive trades:

- Supermarket with less than 3,000 sq m sales floor area
- Provision shop / general vendor
- Convenience store operating 24 hours
- News agent and miscellaneous goods store
- Medical hall (inclined towards traditional and alternative medicine and general dried foodstuff)
- Fuel stations
- Permanent wet market store
- Textile and jewellery shops

In addition to the above, MDTCC may also impose foreign ownership restrictions on other distributive trade activities deemed fit.



Unregulated Services

Apart from distributive trade services, MDTCC has also included a few other services as Unregulated Services. Foreign investors intending to undertake these activities or acquire more than 50% equity ownership in these companies shall require prior approval from MDTCC. These Unregulated Services are:

- Transport, storage and communication services such as freight and passenger transportation services and parking services.
- Leasing or rental services such as leasing or rental of equipment and goods transport vehicles without an operator and leasing or rental of personal and household goods.
- Research and experimental development services on social sciences and humanity such as cultural sciences, sociology and linguistics and languages.
- Market research and public opinion polling services.
- Management consulting services such as general management consulting services, production management consulting services and public relations services.
- Business services such as building cleaning services, photographic services, packaging services and telephone answering services.
- Repair services incidental to metal products, machinery and equipment such as repairs of radio, television and motor vehicles.
- Special advocacy group services such as ethnic and minority groups support services.

For an approval to be considered by MDTCC, local companies with more than 50% foreign ownership that wish to undertake Unregulated Services shall have a minimum paid-up capital of RM1 million.

Oil and Gas Sector

Upstream and Downstream Activities

The Petroleum Development Act 1974 (PDA) is the main legislation governing petroleum activities and operations in Malaysia. Companies who wish to participate in upstream activities must obtain a license from Petroliam Nasional Berhad (Petronas), a wholly-owned subsidiary of the Malaysian government. Depending on the specific activity to be undertaken, the license may impose certain conditions, which may include up to 100% bumiputera equity participation, bumiputera board of directors' and management composition, bumiputera employees, etc.

Pursuant to the PDA, companies are also restricted from carrying out any business of processing / refining / marketing / distribution of petroleum or petrochemical products. Special permission must be acquired from MITI to carry out these activities, which shall be approved on a case-by-case basis.

Agriculture Sector³³

Depending on respective states, foreign investors may be restricted from owning agriculture land, pursuant to the National Land Code. In the case of Selangor, foreigners are not allowed to acquire agriculture land, unless otherwise permitted by the state authority. Nevertheless, foreign investors may carry out other agriculture-related businesses.

> 04

Regulatory Environment for Businesses

General Regulatory Requirements

- Competition Act 2010 (CoA)
- Personal Data Protection Act (PDPA)
- Intellectual Property Protection
- Department of Occupational Safety and Health (DOSH)
- Price Control and Anti-Profiteering
- Strategic Trade Act 2010 (STA)
- Consumer Protection Act 1999 (CPA)
- Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA)
- Standards of Malaysia Act 1996 (SMA)
- SIRIM Berhad (SIRIM)
- Halal Requirements
- Other Business Licenses
- Accounting Standards Requirements in Malaysia

Sector Specific Requirements and Guidelines

- Electrical & Electronics (E&E)
- Food and Beverages (F&B)
 - Manufacturing
- Healthcare
- Education
- Information and Communications Technology
- Logistics Services
- Franchising
- Transport Equipment





> General Regulatory Requirements

Regulatory compliance is an organisation’s adherence to laws, regulations, guidelines, and policies relevant to its business, encompassing day-to-day operation, trading of goods and services, business administration, etc. The laws may be local or international and may cover a vast array of compliance issues, which are applicable to businesses conducted in Malaysia. Violations of regulatory compliance may result in legal punishments, including fines or suspensions, thus affects business activities. It is imperative that regulatory requirements are considered when operating a business in Malaysia.

Competition Act 2010 (CoA)³⁴

CoA applies to any commercial activity undertaken by an enterprise within and outside Malaysia which affects competition in the Malaysian market. The regulator of this Act is Malaysia Competition Commission (MyCC), an independent body whose main function is to implement and enforce the competition law.

CoA prohibits horizontal (e.g. competitors in the same market) and vertical (supply chain distributors) agreements between enterprises where an agreement has the object or effect of significantly preventing, restricting or distorting competition.

Abusive Conduct by Dominant Enterprises

An enterprise is prohibited from engaging, whether independently or collectively, in any conduct which amounts to an abuse of a dominant position in any market for goods or services. An enterprise is in a dominant position if it has what is termed as “market power” or if it possesses “such significant power in a market to adjust prices or outputs or trading terms, without effective constraint from competitors or potential competitors”.

CoA does not penalise an enterprise because of its dominance. Rather it only intends to deter enterprises from engaging in any conduct which amounts to an abuse of a dominant position that includes:

- 1) Imposing unfair purchase or selling price or other trading conditions on suppliers or customers.
- 2) Limiting or controlling production, markets or market outlets.
- 3) Technical development or investment to the prejudice of customers.
- 4) Applying different conditions to equivalent transactions.
- 5) Attaching irrelevant conditions to contract conclusion.
- 6) Predatory behaviour towards competitors.
- 7) Refusal to supply.
- 8) Buying up scarce supply of intermediate goods or resources without a commercial need.

In general, MyCC will consider a market share above 60% as indication of dominance. However, market share shall not by itself be regarded as conclusive of dominance. Dominance shall be assessed in terms of the enterprise’s ability to act without concern about competitors’ responses or ability to dictate the terms of competition in a market in Malaysia. Other factors such as barriers to entry, countervailing buyer power, etc. may also be used in the assessment of dominance.

Consequences of Infringement

Enterprises which are found to have infringed CoA may be ordered to stop the infringement immediately and to take steps to bring the infringement to an end. Additionally, it is liable to a fine of up to 10% of its worldwide turnover for the period during which the infringement occurred. The enterprise may also be required to change its business practices that could adversely affect its current business model.

Exemptions under CoA 2010

CoA excludes certain activities from the definition of “commercial activity”, which are defined below:

- 1) Any activity directly or indirectly related to government office or authority (i.e. public services).
- 2) Any activity conducted based on the principle of solidarity. This covers activities carried out for purely social objectives.
- 3) Any purchase of goods or services as an end user or consumer.

CoA does not apply to matters arising from the following:

- 1) Agreement or conduct which complies with a legislative requirement.
- 2) Collective bargaining activities or collective agreements in respect of employment terms and conditions.
- 3) An enterprise entrusted with the operation of services of general economic interest.

³⁴. Competition Act, Malaysia Competition Commission

Activities regulated by the following Acts are also excluded from CoA:

- 1) Communications and Multimedia Act 1998
- 2) Energy Commission Act 2001
- 3) Petroleum Development Act 1974
- 4) Aviation Commission Act 2015

Personal Data Protection Act (PDPA)³⁵

The PDPA came into force on 15 November 2013. The objective of the PDPA is to regulate the processing of personal data in commercial transactions, and to safeguard the rights and interests of individuals. Under the PDPA, anyone who processes personal data of an individual in commercial transactions, be it online or offline, must comply with the PDPA.

Personal Data is defined under the PDPA as any information that relates directly or indirectly to a data subject / individual, who is identified or identifiable from the information that is in the possession of a data user, including any sensitive personal data and expression of opinion about the data subject / individual.

Personal Data Protection Principles

A data user must comply with the seven personal data protection principles, which form the fundamental basis of the PDPA, as well as other relevant provisions of the PDPA:

- 1) General principle – must only process personal data with the consent of an individual, for a lawful purpose and the personal data collected must not be excessive or beyond what is required for.
- 2) Notice and choice principle – must inform the individual that his personal data is being processed and provide a description of the personal data, purpose of collection; and choice for him to decide whether he wants to provide his data.
- 3) Disclosure principle – may only disclose personal data for purposes, or to other third parties to which the individual has consented to.
- 4) Security principle – must take practical steps to protect personal data from loss, misuse, modification, unauthorised or accidental access or disclosure.

- 5) Retention principle – must not retain personal data longer than it is necessary.
- 6) Data integrity principle – must take reasonable steps to ensure that all personal data is accurate, complete, not misleading and kept up-to-date.
- 7) Access principle – must allow an individual to have access to his own personal data and to correct it if it is inaccurate, incomplete, misleading or not up-to-date.

Transfer of Personal Data outside Malaysia

As a general rule, the data user should not transfer personal data to a place outside Malaysia, unless to such place as specifically permitted by the Minister of Communications and Multimedia and in accordance with the requirements prescribed under the PDPA, or unless such transfer of personal data falls within one of the exceptions under the PDPA (e.g. performance of contract, legal proceedings etc.).

Non-application of PDPA

The PDPA will not apply to:

The Malaysian Federal and State Government

- Information processed for the purpose of a credit reporting business carried on by a credit reporting agency.
- Any personal data processed outside Malaysia unless that personal data is intended to be further processed in Malaysia.



Intellectual Property Protection³⁶

Intellectual property system in Malaysia is administered by the Intellectual Property Corporation of Malaysia (MyIPO), an agency under the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC). Intellectual property protection in Malaysia comprises patents, trademarks, industrial designs, copyright, geographical indications and layout designs of integrated circuits. Malaysia provides adequate protection to both local and foreign investors with respect to IP.

It should be noted that the legal recourse available to IP right owners are dependent on whether the IPs are registered in Malaysia. In the case of where IP assets are being infringed in Malaysia, there are two main avenues of enforcement which can be considered:

- Criminal enforcement, which are complaints lodged with the Enforcement Division MDTCC
- Civil litigation

Malaysia’s intellectual property laws are in conformance with international standards and have been reviewed by the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Council periodically. Malaysia is a member of the World Intellectual Property Organisation (WIPO) and a signatory to the Paris Convention and Berne Convention which govern these intellectual property rights. In addition, Malaysia is also a signatory to the Agreement on TRIPS signed under the auspices of the World Trade Organisation (WTO).

Below are the types of intellectual property protections currently enforced in Malaysia:

Summary of the Types of IP³⁷

Type of IP	Description	Duration of Protection	Application
Patent Patents Act 1983	An exclusive right granted for an invention, which is a product or a process that provides, in general, a new way of doing something, or offers a new technical solution to a problem	20 years from the date of filing of an application	An applicant may file a patent application directly if he / she is domicile or resident in Malaysia. A foreign application can only be filed through a registered patent agent in Malaysia acting on behalf of the applicant. The owner of a patent has the right to exploit the patented invention, to assign or transmit the patent, and to conclude a licensed contract.
Trademark Trade Marks Act 1976	Any sign capable of being represented graphically, which is capable of distinguishing goods or services of one undertaking from those of other undertakings	Protection period of ten years and then renewable for a period of every ten years thereafter	A local applicant can file applications on their own, however foreign applicants will have to do so through registered trademark agents. Once registered, no person or enterprise other than its proprietor or authorised users may use the trademark. Infringement action can be initiated against abusers. The proprietor of the trademark or service mark has the right to deal or assign as well as to license its use.
Industrial Design Industrial Designs Act 1996	Protection over the industrial design that consists of three-dimensional features such as the shape and configuration of an article; or two-dimensional features, such as pattern and ornamentation. The design features must be applied to an article by any industrial process or means of which the features in the finished article appeal to eye	Period of five years which may be extended for another four 5-year terms, providing a total protection period of 25 years.	In order to be eligible for registration, industrial designs must be new and must not include a method of construction or design that is dictated solely by function. Additionally, the design of the article must not be dependent upon the appearance of another article of which it forms an integral part. Individuals or corporate entities can register industrial designs. It is not a requirement that a designer has to be a Malaysian citizen or a Malaysian corporation. In cases where an applicant’s residence or principal place of business is outside Malaysia, the applicant can appoint an industrial designs agent.

36. Intellectual Property Corporation of Malaysia; MyIPO

37. Malaysia IP Factsheet, European Union; MyIPO

<p>Copyright Copyright Act 1987</p>	<p>Proprietary rights subsisting in works created by authors. Copyright protects literary, artistic, musical and dramatic works. Copyright also protects sound recordings, published editions, films, broadcasts and performer's rights. Copyright ownership could be held either by the author, his employer or the person who commissions the work</p>	<p>Literary, musical or artistic works - Duration of the life of the author and 50 years after his / her death Sound recordings, performances, broadcasts and films - 50 years from the first publication / broadcast</p>	<p>A copyright notification can only be made by a citizen or a permanent resident ("PR") of Malaysia. An applicant who is not a citizen or PR of Malaysia may appoint a Malaysian citizen or a PR to file the notification on their behalf. There is no formal requirement for the work to be registered for copyright to be claimed or recognised, however a copyright owner may voluntarily register his / her copyright at MyIPO.</p>
<p>Layout Design of Integrated Circuit Layout Design of Integrated Circuits Act 2000</p>	<p>Design protection over Configurations of computer chips and other semiconductors which determine the functionality of the integrated circuits</p>	<p>Ten years from the date of its commercial exploitation or 15 years from the date of creation (if not commercially exploited)</p>	<p>There is no registration for the layout design of an integrated circuit. All layout designs of Integrated Circuits are automatically protected as long as:</p> <ul style="list-style-type: none"> • The layout-design is original and is a result of its creator's own intellectual effort • The layout-design have been fixed in material form and can be reproduced • At the time the design was created, the owner of the layout-design rights was either: <ul style="list-style-type: none"> - A national or resident of Malaysia or any World Trade Organisation ("WTO") state - A business incorporated in, or with a commercial establishment to produce integrated circuits in Malaysia or any WTO state - The government of any WTO state
<p>Geographical Indication Geographical Indications Act 2000</p>	<p>Protection over distinctive sign used to identify a product as originating in the territory of a country, region or locality where its quality, reputation or other characteristic is linked to its geographical origin</p>	<p>Period of protection is ten years and renewable for a period of every ten years thereafter.</p>	<p>An application for the registration of a geographical indication shall be made if the applicant has a registered business in Malaysia. An applicant for a geographical indication who does not reside or do business in Malaysia shall appoint an agent for this application.</p> <p>A person applying for registration for geographical indication should be carrying out an activity as a producer in the specified geographical area in the application, with respect to the goods mentioned in the application.</p>

Department of Occupational Health and Safety (DOSH)³⁸

The DOSH under the Ministry of Human Resources is responsible for administrating and enforcing legislation related to occupational safety and health. DOSH ensures that the safety, health and welfare of people at work from hazards resulting from occupational activities in various sectors of work.

DOSH carries out enforcement activities aimed at ensuring the safety, health, and welfare of workers from hazardous activities at work. It is responsible for the administration and enforcement of the following acts:

1) Occupational Safety and Health Act 1994 (OSHA)

The OSHA provides the legislative framework to promote, stimulate and encourage high standards of health and safe working culture among all Malaysian employers and employees through self-regulation schemes designed to suit the industry of the organisation.

The purposes of the Act are:

- To secure the safety, health and welfare of persons at work against hazards and risks arising out of the activities of person at work.
- To protect person at a place of work, other than persons at work, against risks arising out of the activities of persons at work.
- To promote an occupational environment for persons at work which is adapted to their physiological and psychological needs.
- To provide the means whereby the associated occupational safety and health legislation may be progressively replaced by a system of regulations and approved industry codes of practice.

38. Laws of Malaysia, Department of Occupational Safety and Health

OSHA defines the responsibilities of employers, employees, the self-employed, designers, manufactures, importers and suppliers of plant or substances.

Arrangements must be made to ensure safety and health in the use, handling, storage and transport of plant and substances. 'Plants' include any machinery, equipment, appliance, tool and component, whilst 'substances' mean any natural or artificial substance whether in the form of solid, liquid, gas, vapour or a combination thereof.

Risks to health from the use, storage or transportation of substances must be minimised. Employers must provide necessary information, instruction, training and supervision for safe practices, including information on the legal requirements with reference to processes with special hazards. Processes that use hazardous chemicals require competent persons to conduct the air quality, personal monitoring and safety while health officers and occupational health doctors are required to ensure the proper medical surveillance of the workplace.

Employers employing 40 or more persons must establish a safety and health committee at the workplace. The main function of the committee is to ensure that safety and health measures are regularly reviewed as well as investigation of matters related to safety and health is carried out by the committee.

Employers must notify the nearest DOSH office of any accident, dangerous occurrence, occupational poisoning or disease which has occurred or is likely to occur at the workplace.

There are seven regulations under OSHA enforced by DOSH which are:

- Employers' Safety and Health General Policy Statements (Exception) Regulations 1995
- Control of Industrial Major Accident Hazards Regulations 1996
- Safety and Health Committee Regulations 1996
- Safety and Health Officer Regulations 1997
- Use and Standards of Exposure of Chemicals Hazardous to Health Regulations 2000
- Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease Regulations 2004
- Classification, Labelling and Safety Data Sheet of Hazardous Chemicals Regulation, 2013

Contravention of the requirements in the law may lead to prosecution in court.

2) Factories and Machinery Act 1967 (FMA)

The objective of FMA, is to provide for the control of factories with respect to matters relating to the safety, health and welfare of people, as well as the registration and inspection of machinery. All certified machinery such as boilers, unfired pressure vessels, passenger hoists, overhead travelling cranes and gondolas must be approved in terms of design requirements, technical specifications, testing and inspection. The manufacturer may submit the drawing, technical calculation, manufacturer certificate and other supporting documents on-line for the purpose of acquiring design approval from DOSH. All factories and general machinery must be registered with DOSH before they can be installed and operated in Malaysia.

The operation, installation, maintenance and dismantling of specific equipment and process requires the service of competent persons. Thus, during the installation of such specialised machinery and equipment such as cranes, lifts and local exhaust ventilation systems, the service of competent persons is compulsory to ensure safe commissioning.

DOSH enforces 14 regulations under FMA, which are:

- Electric Passenger and Goods Lift Regulations 1970
- Fencing of Machinery and Safety Regulations 1970
- Notification, Certification of Fitness and Inspection Regulations 1970
- Persons-In-charge Regulations 1970
- Safety, Health and Welfare Regulations 1970
- Steam Boilers and Unfired Pressure Vessel Regulations 1970
- Certificates of Competency – Examinations Regulations 1970
- Administration Regulation 1970
- Lead Regulations 1984
- Asbestos Process Regulations 1986
- Building Operations and Works of Engineering Construction (Safety) Regulations 1986
- Mineral Dust Regulations 1989
- Noise Exposure Regulations 1989
- Special Scheme of Inspection (Risk-Based Inspection) Regulations 2014



3) Petroleum (Safety Measures) Act 1984

The objective of Petroleum (Safety Measures) Act 1984 is to regulate the safety requirements in the transportation, storage and utilisation of petroleum. The Act prescribes water, road and railways as the only modes of transportation of petroleum. The enforcement of the Act is also carried out by several other government agencies such as PETRONAS, MITI and MDTCC. DOSH further governs the transportation of petroleum by virtue of the Transportation of Petroleum (by pipelines) Regulations 1985 and Transportation of Petroleum (by water) Regulations 1985. Any person who commits a breach of the safety regulations shall be guilty of an offence and on conviction can be liable to a fine and / or imprisonment as applicable under the sections.



Price Control and Anti-Profiteering

Under the Price Control and Anti-Profiteering Act 2018 it is an offence to be a profiteer. The purpose of the Act is primarily to enable the government to determine prices of goods and services with the objective of curbing excessive profiteering of essential goods and services by businesses. ‘Profiteering’ is defined as making an unreasonably high profit, which is measured by a mechanism prescribed in the Price Control and Anti Profiteering Regulations (PCAPR). The current iteration of the PCAPR 2018 came into force on 6 June 2018 and applies to all goods and services sold in Malaysia.

The PCAPR does not make it an offence to increase prices, but it is considered an offence to increase the net profit margin of goods or services beyond a certain level. That level is computed with reference to the movement of the net profit margin of the product over the past three years, as determined by a prescribed formula. There are exceptions to this formula under scenarios such as declining margins, new products and loss leaders.

Non-compliance with the formulas under the new regulations would technically relate to having “unreasonably high profit.” This, in turn, would constitute an offence under the current provisions of the Price Control and Anti-Profiteering Act 2011, for which the penalties upon conviction in court are as follows:

- For a corporate entity: A fine not exceeding RM500,000 for the first offence, and not exceeding RM1 million for the second and subsequent offences.
- For any person other than a corporate entity: A fine not exceeding RM100,000 and / or imprisonment for up to three years, or both, for a first offence; and not exceeding RM250,000 and / or imprisonment for up to five years for the second and subsequent offences.

Strategic Trade Act 2010 (STA)

The STA is an Act to provide for control over the dealing of activities that may facilitate the design, development and production of weapons of mass destruction and their delivery systems and to provide for matters connected with Malaysia's national security and international obligations. The Act states that whenever a person / entity performs any activities related with export, transshipment, transit and brokering of strategic items, they must obtain an export permit / broker certificate from the relevant authority for strategic items based on the Strategic Trade (Strategic Items) Order 2010. Strategic items refer to goods and technology that are controlled under the STA, that includes:

- Nuclear materials, facilities and equipment
- Special materials and related equipment
- Materials processing
- Electronics
- Computers
- Telecommunications and information security
- Sensors and lasers
- Navigation and avionics
- Marine
- Aerospace and propulsion
- Military items

Consumer Protection Act 1999 (CPA)³⁹

The CPA provides legislative provisions for consumer protection. The CPA lays down consumer protection principles which applies to all business offerings or supplying services to one or more consumers in trade, including where transactions are conducted through electronic means such as the Internet. The Act states that no person / entity shall engage in conduct that is misleading or deceptive, or is likely to mislead or deceive, the public as to the nature, manufacturing process, quality, characteristics, suitability for a purpose, availability or quantity of the goods and services.

Consumers can file cases with the MDTCC for claims on goods and services that do not meet the implied guarantee as expressed by the seller. The Act has allocated consumers the right of redress if the goods or services acquired do not meet the expressed guarantee as stated in the Act. In addition, MDTCC is authorised to declare any goods or services to be prohibited, if it has caused or is likely to cause injury to any person or property or is otherwise considered unsafe.

The CPA, through the Consumer Protection (Electronic Trade Transactions) Regulations 2012, also imposes certain obligations on online traders and online marketplace operators, with the objective to increase the consumers' confidence to shop and trade online. The regulation came into effect in July 2013 and the regulation directs the online marketplace to disclose certain information on their websites / profiles as applicable. The disclosure of information under the regulation are:

- Name of person / business / company that is engaged in the supply of goods or services through an online marketplace or website.
- Registration number of the business / company as applicable.
- The email address and telephone number of the person / business / company.
- Description of the main characteristics of the goods or services.
- Full price of the goods or services, including the transportation cost, taxes and any other costs.
- Method of payment.
- Terms and conditions of the transaction.
- Estimated time of delivery of the goods and services.

39. Laws of Malaysia, Consumer Protection Act 1999; MITI, Laws of Malaysia, Consumer Protection (Electronic Trade Transactions) Regulations 2012

Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA)⁴⁰

The AMLA provides for the offences of money laundering and terrorism financing, as well as measures to be undertaken to prevent for such actions. AMLA provides a wide range of investigative powers including powers for law enforcement agencies and public prosecutor to freeze and seize properties that are involved or suspected to be involved in money laundering or terrorism financing offences.

AMLA defines “money laundering” as the act of a person who:

- Engages, directly or indirectly, in a transaction that involves proceeds of an unlawful activity
- Acquires, receives, possesses, disguises, transfers, converts, exchanges, carries, disposes of or uses proceeds of an unlawful activity
- Removes from or brings into Malaysia, proceeds of an unlawful activity
- Conceals, disguises or impedes the establishment of the true nature, origin, location, movement, disposition, title of, rights with respect to, or ownership of, proceeds of an unlawful activity

Malaysia has established a comprehensive anti-money laundering and counter-financing of terrorism framework. Malaysia is a member of Asia Pacific Group on Money Laundering, and observes to Financial Action Task Force, the international body on anti-money laundering and counter-financing of terrorism.

Any person / entity who commits a money laundering offence and is convicted will be liable to imprisonment for a maximum term of 15 years and shall also be liable to a fine of not less than five times the sum or value of the proceeds of an unlawful activity or RM5 million, whichever is higher.

Additionally, an enforcement agency may issue an order to freeze any property of a person / entity, or any terrorist property, irrespective of, location and control of the property, if:

- An investigation with regards to an unlawful activity has commenced against that person / entity.
- The enforcement agency has reasonable grounds to suspect that terrorism financing offence has been or is being or is about to be committed by that person / entity.
- The enforcement agency has reasonable grounds to suspect that the property is the proceeds of an unlawful activity.

AMLA is enforced by various agencies depending on the nature of the crime under their respective purviews, including the Royal Malaysian Police and Bank Negara Malaysia (BNM) among others. As the financial services regulator, BNM is empowered to investigate money laundering cases. The reporting institutions under AMLA include banks, insurers, advocates and solicitors, among others. BNM is appointed as the competent authority under AMLA and is empowered to issue reporting institutions guidelines, circulars or notices under the provisions to ensure businesses are in compliance with the regulation.

40. Laws of Malaysia, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001



Standards of Malaysia Act 1996 (SMA)⁴¹

The Department of Standards Malaysia (DSM) is the National Standards Body as well as the National Accreditation Body, entrusted in accordance to the SMA. DSM provides standard and accreditation requirements in relation to a business activity in Malaysia. DSM aims to develop a market-relevant Malaysian Standards (MS) across all sectors to ensure quality, safety and environmental protection, as well as to gain global competitiveness across industries in Malaysia.

These MS were developed in conjunction with other general requirements enforced in Malaysia, such as OSHA, FMA, Petroleum (Safety Measures) Act 1984, etc. While some MS are voluntary and are regarded as industry good practices, there are certain areas which are mandatory. Particularly in the areas relating to safety, health or the environment, an MS can be enforced by the authorities as the minimum requirement for businesses to comply with, for the supply of products and services.

As of December 2019, Standards Malaysia has developed mandatory Malaysian Standards for 15 sub-sectors. These standards encompass the entire value chain of a business, from the raw material procurement process to the manufacturing requirement and the conduct of marketing activities. Failure to meet the relevant standards and the ensuing accreditations may result in the revocation / non-issuance of necessary licenses to operate a business.

41. Department of Standards Malaysia website

SIRIM Berhad (SIRIM)⁴²

SIRIM is the national organisation for standards and quality. Together with its subsidiaries, it provides quality and technology-driven services such as customised industrial research, design engineering, standards and quality development, testing, inspection and certification services, and calibration and measurement services for businesses in locally and abroad. The following subsidiaries are the primary agencies providing assessment services to ensure adherences to MS and other international bodies for standardisations:

SIRIM QAS International Sdn Bhd (QAS)

It is a testing, inspection and certification services provider, accredited by numerous national and international bodies such as DSM, United Kingdom Accreditation Service (UKAS), Assurance Services International (ASI), APMG International, International Automotive Oversight Bureau (IOAB) among others. Its certification, inspection and testing services are conducted according to international standards and are globally recognised. Various products in Malaysia such as electrical appliances, communications and multimedia equipment, motorcyclist helmets, etc. require the certification by QAS before a product can be supplied for market consumption.

SIRIM STS Sdn Bhd (STS)

STS is appointed as the Standards Development Agency (SDA) by DSM to oversee the standardisation activities in Malaysia. This includes developing MS, managing MS development infrastructure, managing Malaysia's participation at international standards bodies such as ISO, IEC, and promoting the implementation of MS through organised events such as seminars and workshops etc. It is also the appointed sales agent in Malaysia to sell books and reference materials for MS, International Standards (e.g. ISO, IEC & ITU) and Foreign Standards (e.g. British Standards & Australian Standards).

SIRIM Standards Technology Sdn Bhd (SSTSB)

SSTSB, an ISO certified lab, is one of the largest calibration laboratories in Malaysia that provides calibrations and measurements services across five fields: electrical, force and pressure, temperature, dimensional, mass and volumetric.



⁴². SIRIM and related subsidiaries websites

Halal Requirements

Halal is defined as “permissible” or “lawful” in the Arabic language. In commercial terms, when goods or services are labelled Halal, it means that all stages of production and supply chain, including procurement of raw material, logistics, packaging and labelling of the particular product or service conforms to the Islamic Syariah law, making it suitable for Muslim consumption.

The Trade Descriptions (Definition of Halal) Order 2011 and Trade Descriptions (Definition of Halal) [Amendment] Order 2012 further describe how Halal process is achieved as listed below:

- 1) When food or goods are described as Halal or the food or goods indicate that they can be consumed or used by a Muslim; such expression means that the food or goods are:
 - a) Neither is nor consist of or contains any part or matter of an animal that is prohibited by Syariah law for a Muslim to consume or that has not been slaughtered in accordance with Syariah law and Fatwa.
 - b) Does not contain anything which is impure according to Syariah law and Fatwa.
 - c) Does not intoxicate according to Syariah law and Fatwa.
 - d) Does not contain any part of a human being or its yield which are not allowed by Syariah law and Fatwa.
 - e) Is not poisonous or hazardous to health.
 - f) Has not been prepared, processed or manufactured using any instrument that is contaminated with impurity according to Syariah Law and Fatwa.
 - g) Has not in the course of preparing, processing or storage been in contact with, mixed, or in close proximity to any food that fails to satisfy (a) and (b) above.
- 2) When services in relation to the food or goods are described or indicate that it can be used by a Muslim, such expression means that the services in relation to the food or goods are carried out in accordance with Syariah law.

Only the Department of Islamic Development Malaysia (JAKIM), and the Islamic Religious Council (MAIN) in the respective states; are appointed as the competent authorities to certify that any food, goods or services is Halal in accordance with the Trade Descriptions (Definition of Halal) Orders above. All food, goods or service shall not be described as Halal unless it is certified and marked as Halal by JAKIM.

Halal Certification

There are three types of Halal certification schemes available:

- Consumable and non-consumable products
 - Food
 - Cosmetics and pharmaceuticals
- Food premises
 - Hotel kitchen / commissary
 - Franchise outlet / food court
 - Restaurant
- Abattoir / slaughterhouses – place / premise for slaughtering or processing animals

Halal certification is open to both local and foreign companies in Malaysia and abroad. Applicants who are eligible to apply for Halal Certification are as follows:

- Manufacturer / producer
- Distributor / trader
- Sub-contract manufacturer
- Repacking
- Food premise operator
- Abattoir

Conditions for Halal Certification

Applicant or manufacturer seeking Halal certification are required to:

- Registered with SSM, Malaysia Co-operative Societies Commission, or other government agencies.
- Holds a valid business license / testimonial from government agency.
- Be in full operation before an application is made.
- Produce and / or handle only Halal products which is compliance with the Halal requirements (as described above).
- Ensure sources for ingredients / raw materials are Halal; and suppliers who supply the raw materials have obtained recognised Halal certificate.
- Ensure the process of repackaging complies with Halal requirement.

Halal Development Corporation Berhad (HDC) is the primary agency in Malaysia that assists businesses in complying with Halal requirements and obtaining Halal certifications.



Other Business Licenses

Signboard License

A signboard license is compulsory for businesses who intend to install a signboard in their premises. The license shall be applied with respective local authorities. In the case of Selangor, these authorities shall vary (e.g. Petaling Jaya City Council, Kajang Municipal Council, etc.), depending on the location of the business.

Import and Export License

Import and export licenses are required for items listed in the custom prohibition of import and export order under the Customs Act 1967. Any company that is registered with CCM can apply for the import and export licenses. These licenses are granted by MITI.

Below are the goods that require an import or an export license from MITI:

Goods that require an export license
1. Refined Sugar
2. Other Sugar
3. Milk and Milk Product (Milk & cream, Buttermilk, yogurt, Whey, Butter & other fats/oils, from milk, Cheese & curd, Malt extract, preparation of milk for infant, condensed sweetened/ unsweetened milk)
4. Cement clinker
5. Portland cement
6. Naphtha
7. Roofing tiles
8. Bricks
9. Wire Rods
10. Steel Bar
11. Other Bars Free Cutting Steel
12. Bars and Rods, Hot- Rolled, in irregularly, Wound Coils or other Alloy Steel
13. Rods of Alloy Steel; Angles, Shapes and Sections of Other Alloy Steel; Hollow Drill Bars and Rods of Alloy or Non- Alloy Steel

Goods that require an export license
14. Slag, Dross, Scaling & Similar, Waste; iron and steel, zinc
15. Iron Waste and Scrap
16. Stainless Steel Waste and Scrap
17. Copper Waste and Scrap
18. Nickel Waste and Scrap
19. Aluminum Waste and Scrap
20. Lead Waste and Scrap
21. Zinc Waste and Scrap
22. Zinc Dust, Powders and Flakes
23. Pure Tin Ingot
24. Tin Waste and Scrap
25. Magnesium Waste and Scrap
26. Cinematograph film exposed but not developed, of 16 mm or 35 mm
27. Toxic chemicals and their precursors covered under the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction 1993 (CWC)

Goods that require an import license
1. Raw Sugar
2. Other Sugar
3. Wheat Flour
4. Milk (for tariff code 0401 30 110 and 2202 90 100 only)
5. Activated Clay and Activated Bleaching Earth
6. Flat-Rolled Products of Iron or Non-Alloy Steel, of a width of 600mm or more, Hot Rolled, Not Clad, Plated or Coated
7. Flat Rolled Products of Iron or Non-Alloy, of a width of 600mm or Colder-more Rolled, (Cold Reduced), Not Clad, Plated or Coated
8. Flat-Rolled Products of Iron or Non-Alloy Steel, of a width of 600mm or more, Clad, Plated or Coated
9. Flat Rolled Products of Iron or Non-Alloy, of a width of 600mm or Colder-more Rolled (Cold Reduced), Not Clad, Plated or Coated not further worked than Hot Rolled
10. Flat-Rolled Products of Iron or Non-Alloy Steel, of a width of less 600mm or more, Not Clad or Coated
11. Tubes, Pipes and Hollow Profiles of Cast Iron
12. Tubes, Pipes and Hollow Profiles, Seamless, of Iron (other than Cast Iron) or Steel - Line Pipe of kind used for Oil or Gas Pipelines
13. Other Tubes and Pipes (ex: Welded, Riveted or Similarly Closed) having Circular Cross-sections, the external diameter of which exceeds 406.4mm of Iron and Steel
14. Other Tubes, Pipes and Hollow Profiles (e.g.: Open Seam or Welded, Riveted or Similarly loosed) of Iron or Steel
15. Iron & steel products which has been exempted from Import License but require Certificate of Approval from CIDB (Construction) or SIRIM (Other than Construction)
16. Cable

Goods that require an import license
17. Vehicle
18. Motorcycle
19. Motor Vehicles for the transport of goods (i.e.: Dump Truck & Crawler Carrier)
20. Special purpose motor vehicles, other than those principally designed for the transport of persons or goods excluding fire fighting vehicles (for example breakdown lorries, crane lorries, concrete-mixer lorries, road sweeper lorries, spraying lorries, mobile workshops, mobile radiological units)
21. Ships' derricks; cranes, including cable cranes; mobile lifting frames, straddle carriers and works trucks fitted with a crane
22. Road Tractors for semi-trailers, completely built-up, old (i.e.: Prime Mover)
23. Plastic Waste (Waste, Paring and Scrap of Plastics)
24. Used Tyre
25. Toxic Chemicals and their precursors covered under the Chemical Weapon Convention (CWC) 2005 (precursor is a substance that precedes and is the source of another substance)
26. Photocopy Machine (Black and White)
27. Photocopy Machine (Colour)
28. Multifunction Printer
29. Toner
30. Optical disc mastering and replicating
31. Medicine Making Machine
32. Safety helmets except as worn by motorcyclist or motorcycle pillion riders
33. Activated Clay and Activated Bleaching Earth

> Sector Specific Requirements & Guidelines

Electrical and Electronics (E&E)⁴⁴

Electrical Supply Act 1990 and Electricity Regulations 1994 (ER) are the main Act and regulation governing the E&E industry in Malaysia. The ER states that any entity / individual must possess a Certificate of Approval (CoA) in order to manufacture, import, display, sell or advertise any electrical equipment. The objective for the issuance of CoA is to ensure that all activities related to the production of electrical equipment meets the specified safety and efficient use of electricity requirements.

Requirement to Apply for CoA

Manufacturers and importers of electrical equipment must be registered with the Energy Commission (EC) in order to obtain a CoA.

To apply for CoA, manufacturers and importers will need to submit either:

- 1) A **test report** to ascertain the equipment's conformity with the safety standards as recognised by the EC. Additionally, test report should be issued by a testing laboratory that is accredited by the accreditation authority.

Type of Test Report

The following test reports are recognised by EC:

- a) SIRIM QAS International Sdn. Bhd. (SIRIM QAS)
- b) Laboratories under the Laboratory Accreditation Scheme by DSM
- c) Laboratories under the IEC System for Conformity Assessment Schemes
- d) Laboratories under the Asia Pacific or International Laboratory Accreditation Cooperation Schemes
- e) Laboratories listed as Designated Testing Laboratory under ASEAN Sectoral Mutual Recognition Agreement for Electrical and Electronic Equipment

or

- 2) A **Certificate of Conformity** issued by a local conformity assessment body (e.g. SIRIM QAS) for manufacturers or by a foreign conformity assessment body for importers. The conformity assessment bodies need to be registered with the EC in order to provide any certificate to the manufacturers and importers.

Requirement for Product Certification

Subsequent to CoA, all electrical equipment that have been approved for manufacturing is required to participate in SIRIM QAS' product certification scheme. The approved electrical equipment will be affixed with a label issued by SIRIM or bears the SIRIM Certification Mark assuring that the product conforms to specified requirements. This process applies to imported products as well.

Communication Equipment

In addition, according to Regulation 14 of Communications and Multimedia (Technical Standards) Regulations 2000, communication equipment will need to be certified by Malaysian Communications and Multimedia Commission (MCMC), before it can be used or offered for sale. Examples of communication equipment include mobile phones, radio, television, computers, satellite receiver, etc. Certification activities will be performed by SIRIM QAS, which is a registered certifying agency with MCMC. A certified equipment shall be affixed with a "SIRIM" label issued by MCMC.

Food and Beverages (F&B) Manufacturing ^{45 46}

The regulation of food quality and integrity in Malaysia is governed by the Food Act 1983, the Food Regulations 1985 and other subsidiary legislations. Compliance with the Act and the regulations is mandatory, for all locally manufactured and imported food products in Malaysia. The FA and Food Regulations 1985 are governed by the Ministry of Health under Food Safety and Quality Division (FSQD). In addition, the sale of genetically modified foods (i.e. food or food ingredients obtained through modern biotechnology) will require prior approval from MOH.

Though not mandatory by law, manufacturers and distributors of F&B products in Malaysia generally implement a stringent quality control process to ensure the safety and quality of the product. These include ISO 22000: Food Safety, MS 1480 HACCP: Hazard Analysis and Critical Control Points, and MS 1514 GMP for Food: Good Manufacturing Practices for Food.

Import and Export of F&B Products

In order to import F&B, an import license is required. All importation of F&B must be registered with the Food Safety Information System of Malaysia (FOSIM), a unit under MOH. In addition, any importation of live animals, birds, livestock and dairy products requires the approval from Department of Veterinary Services (DVS) and Malaysian Quarantine and Inspection Services (MAQIS), which are divisions under the Ministry of Agriculture and Agro-based Industry.

For the exportation of F&B products, export permit issued by MAQIS is required. Depending on the export destination, health certificate from MOH is required.

Labelling and Packaging

The FA prescribes the minimum labelling requirement, which includes but not limited to the following:

- 1) Food identification
- 2) Net content
- 3) Ingredients
- 4) Nutrition
- 5) Country of origin (for imported products)
- 6) Measurement markings

The FA imposes stringent requirements for any food labelled as “organic”, “biological”, “ecological”, “biodynamic” or any other words of the same significance, whereby conformity with Malaysian Standards “MS 1529: Production, Processing, Labelling and Marketing of Plant-based Organically Produced Foods” is required.



Healthcare⁴⁷

Private Healthcare Facilities and Services

The requirements to establish, maintain and provide necessary licenses to operate private healthcare facilities are issued under the Private Healthcare Facilities and Services Act 1998 (PHFSA) and its regulations. The provisions under the PHFSA specify the mandatory approvals and licenses of all private healthcare facilities and private hospitals, where MOH is the implementor of the Act. The subsidiary regulations under PHFSA include:

- 1) Private Healthcare Facilities and Services Regulations 2006 (related to private medical clinics or private dental clinics)
- 2) Private Healthcare Facilities and Services Regulations 2006 (related to private hospitals and other private healthcare facilities)
- 3) Private Healthcare Facilities and Services Order 2006 (related to official identification card)
- 4) Private Healthcare Facilities and Services Order 2013 (related to private hospitals and other private healthcare facilities)
- 5) Private Healthcare Facilities and Services Regulations 2017 (related to compoundable offences)

The main objective of the Act is to impose and ensure minimum standards in the private healthcare facilities and services.

Establishment of a private medical clinics or private dental clinics⁴⁸

To operate a private medical clinic or dental clinic, an application needs to be submitted to MOH. A certificate of registration to establish, maintain, operate or a private medical clinic or private dental clinic can only be issued to an applicant who is a Registered Medical Practitioner (RMP) or a Registered Dental Practitioner respectively.

Private Healthcare Facilities (other than Private Medical Clinics and Private Dental Clinics)

Upon obtaining the no-objection letter on the location of intended establishment (pre-establishment approval) from the MOH, investors will need obtain a subsequent approval from MOH to establish a private healthcare facility (establishment approval) in Malaysia. Investors will also need to apply for an operating license from the MOH prior to the commencement of the business. To be eligible for the approvals and licenses, the applicant must be an RMP. In the case of a company (i.e. Sdn Bhd or Bhd), at least one board of director must be an RMP. An RMP is a registered medical practitioner, under the Medical Acts 1971 and holds a valid practicing certificate.

Depending on the type of facility (e.g. hospital, dialysis centre, maternity home, etc.), other operating licenses are also required, which include Atomic Energy Licensing Act 1984 (handling of radioactive / nuclear material), Medical Device Act 2012 (usage of medical devices), Pathology Laboratory Act 2007 (laboratory services).

Laws Governing Healthcare Employees

To provide healthcare services, the private healthcare facilities will need to recruit qualified healthcare employees. Registration and standard of training of healthcare professionals are governed by professional bodies, made up of Boards and Councils. Professionals employed need to be registered and have their Annual Practicing Certificates renewed. Depending on the services offered, professionals employed will need to comply with respective rules and regulations, which are summarised below:

47. Ministry of Health and Laws of Malaysia, Private Healthcare Facilities and Services Act

48. Laws of Malaysia, Private Healthcare Facilities and Services Act

Professions	Act	Regulators
Medical practitioners (doctors & specialists)	Medical Act 1971	Malaysian Medical Council
Dentists	Dental Act 1971	Malaysian Dental Council
Pharmacists	Registration of Pharmacists Act 1951	Malaysia Pharmacy Board
Opticians & optometrists	Optical Act 1991	Malaysian Optical Council
Nurses	Nurses Act 1950	Malaysia Nursing Board
Midwives	Midwives Act 1966	Malaysia Midwife Board
Medical assistants	Medical Assistants (Registration) Act 1977	Medical Assistants (Registration) Board
Allied health professionals	Allied Health Professional Act 2016	Malaysian Allied Health Professions Council
Traditional & complimentary medicine practitioner	Traditional & Complimentary Medicine Act 2016	Traditional & Complimentary Medicine Practitioner Council
Estate hospital assistants	Estate hospital Assistants (Registration) Act 1965	MOH

Pharmaceuticals⁴⁹

In Malaysia, Drug Control Authority (DCA), a unit of MOH, is responsible for the regulation of production, importation and sale of pharmaceutical products in Malaysia. Pharmaceutical products include prescriptive medicine, OTC medicine, supplements and traditional medicines. All manufacturers, importers and wholesalers of pharmaceutical products are required to be licensed by the DCA. As defined under the Control of Drugs and Cosmetics Regulations 1984 (CDCR), no person shall manufacture, sell, supply, import, possess or administer any pharmaceutical product unless:

- The product is registered
- The person holds the appropriate license required

Below are the types of licenses available which shall be obtained from DCA.

Type	Activity
Manufacturer's license	Licensed premise is allowed to manufacture registered products and to sell registered products via wholesale channel
Importer's license	Licensed premise is allowed to import and sell registered products via wholesale channel
Wholesale's license	Licensed premise is allowed to sell registered products via wholesale channel

Each license is valid for one year starting from 1 January to 31 December of the same year and shall be renewed on an annual basis.

Registration with DCA is required for all pharmaceutical products and traditional medicines in Malaysia. Each registered drug is given a registration number, which must be printed on its label or package. In order to register a pharmaceutical product, a foreign company exporting to Malaysia must first appoint a local agent. The local agent shall be responsible for all matters pertaining to registration and will hold the registration certificate. Foreign corporations with a Malaysia-incorporated company may register their products directly.

CDCR allows unregistered products to be in the Malaysian market, provided that these products are intended for clinical trial purposes. There are two form of clinical trials that can be conducted:

- Clinical Trial Import License: License that authorises the licensee to import any product for the purposes of clinical trials, in spite of not having the product registered.
- Clinical Trial Exemption: Permit that authorises a manufacturer to produce product solely for the purpose of producing samples for clinical trials, without having the product registered.

These may be applied by businesses with existing Importer's License and Manufacturer's License respectively. The above applications shall be made to the National Pharmaceutical Regulatory Agency (NPRA), a sub-unit of DCA.

49. National Pharmaceutical Regulatory Agency (NPRA)

These may be applied by businesses with existing Importer's License and Manufacturer's License respectively. The above applications shall be made to the National Pharmaceutical Regulatory Agency (NPRA), a sub-unit of DCA.

Depending on the type of pharmaceutical supplies, companies shall observe the following additional key legislations currently governing the pharmaceutical industry in Malaysia, which are as follows:

- 1) Registration of Pharmacists Act 1951: This Act governs the establishment of a Pharmacy Board and the registration of pharmacists.
- 2) Poisons Act 1952: This Act regulates the importation, possession, manufacture, compounding, storage, transport, sale and use of poisons.
- 3) Medicines (Advertisement and Sale) Act 1956: This Act prohibits advertisements relating to medical matters and unless such advertisement has been approved by the Medicine Advertisements Board.
- 4) Sale of Drugs Act 1952: This Act regulates the sale of drugs which are intended for human or animal consumption.
- 5) Dangerous Drugs Act 1952: An Act to make further provisions for regulating the import, export, manufacture, sale, and use of opium, poppy straw, cannabis and certain other dangerous drugs and substances.

Medical Devices ⁵⁰

The Medical Device Authority (MDA), established through the Medical Device Act 2012 and a unit of MOH, is responsible for governing the activities of medical devices in Malaysia. The Act states that:

- 1) All establishments, i.e. manufacturer, Authorised Representative (AR), importer and distributor, must apply for an **establishment license** from MDA in order to sell medical devices in Malaysia.
- 2) All products that meet the definition of medical device (e.g. surgical instruments, thermometer, surgical masks, surgical gloves, implants, pumps etc.), shall be registered prior to placement into the market. **Registration of medical devices** shall be made with MDA, and the registration can only be done by manufacturers and AR with establishment licenses.

1) Types of Establishment License

Manufacturer

- The functions of a manufacturer include one or more of the following activities related to medical devices; i.e., design, production / fabrication, assembly, labeling, sterilisation or other processing, packaging, modification or re-labelling or refurbishment.

- If a manufacturer has a principal place of business outside Malaysia (i.e. foreign manufacturer), it shall appoint an AR in Malaysia to act on its behalf relating to all regulatory matters with the MDA.
- A manufacturing license can carry manufacturing and distributing activities under the same license.

Authorised Representative

- Any person or company designated by a foreign manufacturer, to represent it within Malaysia, in respect of matters raised by MDA, with regards to the manufacturer's obligations under the Malaysian medical device regulatory system.
- AR must have a business registration in Malaysia.
- An AR license can carry importing and distributing activities under the same license.

Distributor

- A person or company appointed by an AR or a manufacturer to distribute registered medical device. A distributor shall only distribute the registered medical device that is authorised by AR / manufacturer of that medical device.

Importer

- A person or company appointed by an AR or a manufacturer to distribute registered medical device. An importer shall only import registered medical device that is authorised by AR of that medical devices.

2) Registration of Medical Devices

Medical devices in Malaysia are classified into 4 risk classes:

- Class A: Low risk level (simple surgical instruments, tongue depressor, thermometer etc.)
- Class B: Low to moderate risk (hypodermic needles, suction equipment, anesthetic breathing circuits etc.)
- Class C: Moderate to high risk (Lung ventilator, orthopedic implants, baby incubator etc.) circuits etc.)
- Class D: Highest risk (Pacemakers and their leads, implantable defibrillators, implantable infusion pumps, heart valves etc.)

Both local manufacturers and AR (in the case of foreign manufacturers) will need to register all classes of medical devices with MDA. For devices under class B, C and D, accreditation shall be performed by the Conformity Assessment Body (CAB) prior to registration. CAB shall perform an abridged technical review, and a CAB certificate shall be issued upon successful review. Upon successful registration with MDA, a device registration certificate shall be issued.

Both CAB and registration certificate must be renewed every five years.

⁵⁰ Medical Device Authority website

Education⁵¹



The main legislations governing the private education sector in Malaysia are:

- a) Education Act 1996 (EA) by the Ministry of Education (MOE): pre-tertiary education.
- b) Private Higher Education Institutions Act 1996 (PHEIA) by the Ministry of Higher Education (MOHE): tertiary education.

1) Private and International Schools

Private and international schools are self-funded private educational institution which offer primary and secondary educations. These schools are under the purview of Private Education Division (PED) of MOE. The difference between private and international school is:

- Private school: education based on the Malaysian national curriculum and shall comply with EA. Pursuant to EA, the schools are subject to national examinations and must adhere to national education system.
- International school: education based on international curriculum. While these schools are not governed by EA, they are under the supervision of MOE. In addition, the school must obtain accreditation from internationally-recognised bodies within three years of operation.

Registration of Private and International Schools

Companies operating private or international school must be incorporated in Malaysia under CA. Upon obtaining approval from MOE for an establishment, institutions will need to register with PED as a Private Education Institution. Prior to commencement of operation, the school must be registered with the relevant State Register of Schools.

Other Requirements

All teachers (local and foreign) are required to have a Teaching Permit applied through MOE. In addition, any change in school fees is subject to MOE's approval.

2) Private Higher Education

Private higher education institutions include private universities and branch campuses of foreign universities, private colleges with non-university status, and technical and vocational training institutions. In addition to PHEIA, the qualifications of private higher education institutions are governed by the Malaysian Qualification Framework (MQF). MQF specifies the required minimum credit before an academic qualification can be awarded. The Malaysia Qualifications Agency (MQA) is entrusted to implement MQF.

Registration of Private Higher Education Institutions

Businesses intending to set up a private higher education institution must incorporate a local company under CA. Upon obtaining approval for establishment from the Department of Higher Education (DOHE), a unit under MOHE, the institution will need to apply to MOHE for the conduct of course of study, which shall be assessed by MQA. Upon the approval of course of study, the company may then proceed to register with MOHE as a private higher education institution. Subsequent accreditation of courses offered shall also be assessed by MQA.

Other Requirements

All foreign lecturers and trainers shall obtain the approval from DOHE. Pursuant to PHEIA, all lecturers and trainers are required to have a Teaching Permit applied through MOHE.

3) Private Pre-school

According to EA, a pre-school (i.e. kindergarten) is defined as any place where pre-school education is provided to ten or more pupils from the age of four to six years old. Businesses that are looking to set up a private pre-school may undertake the business in any form of entity (i.e. company, partnership, sole proprietorship). The business shall be registered with the relevant states' Education Department (a unit under MOE), prior to commencement of operation.

Other Requirements

School fees to be charged are subject to approval from the State Education Department of MOE. In addition, the principal and the teacher must be a Malaysian, with at least secondary education qualification or above. The principal must also have at least three years of teaching experience in a private educational institution / pre-school, or a retired / ex-teacher.

Information and Communication Technology (ICT)⁵²



The main legislation governing the ICT sector is the Communications and Multimedia Act 1998 (CMA) which sets out the regulatory regime within the sector. The ICT sector is primarily administered by the Malaysian Communications and Multimedia Commission (MCMC), a unit under the Ministry of Communications and Multimedia (KKMM).

ICT related services include the following:

- ICT consultancy services
 - Hardware and software consultancy
 - Database related services
 - Content development
 - Internet-based business application services
 - e-commerce services / solutions
 - System integration
 - Computer-assisted manufacturing services
 - Operation of call centres and centralised help-lines

⁵² Malaysian Communications and Multimedia Commission

- Other ICT Services

Licensing and Registration for ICT consultancy services

Applicants intending to provide an ICT consultancy services are required to incorporate a company under CA.

Licensing and Registration for other ICT services

Under CMA, there are 2 types of licenses, which are individual license and class license.

1) **Individual license:** It requires a high degree of regulatory control which is given to conduct a specified activity such as cellular mobile services, bandwidth services etc. Individual licenses must be applied for and are granted by KKMM. Special or additional license conditions may be imposed that are declared by KKMM. KKMM also has the power to modify, vary, revoke or impose further special or additional conditions at any time.

Eligibility for Individual License

Foreign company, sole proprietorship and partnership entities are not eligible to apply for an individual license. For eligible entities (i.e. local companies), MCMC will consider each application based on its merits (e.g. financial track record, business plan, shareholding and funding structure, expertise, etc.).

2) **Class license:** It is an unobtrusive form of regulation which is designed to promote the ICT industry with relatively easy market access. Foreign companies and foreign individuals who are not permanent residents (PR) are not eligible to be registered for a class license. However, under special cases KKMM may permit licenses to foreign companies and foreign individuals. Unlike an individual license, a class license merely requires registration with the MCMC.

Individual and class license are further divided into different categories as shown below:

License type	License Category
Individual	Network Facilities Provider Network Services Provider Content Applications Service Provider
Class	Network Facilities Provider Network Services Provider Content Applications Service Provider Applications Service Provider

- **Network Facilities Providers:** Owners / providers of network facilities and infrastructure such as cables, towers, satellite earth stations, broadcasting transmission towers and equipment. These service providers form the fundamental building block of the convergence model upon which network, applications and content services are provided.
- **Network Services Providers:** Provides the basic connectivity and bandwidth to support a variety of applications. Network services enable connectivity or transport between different networks. A network service provider is usually also the owner of the network facilities due to the complimenting nature of the business.
- **Application Service Providers:** Provides functions such as voice services, data services, content-based services, e-commerce services and other transmission services. Applications services are essentially the functions or capabilities, which are delivered to end-users.
- **Content Applications Service Providers:** Special subset of applications service providers that includes television and radio broadcast services and other online publishing services (currently exempt from licensing requirements) and information services.



Below is a summary of applicable licenses based on the type of business activity:

License Category	Requiring an Individual License	Requiring a Class License	Exempted
Network Facility Provider	Earth Stations Fixed links and cables Radio communications transmitters and links Satellite hubs Satellite control station Space station Submarine cable landing centre Towers, poles, ducts and pits used in conjunction with other network facilities Other network facilities which are not exempt under the CMA or not subject to a class license under Part IV of the (Licensing) Regulations	Niche or limited purpose network facilities (Note 1)	Broadcasting and production studios Incidental network facilities Private network facilities
Network Service Provider	Bandwidth services Broadcasting distribution services Cellular mobile services Access applications service Space services Switching services Gateway services Other network services which are not exempt under the CMA or not subject to a class license under Part IV of the (Licensing) Regulations	Niche customer access / Niche connection services (Note 2)	Incidental network services LAN services Private network services
Applications Service Provider	Not applicable	PSTN telephony Public cellular services IP telephony Public payphone services Public switched data services Audiotext hosting services provided on an opt-in basis Directory services Internet access services Messaging services	Electronic transaction service Interactive transaction service Networked advertising boards and cinelplex Web hosting or client server
Content Applications Service Provider	Satellite broadcasting Subscription broadcasting Terrestrial free to air TV Terrestrial radio broadcasting Other content applications services which are not exempt under the CMA or not subject to a class license under Part IV of the Licensing Regulations	Content applications service limited in its availability to: <ul style="list-style-type: none"> • Vehicles, vessels, railway or aircraft used for hire or reward or for any other valuable consideration • A single commercial or residential building • A restricted geographical area • A content applications service which is targeted to a special interest group and available through subscription • A content applications service where the content is remotely generated and distributed through a network service and displayed on a screen • A content applications service for distance learning purpose • A content applications service linked or associated specifically to a sporting, cultural or other one-off event 	Internet content applications services

Note 1: A network facility which has minimal impact on the general public and the communications market will fall under the title of “niche or limited” purpose network facilities if it satisfies the following conditions:

- The network facility is specific or limited in use or it is provided for a specified segment of the general public.
- Degree of reliance by the general public on the network facility should be low.
- Degree of reliance by other service providers on the network facility should be low.

Note 2: A network service or customer access which has minimal impact on the general public and the communications market will fall under the title of “niche” if it satisfies the following conditions:

- The focus of the network service activity is on retailing to end users. Provision of network services to other service providers shall not be classified as niche.
- The network shall be provided to a limited number of people to meet special requirements. Examples include availability of network service for tourists of a particular area or a particular business operation.
- A network service must be provided for a specific and limited purpose, and for a specific duration. Examples include use of network services for special events such as coverage of sporting or cultural events and festivals.
- Degree of reliance by the general public on the network service should be low.

Logistics Services⁵³

Logistics Services refers to a supply chain management process that plans, implements and controls the efficient and effective flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customers’ requirements. These include:

- 1) Warehousing services
- 2) Transportation services
- 3) Freight forwarding / customs clearance and shipping services
- 4) Integrated Logistics Services (ILS)
- 5) International Integrated Logistics Services (IILS)
- 6) Cold Chain Facilities

Different activities within logistic services may have different requirements and licenses, which are discussed further below:

1) Warehousing services

There are three types (Ordinary Warehouse, Public Bonded Warehouse, Private Bonded Warehouse) of licenses, depending on the warehousing requirements of the operator. Investors intending to provide warehousing services are required to incorporate a company under CA.

a) Ordinary Warehouse License

A company that wishes to provide ordinary warehousing services must apply for a license to the relevant local authority (depending on the location). The following approvals must be obtained before applying to the local authority:

- Approval from the Department of Environment (DOE) (if operators store hazardous goods).
- Approval from the Fire and Rescue Department to ensure that the premise is equipped with adequate safety system.
- Certificate of Completion and Compliance (CCC) from the local authority (an official document acknowledging that the building is safe for occupation).

b) Public Bonded Warehouse License

A Public Bonded Warehouse operates as a central storage for the distribution of bonded goods (i.e. goods on which customs duties and taxes have not been paid), available to public / any business, within the country and internationally. Public Bonded Warehouses that store different categories of goods must comply with the following conditions:

Category of goods	Min. warehouse space (sq ft)	Min. paid-up capital (RM)
Critical Goods (Note 3)	50,000	1,000,000
Non-critical Goods	20,000	250,000

Note 3: Critical goods are goods which are deemed to be critical by the Director General of Customs, namely motor vehicles, cigarettes, alcoholic drinks, petroleum / petroleum products and mobile phones.

Specifically, for the operator of Public Bonded warehouse, a 30% Bumiputera equity participation is required, as highlighted in the prior chapter.

c) Private Bonded Warehouse License

Category of goods	Min. warehouse space (sq ft)	Min. paid-up capital (RM)
Critical Goods	150,000	5,000,000
Non-critical Goods	100,000	2,000,000

A company that wishes to provide public or private bonded warehousing services must apply to the Royal Malaysian Customs Department. The following approvals must be obtained before applying to the Royal Malaysian Customs Department:

- Approval from DOE if the operator stores hazardous goods.
- Approval from the Fire and Rescue Department and other Technical Agencies.
- CCC from the local authority.

A Public or Private Bonded Warehouse operator that is licensed under Section 65 of the Customs Act, 1967 can be given the permission to act as an agent for transacting businesses relating to import or export of goods that are stored in the licensed warehouse. For this purpose, a warehouse operator is required to obtain a Freight Forwarding Agent / Customs Agent License and / or Shipping Agent License from RMCD. A company must obtain an ILS status from MIDA prior to the license application with RMCD.

2)Transportation Services

Investors intending to provide transportation services are required to incorporate a company under CA. The following licenses are required:

a) License for Commercial Vehicle and Haulage

Transportation Services

- Companies intending to provide transportation services to third parties using commercial vehicles are required to obtain Carrier License A. Specifically for License A, the company must have at least 51% Malaysian equity (and at least 30% Bumiputera equity). For courier service providers, up to 100% foreign equity ownership is allowed.
- Companies that provide services for their own use are required to obtain Carrier License C.
- Both licenses must be obtained from the Land Public Transport Commission (SPAD) for operators in Peninsular Malaysia and Commercial Vehicles Licensing Board (CVLB) for operators in Sabah and Sarawak, in accordance with the Commercial Vehicles Licensing Board Act, 1987.

Transportation of Container Bulk, Bulk Liquid and General Haulage

- Commercial vehicles that are used in the transportation of container bulk, bulk liquid and general haulage and freight, must be registered with the Road Transport Department Malaysia (JPJ).
- To register with JPJ, the following documents are required:
 - Registration license with either SPAD or CVLB
 - Inspection and weighing reports from the Computerised Vehicle Inspection Centre (PUSPAKOM).
 - Ad Valorem Registration Fee (AVRF) certificate and valuation (for trailers and semi-trailers) in Peninsular Malaysia).

b) License for Transporting Scheduled Wastes

In accordance with the Environmental Quality (Scheduled Wastes) Regulations, 1989, a company transporting scheduled wastes is required to obtain a license from the DOE. The license is valid for one year and is renewable on an annual basis.

c) License for Transportation of Radioactive and Nuclear Materials

Pursuant to Atomic Energy Licensing Act 1984, companies that wish to transport nuclear and radioactive materials are required to obtain a Class D License from the Atomic Energy Licensing Board (AELB).

3) Freight Forwarding / Customs Clearance and Shipping Services

Businesses intending to undertake freight forwarding and shipping services are required to incorporate a company under CA.

Licensing and Registration

- Companies planning to operate as Freight Forwarding Agents / Customs Agent and Shipping Agents are required to obtain the relevant licenses from the Royal Malaysian Customs Department in accordance with Section 90 of the Customs Act, 1967.
- For a company to qualify for a Freight Forwarding Agents / Customs Agent License, it must obtain an International ILS status from MIDA before acquiring the license from the Royal Malaysian Customs Department.

4) Integrated Logistics Services (ILS)

The main activities in the ILS are freight forwarding, warehousing, transportation and other related value-added services such as distribution, procurement and supply chain management in an integrated basis.

Companies intending to undertake ILS activities are required to obtain the respective operating licenses for warehousing, freight forwarding, and transportation activities highlighted previously.

Qualifying criteria for ILS status

- Local incorporation under CA
- Must undertake the following three principal activities:
 - Warehousing
 - Transportation
 - Freight forwarding, including customs clearance
- In addition, must undertake at least one of the following activities:
 - Distribution
 - Other related and value-added logistics services / activities (palletising, product assembly/ installation, bulk breaking, consolidation, packaging / re-packaging, procurement, quality control, labelling/re-labelling, testing, etc.)
 - Supply chain management
- Manage at least:
 - 20 units of commercial vehicles; and
 - 5,000 sqm of warehouse space

There is also an equity requirement for ILS provider, whereby at least 60% of its equity is held by Malaysians.

5) International Integrated Logistics Services (IILS)

An IILS provider is a company that provides integrated and seamless logistics services along the logistics supply chain as a single entity on a regional or global scale. Eligible companies can apply for the IILS status, and upon approval be issued with the Freight Forwarding Agent/ Customs Agent license by the Royal Malaysian Customs Department.

Qualifying criteria for ILS status

The qualifying criteria for IILS is similar to ILS, with additional requirements below:

- Employ majority Malaysians and preference must be given to local professionals.
- Use Malaysia as a hub for logistics supply chain services in the region.

- Have good networks with logistics service providers abroad in order to provide seamless integrated logistics services for the regional market.
- Substantial usage of ICT infrastructure throughout the logistics chain and value-added activities.
- Compulsory attendance of the Customs Agent course conducted by the Royal Malaysian Customs Department.

IILS status providers do not need to comply with the equity policy requirement, whereby 100% foreign equity ownership is allowed.

6) Cold Chain Facilities

Cold chain facilities provide a wide range of services including cold room, refrigerated truck and other related services such as the collection, storage and distribution of perishable local agricultural produce.

Licensing and Registration

Investors intending to provide cold chain facilities are required to incorporate a company under CA. In addition, the company must obtain operating licenses for Public / Private Bonded Warehouse; and licenses for Commercial Vehicles and Haulage (Class A License).

Franchising Regulations⁵⁴

Franchise arrangements in Malaysia is governed by the Franchise Act 1998 (FA), under the purview of Franchise Development Division (FDD), a unit of MDTCC. The FA standardises the operation and regulations of the industry and offers protection within the Malaysian franchise fraternity. All franchise businesses (local and foreign) must incorporate a local company under CA.

The FA also imposes the following requirements when selling a franchise in Malaysia:

Requirement of Franchisor	
Foreign franchisor	Approval from FDD is required prior to registration with Head of Registrar, FDD
Local franchisor / master franchisee of a foreign franchise	Registration with Head of Registrar, FDD
Requirement of Franchisee	
Foreign or local franchisee	Registration with Head of Registrar, FDD
Franchise broker	Registration with the Head of Registrar, FDD (in case where a franchise broker has been engaged to set up the franchise business in Malaysia)

Other Requirements

The franchisor must submit an annual report to the Registrar within six months from the date of the financial year end.

A franchisor is required to register his trademark or service mark relevant to his franchise in accordance with the Trade Mark Act 1976, before applying for the registration of the franchise with FDD.



54. Ministry of Domestic Trade and Consumer Affairs



Transport Equipment

Automotive^{55 56}

The automotive industry is largely driven by National Automotive Policy (NAP), that intends to transform and integrate the domestic automotive industry into the global automotive market. The key guidelines of the current NAP are:

- To promote a competitive and sustainable domestic automotive industry including national automotive companies.
- To make Malaysia as the regional automotive hub in energy efficient vehicles (EEVs).
- To promote increase in exports of vehicles and automotive components.
- To promote participation of Bumiputera companies in the total value chain of the domestic automotive industry.

Businesses in the automotive sector shall observe the NAP, which shapes the industry direction and requirements on an ongoing basis. The government is expected to revise the NAP in the year 2020.

In addition to the manufacturing license requirements, the industry enforces mandatory Malaysian Standards⁵⁷ for the automotive parts and components manufacturing, which aims to offer a competitive market with high quality and reliable products. The Road Transport Act 1987 (RTA) and the Trade Description Act 2011 (TDA) list out the mandatory Malaysian Standards, which are primarily enforced by Road Transport Department of Malaysia (JPJ) and MDTCC.

Manufacturers of automotive parts and components are required to comply to these standards in order to conduct businesses with the original equipment manufacturers (OEMs). As of December 2019, there are 22 mandatory MS for the automotive industry, ranging from management system certification and product certification, to vehicle security systems and motor vehicle aftermarket repair certifications.



Aerospace⁵⁸

The Malaysian Aviation Commission (MAVCOM) and Civil Aviation Authority of Malaysia (CAAM) are the two primary agencies governing the aviation industry in Malaysia, from economic to commercial, technical and safety matters. Due to the stringent requirements locally as well as internationally, the aerospace industry in Malaysia have maintained a high standard of compliance to meet global aircraft and defense manufacturers' requirements. Such requirements cover numerous aspects of the supply-chain and include materials usage, counterfeit parts, manufacturing procedures, hiring practices and other aspects of the industry.

Aerospace suppliers and component manufacturers in Malaysia follow several voluntary standards and certifications in the areas related to aerospace quality management, non-destructive testing, composite manufacturing, calibration and testing, etc. The National Aerospace and Defense Contractors Accreditation Programme (NADCAP), a global cooperative accreditation programme for aerospace engineering and defense, provides independent certification of manufacturing processes to component manufacturers in Malaysia.

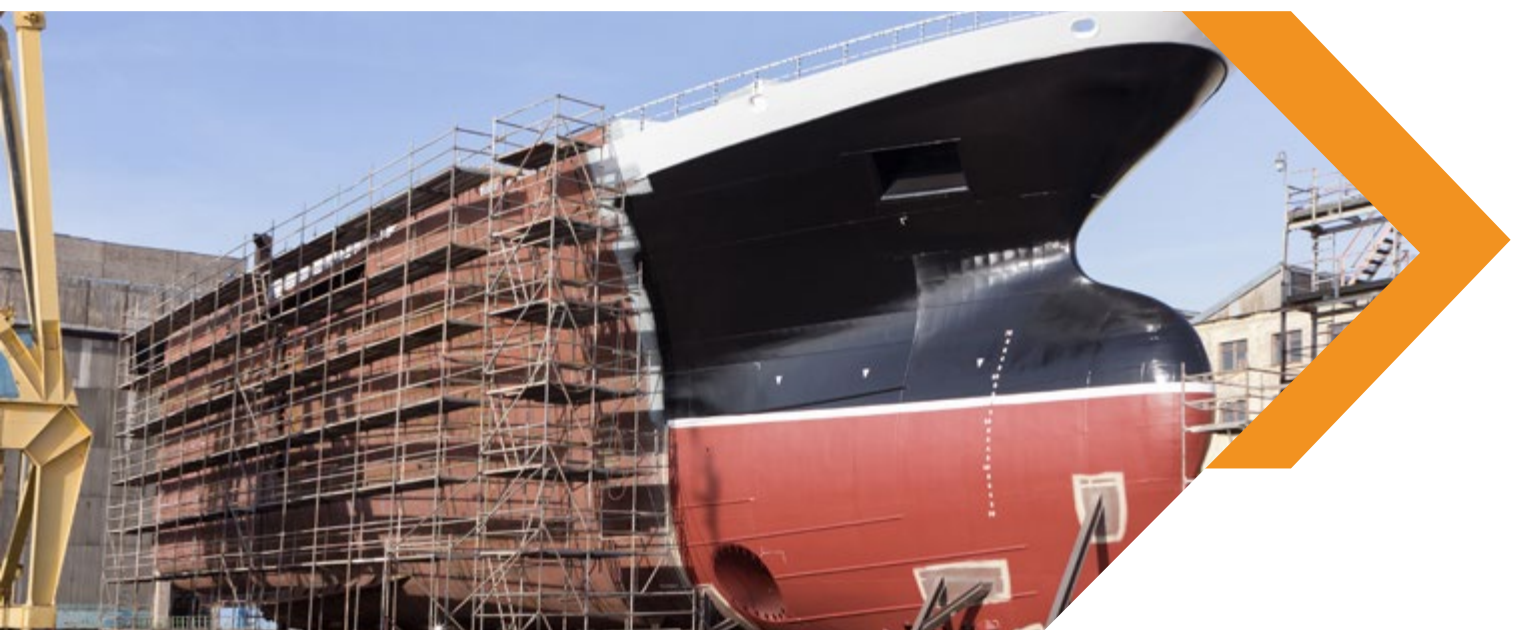
The aerospace industry is also required to meet the International Aerospace Quality Group standards, in order to be approved as an authorised supplier to the global aviation industry (e.g. Airbus, Boeing, etc).



Maritime

The Marine Department of Malaysia is the primary government department which administers matters relating to maritime within Malaysian.

In maritime sector, materials and equipment for shipbuilding and ship repair must comply with rules and regulations applicable to the type of vessel. The industry players are required to adhere to the global standards for the marine materials and equipment industry. These include certifications such as welding consumables, propulsion engines and components, equipment for auxiliary, electrical and automation systems, lifting appliances, etc. Certification bodies like Bureau Veritas provide third party certification services to the maritime industry players in Malaysia.





> 05

Foreign Exchange Administration

- Overview of the Banking, Finance and Exchange Administration
- Controls on Foreign Exchange
- Foreign Exchange Rules





> Overview of the Banking, Finance and Exchange Administration

The financial services sector in Malaysia is primarily governed by the Financial Services Act 2013 (FSA), with Malaysia's Central Bank, BNM acting as the regulator to ensure monetary and financial stability. To achieve its objectives, BNM maintains a robust supervision on the financial institutions and financial intermediaries. On Foreign Exchange Administration (FEA) front, BNM has put in place a string of measures to protect the nation's monetary stability, which shall be discussed further in this section.

Nonetheless, Malaysia continues to maintain liberal FEA rules to support the overall macroeconomic development. BNM is committed in ensuring that the FEA continues to support the competitiveness of the economy through facilitation of a conducive environment for cross-border economic activities.

> Controls on Foreign Exchange⁵⁹

BNM issues rulings on FEA based on Exchange Control Notices, which are updated periodically to ensure practicality in the ongoing economic environment. These notices are to ensure foreign exchange risk management, promote settlements and investments in domestic currency, and to enhance the depth and liquidity of onshore financial market. The FEA is broadly categorised into the following areas:

- a) Dealings in Currency, Gold and Other Precious Metals
- b) Borrowing and Guarantee
- c) Investment in Foreign Currency Asset
- d) Payments
- e) Security, Islamic Security, Financial Instrument or Islamic Financial Instrument
- f) Import and Export of Currency
- g) Export of Goods

These rulings, however, differ between residents and non-residents. FSA defines residents and non-residents as follow:

Resident

- A Malaysian citizen with PR status of another country but resides in Malaysia.
- Non-Malaysian citizen with a Malaysian Permanent Resident status and resides in Malaysia.
- An unincorporated body registered with or approved by any authority in Malaysia.
- Any company that has been registered under CCM is considered.

Non-resident

- A Malaysian citizen with a PR status of another country and resides outside Malaysia.
- Overseas branches, subsidiaries, regional offices, sales offices and representative offices; of resident corporations.
- Embassies, Consulates, High commissions, supranational or international organisation.

Individuals and corporates are required to declare their residency prior to proceeding with any dealings with the bank. A penalty of up to RM50 million may apply to those who are non-compliant to the FEA rules, and potential imprisonment of up to ten years upon conviction.

Banking Accounts

Residents and non-residents can open ringgit-denominated accounts / Local Currency Accounts (LCA) or Foreign Currency Accounts (FCA) with any licensed bank in Malaysia. For LCA, there is no restriction on the amount of ringgit to be retained in the account and sources of foreign currency funds to be credited in the account. Funds in LCA can be converted into foreign currency with any licensed onshore banks and repatriated in foreign currency of choice.

In Malaysia, there are two types of FCA:

- 1) Trade FCA: limited purposes only, such as import and export payments, foreign currency loan repayment and settlement of international trade obligations.
- 2) Investment FCA: any purpose other than trade.

Depending on the purpose of funds, there are further requirements imposed by BNM with regards to the administration of foreign currencies in Malaysia, which vary between residents and non-residents.



> Foreign Exchange Rules^{60 61}

1. Investments

Resident

Residents without domestic ringgit borrowings are free to invest in foreign currency-denominated assets. For residents with domestic ringgit borrowings, investment in foreign currency assets are also allowed. However, if the foreign investments are sourced from the conversion of ringgit and Trade FCA, the foreign investment shall be limited to:

- Up to RM50 million equivalent per calendar year on group basis (resident entities within the group with parent-subsidiary relationship).
- Up to RM1 million equivalent per calendar year - **for individuals.**

Unit trust companies and other financial intermediaries may invest in foreign currency assets for up to 100% of the net asset value for resident and non-resident customers (50% for resident customers with domestic ringgit borrowings).

Non-resident

Non-residents may undertake any type of investment in ringgit asset or foreign currency asset in Malaysia, and repatriate income arising from investment in Malaysia to foreign countries.

2. Borrowings

Resident

Resident entities may borrow any amount in foreign currency. However, resident entities may only borrow up to RM100 million in aggregate if the borrowings are made from non-resident financial institutions and other unrelated non-residents. For resident individuals, foreign currency borrowings are limited to RM10 million only. Resident entities may also borrow in ringgit from non-residents under the following scenarios:

- Any amount to finance activities in the real sector in Malaysia, from either non-resident entities within its group or non-resident shareholders.
- Any amount through issuance of debt securities to non-resident.
- Up to RM1 million for other borrowings from non-residents. Activities in real sector is defined as activities related to the production of goods and services; and the construction or purchase of properties (excluding land).

Resident individuals may only borrow in ringgit from non-residents for up to RM1 million.

Non-resident

Non-residents may obtain foreign currency borrowing from any licensed banks to be used locally and abroad. Non-residents may also borrow in ringgit under the following scenarios:

- Any amount in ringgit from licensed banks to finance real sector activities in Malaysia.
- Any amount from resident companies and individuals to finance real sector activities in Malaysia.
- Any amount of margin financing from resident stockbroking firms to purchase securities in Malaysia.

3. Payments and Receipts

Resident

Transaction with Residents

Residents are permitted to pay or receive foreign currency to or from another resident for the following:

- Transactions with a licensed investment bank and licensed international takaful operator in carrying out its foreign currency business.
- Settlement of any financial security denominated in foreign currency approved by BNM.
- Settlement of service fees embedded in and direct debited from an approved foreign currency denominated asset onshore offered by a non-bank resident.
- Settlement of a derivative denominated in foreign currency (excluding exchange rate derivative).
- Settlement of a commodity Murabahah transaction between residents through a resident commodity trading service provider.
- Settlement for education or employment overseas.
- Any purpose between family members.

For domestic trade in goods or services between residents, settlement shall be made in ringgit.

Transaction with Non-residents

Residents are permitted to pay or receive foreign currency to or from non-residents for any purpose, except for:

- Foreign currency derivatives offered by a non-resident.
- Ringgit derivatives.

Non-resident

Transaction with Residents

Settlement for trade in goods and services can be undertaken in both foreign currency and ringgit.

4. Financial Guarantee

Resident

Residents are free to obtain financial guarantee from residents and non-residents. However, for financial guarantees obtained from non-residents, the following shall apply:

- Any amount from non-resident within group of entities.
- Up to RM100 million equivalent in aggregate from other non-residents.

Residents are also free to provide financial guarantee. In the case of financial guarantee to unrelated non-residents (i.e. not within a group of entities), this is permissible for up to RM50 million only.

Non-resident

Non-residents may provide or obtain financial guarantees to a resident, subject to the conditions above.

5. Export of Goods

Resident

Residents may settle a trade in ringgit or in foreign currency. However, for foreign currency, residents may only retain in its Trade FCA:

- 25% of foreign currency export proceeds; or
- The exporter’s six months foreign currency obligations, whichever is higher. The balance of the proceeds must be converted into ringgit.

6. Hedging

Resident

Residents are free to purchase or sell ringgit against foreign currency; or buy or sell foreign currency against other foreign currency, with a licensed onshore bank on spot or forward basis. Transactions can be done on a spot basis up to the aggregate of its six months foreign currency obligations, or forward basis up to 12 months of its foreign currency repayment obligations.

Non-resident

Non-residents are free to purchase or sell foreign currency against ringgit on spot and forward basis.





> 06 Taxation

Types of Taxes

- Income Tax
- Withholding Tax (WHT)
- Petroleum Income Tax
- Real Property Gains Tax (RPGT)
- Indirect Taxes
- Stamp Duty



>Types of Taxes

The main categories of taxes levied in Malaysia are as follows:

Key Malaysian Taxes	
Direct taxes	Indirect and other taxes
Income Tax	Sales Tax and Service Tax
Petroleum Income Tax	Customs and Excise Duties
Real Property Gains Tax	Stamp Duties

The Malaysian Inland Revenue Board (MIRB)⁶² is responsible for the administration and enforcement of direct taxes and stamp duty, while indirect taxes fall under the purview of the Royal Malaysian Customs Department (RMCD).⁶³

>Income Tax

General

Malaysian income tax is governed by the Income Tax Act 1967 (ITA) and generally operates on a territorial basis. Taxable persons (including individuals and corporations) are subject to income tax on income accruing in or derived from Malaysia.

An exemption is available in respect of income received in Malaysia from outside Malaysia, except for resident companies carrying on the business of banking, insurance, shipping or air transport.

Capital gains are not subject to tax in Malaysia unless they fall within the ambit of real property gains tax.

Under Malaysia's self-assessment system, taxpayers are responsible for computing their own tax liabilities and complying with various filing and payment obligations. Compliance is enforced by the MIRB through the tax audit regime.

The statute of limitations for income tax assessments is five years (excluding transfer pricing, which is seven years upon the expiration of a year of assessment, except in cases of fraud, wilful default or negligence (for which there is no time limit).

Corporate Income Tax (CIT)

CIT rates	
Standard CIT rate	24%
CIT rate for small and medium sized companies (SMEs) (Note 4)	17% on the first RM600,000 of chargeable income, 24% thereafter

Note 4: In order to enjoy preferential CIT treatment, an SME refers to a company incorporated and resident in Malaysia which has paid-up ordinary share capital of RM2.5 million or less at the beginning of a basis period for a Year of Assessment (YA) with annual sales not exceeding RM50 million. In addition, none of its related companies should have paid-up capital exceeding the RM2.5 million threshold.

CIT is a final tax imposed on the company and any dividend distributions are tax exempt in the hands of its shareholders.

The standard CIT rate also applies to a non-resident company which derives income attributable to a permanent establishment or taxable presence (including a branch or "place of business") in Malaysia.

Companies eligible for tax incentives may enjoy preferential tax rates or exemptions.

Residence

A company is Malaysian tax resident in a basis period if, at any time during the basis year, the management and control of the company's business or affairs are exercised in Malaysia. The term "management and control" is viewed as referring to substantive control (generally, where the Board of Directors' meetings are held).

Only Malaysian residents qualify for double taxation relief under domestic law and Malaysia's double taxation agreements. In addition, many tax incentives are available only to Malaysian residents.

Taxable Income

A company's taxable income includes business profits, interest, rents and royalties (non-exhaustive).

Taxable business profits are generally computed based on conventional accounting principles and adjusted for tax purposes. Generally, in arriving at the chargeable income from a business source, tax deductions may be claimed for expenses wholly and exclusively incurred in the production of income from that business source and which are not specifically disallowed. Expenses incurred prior to commencement of business are generally non-deductible.

Whilst tax deductions cannot be claimed for capital expenditure or accounting depreciation, capital allowances may be claimed on qualifying expenditure at prescribed rates.

Further adjustments may be available in respect of unabsorbed losses and capital allowances brought forward from previous years of assessment, subject to the conditions below.

Unabsorbed Business Losses and Capital Allowances

Unabsorbed business losses may generally be utilised against aggregate statutory income from any business source for a maximum period of seven consecutive years of assessment.

Unabsorbed capital allowances can only be carried forward to be utilised against adjusted income from the same business source for which the capital allowances have been claimed, without any time limitation.

The utilisation of unabsorbed business losses and capital allowances carried forward within a company is subject to a continuity of ownership test, which is applied only to dormant companies based on concession from the Ministry of Finance.

CIT Compliance Requirements

Companies are required to prepare their CIT returns based on audited financial statements and maintain tax computations and relevant supporting documents, which should be made available upon the MIRB's request.

Key CIT filing and payment deadlines	
Filing of estimate of tax payable (ETP)	30 days before the beginning of the basis period. Different rules apply to a company which first commences operations in a year of assessment
Filing of revised ETP (optional)	In the 6th and/or 9th month of the basis period
Payment of monthly tax instalments based on the ETP / revised ETP Filing of CIT return	On the 15th day of each month commencing from the 2nd month of the basis period (Note 5)
Payment of balance of tax payable (i.e. actual tax payable less instalment payments made), where applicable	Within 7 months from the end of the accounting period, unless an extension is granted by the MIRB

Note 5: Different rules apply to a company which first commences operations in a year of assessment.

ETPs and CIT returns must be filed electronically through the MIRB's e-filing website.

Transfer Pricing and Earnings Stripping Rules

Controlled transactions (including financial assistance) between associated persons must be at arm's length, commercially justifiable and supported by contemporaneous transfer pricing documentation prepared in accordance with the Malaysian transfer pricing legislation and guidelines.

Although transfer pricing documentation is not required to be submitted together with the CIT return, it must be made to the MIRB upon request. Taxpayers are required to make a declaration in the CIT return on whether they have prepared TP documentation in respect of their related party transactions.

There are Earnings Stripping Rules (applicable to a business source for basis periods beginning from 1 July 2019 onwards) which restrict the deductibility of interest expense for cross-border financial assistance between related persons.

Malaysia also has Country-by-Country Reporting requirements which are applicable to Malaysian-based Multinational Corporation Groups with total consolidated group revenue of at least RM3 billion in a financial year.

Anti-avoidance

There are general anti-avoidance rules in Malaysia which allow the MIRB to disregard, vary or make any adjustment deemed fit, if there is reason to believe that any transaction has the effect of evading, avoiding or altering the incidence of tax.



Personal Income Tax

Applicable Tax Rates for Resident Individuals

Income	Tax rate (%)
On the first RM0 - 5,000	0
Subsequent RM5,001 - 20,000	1
Subsequent RM20,001 - 35,000	3
Subsequent RM35,001 - 50,000	8
Subsequent RM50,001 - 70,000	14
Subsequent RM70,001 - 100,000	21
Subsequent RM100,001 - 250,000	24
Subsequent RM250,001 - 400,000	24.5
Subsequent RM400,001 - 600,000	25
Subsequent RM600,001 - 1 million	26
Subsequent RM1 million - 2 million	28
Subsequent RM2 million	30

Applicable Tax Rates for Non-resident Individuals

Non-residents are subjected to a flat rate of 30% tax.

Residence

The residence status of an individual determines the applicable tax rates and his entitlement to personal reliefs and rebates, which are only available to Malaysian residents.

Generally, an individual will be a tax resident for a year of assessment if he is physically present in Malaysia for an aggregate of 182 days or more in a calendar year.

Taxable Income

Resident and non-resident individuals are subject to income tax on Malaysian-sourced income for a calendar year, which coincides with the year of assessment. An individual's gross income includes, amongst others, employment income, business income, dividends, interest and rental. Certain types of income (including dividends, interest received from certain approved institutions, prescribed perquisites and benefits-in-kind etc.) are tax exempt.

Employment income generally includes all forms of remuneration, including benefits-in-kind and perquisites. The source of income is the place where the employment is exercised, irrespective of the country in which the employment contracts is concluded or where the employee's remuneration is paid or received.

Personal Income Tax Compliance Requirements

Under the Monthly Tax Deduction system, employers are required to deduct tax from their employees’ employment income and remit the tax to the MIRB on a monthly basis.

Individuals with business or other taxable income are required to make tax instalment payments every two months as directed by the MIRB.

Personal income tax return filing deadlines	
Individuals without business income	30 April of the following year of assessment
Individuals with business income	30 June of the following year of assessment

Where an individual’s actual tax payable exceeds the tax payments made, the balance of tax payable is due by the respective tax return filing deadline.

Other Employer Tax Obligations

Employers are required to comply with various tax registration, notification and filing requirements in respect of their employees. These include, amongst others, the annual submission of a Return Form of Employer (Form E) to the MIRB and a Statement of Remuneration from Employment (Form EA) to each employee.

There are also employer and employee obligations pertaining to contributions to the Employee Provident Fund, Social Security Organisation and Employment Insurance System.

>Withholding Tax (WHT)

Malaysia does not levy WHT on dividends or branch profit remittances. However, WHT applies to certain payments derived from Malaysia and paid or credited to non-Malaysian tax residents (including individuals and companies).

Payments to non-residents	
Type of payment	WHT rate
Interest	15%
Royalties	10%
Special classes of income (including income from rental of movable property and services rendered in Malaysia)	10%
Miscellaneous income falling under Section 4(f) of the ITA	10%
Contract payments for services (where the non-resident has a permanent establishment or taxable presence in Malaysia)	10% + 3%

Various exemptions may be applicable under domestic law, subject to conditions.

Reduced WHT rates may apply to a payment to a non-resident, if Malaysia has an applicable double taxation agreement with the non-resident’s tax jurisdiction, subject to conditions⁶⁴

Although WHT is a tax on the non-resident, the payer is responsible for remitting the tax withheld (together with completed WHT forms and supporting documents) to the MIRB within one month of paying or crediting the non-resident, whichever is earlier.

64. Double Taxation Agreements, Inland Revenue Board of Malaysia

> Petroleum Income Tax

A chargeable person undertaking upstream petroleum operations in Malaysia shall be subject to petroleum income tax at the prevailing rate of 38%. A lower rate of 25% applies for petroleum operations in marginal fields.



> Real Property Gains Tax (RPGT)

RPGT applies to capital gains arising from the disposal of Malaysian real property or shares in a Real Property Company (RPC).

An RPC is defined as a controlled company which owns or acquires real property situated in Malaysia or shares in an RPC or both, the defined value of which is not less than 75% of the value of its total tangible assets at the date of acquisition.

Chargeable gains are subject to RPGT at scale rates depending on the duration of ownership of the chargeable asset. The tables below set out the prevailing RPGT rates.

RPGT rates - Companies		
Date of disposal	Incorporated in Malaysia	Incorporated Overseas
Within 3 years from date of acquisition	30%	30%
In the 4 th year	20%	30%
In the 5 th year	15%	30%
6 th year onwards	10%	10%

RPGT rates - Individuals		
Date of disposal	Malaysian Citizen / Permanent Resident	Non-Malaysian Citizen
Within 3 years from date of acquisition	30%	30%
In the 4 th year	20%	30%
In the 5 th year	15%	30%
6 th year onwards	5%	10%

The disposer and the acquirer of a chargeable asset shall each file an RPGT return within 60 days (or such further period as the Director General may allow on written request being made to him) of the date of disposal.

An acquirer is generally required to withhold the lower of the entire cash consideration or 3% of the total acquisition price (or 7% where the disposer is not a citizen, permanent resident, nor a Malaysian incorporated company), which shall be deducted from the disposer’s RPGT liability.

Where a Notice of Assessment is issued by the MIRB, any balance of RPGT payable is to be paid by the disposer within 30 days from the date of the notice.

Other property taxes

Property assessment tax (based on a percentage of the property’s prescribed annual rental) and quit rent / parcel rent (based on property size) are payable annually by owners of real property to the relevant local municipal council and State Government respectively.

The applicable rates vary from state to state as well as the property classification.

> Indirect Taxes

Sales Tax and Service Tax

Goods and services tax (broadly, a value-added consumption tax) was abolished with effect from 1 September 2018 and replaced by a single-stage sales tax and service tax regime.

Sales tax and service tax		
	Sales tax	Service tax
Scope	Taxable goods manufactured in Malaysia by registered manufacturers or imported by any person, unless specifically exempted (e.g. goods for export, certain essential food items etc.).	Prescribed taxable services provided in Malaysia by a registered person. There are also special rules in relation to imported taxable services and digital services provided by foreign service providers.
Rate	The general sales tax rate is 10%. Certain categories of goods may be subject to sales tax at 5%, and there are specific rates for prescribed petroleum products.	The general service tax rate is 6%.

Manufacturers and service providers in Malaysia would need to assess their liability to be registered, whether their supplies fall within the scope of sales tax and/or service tax, as well as their eligibility for exemptions (either pursuant to legislation or through submission of an application, which would be assessed based on the merits of each case).

Customs Duties

Customs duties include import, export and excise duties. There are also various documentary and procedural requirements (e.g. permits and licenses) when goods are brought into or out of Malaysia. Exemptions may be available for certain goods and select industries, subject to relevant conditions being met.

Import duty is imposed on imported goods at the point of Customs clearance. Import duty rates range from 0% to 50% (however, the average duty rate is typically less than 10%) depending on the Harmonised Tariff System classification. Preferential rates may be applicable to goods originating from countries which have concluded free trade agreements with Malaysia.

Export duty is applicable to certain key domestic commodities such as crude petroleum oil and crude palm oil.

Excise duty is imposed on a limited range of locally manufactured and imported goods such as motor vehicles, tobacco products and alcoholic beverages.

>Stamp Duty

Stamp duty is chargeable on prescribed instruments. The applicable stamp duty rate depends on the nature of the document and/or transaction values. Several commonly used documents (non-exhaustive) which are subject to stamp duty are set out in the table below.

Stamp duty	
Type of instrument	General rates
Property (generally)	1% to 4% (tiered rates) on the higher of consideration or market value
Shares and marketable securities	0.3% on the higher of consideration or market value
Loan agreements	0.5% on loan agreements (capped at RM2,000 for non-RM loans)
Service agreements	0.1% on the value of the service contract

Certain prescribed instruments are exempted from or subject to remission of stamp duty. For example, stamp duty relief may be available on the transfer of assets between associated parties, subject to conditions and approval being granted by the Stamp Office.

In general, an instrument chargeable to stamp duty must be stamped within 30 days of its execution if executed within Malaysia, or within 30 days after it has been first received in Malaysia if executed outside Malaysia.



> 07

Tax Incentives

- Overview of Incentives
- Tax Incentives for Key Industries



> Overview of Incentives

Various incentives are available in Malaysia for investments in promoted products, activities, and geographical areas. MIDA is the Malaysian Government's principal agency for the promotion of the manufacturing and services sectors, which cover many of the key sectors eligible for tax and other incentives.

Although many of the tax incentives are targeted at the manufacturing sector, other promoted industries include, education and healthcare, Islamic finance, high technology and multimedia, green technology, biotechnology, hotels and tourism, research and development, training activities, and specific business activities promoted by the Malaysian Government. Tax incentives generally include a requirement for the claimant company to be incorporated and resident in Malaysia, as well as other conditions which are typically set out in the relevant approval letter.

Companies undertaking investments in specific locations or areas of national and strategic importance may be eligible for more favourable incentive schemes (i.e. customised incentives). Applications for such incentives will be subject to merit-based assessment.

Pioneer Status and Investment Tax Allowance

Two of the principal forms of income tax incentives are Pioneer Status (broadly, a partial or total income tax exemption for the promoted activity) and Investment Tax Allowance (based on qualifying capital expenditure, such as factory, plant and machinery).

The tax incentives are awarded for prescribed periods (typically, five or ten years), and the general rates of tax exemption or allowance are as follows:

- **Pioneer Status:** 70% exemption on statutory income. 100% exemption may be available for certain promoted activities or producing promoted products.
- **Investment Tax Allowance:** 60% on the qualifying capital expenditure, which can be offset against up to 70% of the statutory income. The rate of investment tax allowance may increase to 100% for certain promoted activities or for producing promoted products.

Pioneer Status and Investment Tax Allowance are mutually exclusive, i.e. a company can only enjoy either one of the incentives and not both. In practice, companies typically undertake an assessment of their business forecasts (including the level and timing of profits and capital expenditure) in deciding on the appropriate incentive.

Applications for Pioneer Status and Investment Tax Allowance should be submitted to MIDA.

Reinvestment Allowance

Reinvestment Allowance is another principal income tax incentive, which is available to manufacturing and agricultural companies for reinvestment in expansion, modernisation, automation or diversification projects.

Reinvestment Allowance may be claimed for a period of 15 consecutive years, at the rate of 60% on the qualifying capital expenditure, which can be offset against up to 70% of the statutory income in respect of the qualifying project. A company can claim Reinvestment Allowance against 100% of its statutory income if its "Process Efficiency Ratio" (based on a prescribed computation) exceeds the level determined by the Minister of Finance for the respective year of assessment.

Reinvestment Allowance cannot be claimed while a company is enjoying Pioneer Status or Investment Tax Allowance.

Claims for Reinvestment Allowance do not require prior approval. Instead, Reinvestment Allowance should be claimed directly in the income tax return form. Taxpayers are required to prepare and retain a copy of the Reinvestment Allowance claim form together with relevant supporting documentation.

Double Deductions

Double deductions may also be available to incentivise taxpayers who incur prescribed qualifying expenditure such as expenditure for the promotion of exports, research and development and training (amongst others), subject to conditions.

>Tax Incentives for Key Industries

The following section contains a general overview of main industries and/or activities which qualify for tax incentives. A company's eligibility for tax incentives would depend on several factors such as industry, the nature of its activities, as well as the fulfilment of other criteria. Most incentives require the submission of an application and supporting documents, which are subject to assessment and approval by the relevant authorities.

The specific requirements, application procedures and terms of each incentive are subject to change depending on prevailing laws and government policies.



MSC Malaysia Companies

The MSC Malaysia Status provides eligible ICT-related businesses with a wide range of incentives, rights and privileges to promote continued growth of Malaysia's Digital Economy. The MSC Malaysia Status tax incentive regime has evolved since its inception, with significant changes being recently introduced.

MSC Malaysia IP Incentive

This is currently under review and details have not yet been announced by the Malaysian Government.

MSC Malaysia Services (non-IP) Incentive

Under the new incentive regime (which is effective from 1 January 2019), income tax exemption is given on statutory income derived from services provided in relation to MSC promoted activities for (core income generating activities) but excludes royalty and income from intellectual property. Core income generating activities include, amongst others, big data analytics, artificial intelligence, fintech, blockchain, 3D printing and robotics.

The key points of the MSC Malaysia Services tax incentive are summarised below:

Category	Location of promoted activities	Incentive	Incentive period
Tier 1	Designated premises within MSC cyber city or cyber centre	100% income tax exemption on statutory income	5 years (extendable by another 5 years)
Tier 2	Other commercial premises Within MSC cyber city or cyber centre		
Tier 3	Outside MSC cyber city or cyber centre	70% income tax exemption on statutory income	5 years (extendable by another 5 years if applicant meets conditions of Tier 1 or Tier 2)

There are requirements for each category such as minimum number of full-time employees, monthly base salary of employees and annual operating expenditure.

Manufacturing

Some of the incentives relating to manufacturing companies/activities include

Qualifying company / activities	Incentive	Incentive period
Special tax incentives under PENJANA	<ul style="list-style-type: none"> 0% tax rate for 10 years for new investments in manufacturing sectors with capital investment between RM300 million to RM500 million. 0% tax rate for 15 years for new investment in manufacturing sectors with capital investment above RM500 million. 100% Investment Tax Allowance for 5 years for existing company in Malaysia relocating overseas facilities into Malaysia with capital investment above RM300 million. 	<ul style="list-style-type: none"> 0% tax rate for 10 years or 15 years or ITA: 5 years
Promoted Activities / Products (Generally) i.e. manufacturers producing promoted products or engaged in promoted activities	<ul style="list-style-type: none"> Pioneer Status with 70% income tax exemption or ITA of 60% of qualifying capital expenditure incurred within 5 years, to be utilised against up to 70% of statutory income for each YA. 	<ul style="list-style-type: none"> Pioneer Status: 5 years or ITA: 5 years
High Technology Company i.e. company engaged in areas of new and emerging technologies	<ul style="list-style-type: none"> Pioneer Status with 100% income tax exemption or ITA of 60% of qualifying capital expenditure incurred within 5 years, to be utilised against 100% of statutory income for each YA. 	<ul style="list-style-type: none"> Pioneer Status: 5 years or ITA: 5 years
Strategic Projects i.e. involve products or activities of national importance that included heavy capital investments	<ul style="list-style-type: none"> Pioneer Status with 100% income tax exemption or ITA of 100% of qualifying capital expenditure incurred within 5 years, to be utilised against up to 100% of statutory income for each YA. 	<ul style="list-style-type: none"> Pioneer Status: 10 years or ITA: 5 years

<p>Specialised Machinery and Equipment i.e. specialised process machinery or equipment for specific industries, packaging machinery, modules and components</p>	<ul style="list-style-type: none"> • Pioneer Status with 100% income tax exemption or • ITA of 100% of qualifying capital expenditure incurred within 5 years, to be utilised against up to 100% of statutory income for each YA. 	<ul style="list-style-type: none"> • Pioneer Status: 10 years or • ITA: 5 years
<p>Automotive industry i.e. the assembly and manufacturing of Energy Efficient Vehicles and critical components or systems</p>	<ul style="list-style-type: none"> • Pioneer Status with 100% income tax exemption or • ITA of 60% or 100% of qualifying capital expenditure incurred within 5 years, to be utilised against up to 100% of statutory income for each YA. 	<ul style="list-style-type: none"> • Pioneer Status: 5 or 10 years or • ITA: 5 years
<p>Oil palm Biomass i.e. utilise oil palm biomass to produce value-added products such as bio-based chemicals, biofuel etc.</p>	<ul style="list-style-type: none"> • Pioneer Status with 100% income tax exemption or • ITA of 100% of qualifying capital expenditure incurred within 5 years, to be utilised against up to 100% of statutory income for each YA. 	<ul style="list-style-type: none"> • Pioneer Status: 10 years or • ITA: 5 years

Research and Development (R&D)

The main incentives relating to the R&D sector include:

Qualifying company / activities	Incentive	Incentive period
<p>Contract R&D Company i.e. providing R&D services to non-related companies</p>	<ul style="list-style-type: none"> • Pioneer Status with 100% income tax exemption or • ITA of 100% of qualifying capital expenditure incurred within 10 years, to be utilised against up to 70% of statutory income for each YA. 	<ul style="list-style-type: none"> • Pioneer Status: 5 years or • ITA: 10 years
<p>R&D Company i.e. providing R&D services to related companies or non-related companies</p>	<p>ITA of 100% of qualifying capital expenditure incurred within 10 years, to be utilised against up to 70% of statutory income.</p>	<p>10 years</p>
<p>In-house research i.e. a company which undertakes in-house R&D to further its business</p>	<p>ITA of 50% of qualifying capital expenditure, to be utilised against up to 70% of statutory income.</p>	<p>10 years</p>

Green Technology

There are incentives for Green Technology as well as Waste Eco Parks. These are described in more detail below.

Green Technology⁶⁵ incentives are available in the form of investment tax allowances or income tax exemption. Further information can be found on the “Renewable Incentives” section on the official website.

Qualifying activities	Incentive	Incentive period
Green Technology Projects (e.g. renewable energy, energy efficiency, green building, green data centre, waste management)	ITA of 100% of qualifying capital expenditure incurred on a green technology project against up to 70% of statutory income.	Maximum of 5 years Currently applicable until YA2020 (extended to YA2023)
Green Technology Services (e.g. advisory, design, testing) related to renewable energy, energy efficiency, electric vehicle (EV), green building, green data centre, green certification and verification, or green township.	70% income tax exemption on statutory income.	Currently applicable until YA2023 (Applications received before 1 January 2020 were eligible for 100% income tax exemption)
Purchase of Green Technology Assets⁶⁶ listed in the MyHijau Directory	ITA of 100% of qualifying capital expenditure incurred on green technology asset against up to 70% of statutory income.	Currently applicable until YA2020 (extended to YA2023)
Solar Leasing Activities	70% income tax exemption on statutory income.	Maximum of 10 years

Waste Eco Parks (WEPs)

Incentives are available for Malaysian incorporated companies (i.e. developer, manager or operator) involved in qualifying activities in a WEP. A WEP is defined as a place for waste recycling, recovery and treatment activities that has certain minimum infrastructure elements.

Qualifying companies	Incentive	Incentive period
WEP Developer	Tax exemption of up to 70% of statutory income derived from qualifying activities (i.e. rental of building, waste receipt and separation facility, and waste water treatment facility in the WEP).	Currently applicable up to YA2025
WEP Manager	Tax exemption of up to 70% of statutory income derived from qualifying activities (i.e. promoting and advertising the WEP, managing facilities in the WEP, management and maintenance of the WEP).	Currently applicable up to YA2025
WEP Operator	<ul style="list-style-type: none"> Tax exemption of up to 100% of statutory income derived from qualifying activities undertaken in the WEP. 	5 years.
	<ul style="list-style-type: none"> Tax exemption equivalent to 100% of qualifying capital expenditure on plant and machinery, up to 70% of statutory income. 	5 years from date of first capital expenditure incurred.

65. MyHijau Directory

66. Green Technology, SEDA

Incentives for Food Production

The following are incentives introduced to attract investment into food projects at the farm level and production/processing level:

Qualifying company / activities	Incentive	Incentive period
New food production projects	100% income tax exemption on statutory income.	10 years from the first year the company received statutory income
Expansion of existing food production project (involves a new area of land)	100% income tax exemption on statutory income.	5 years
Investment in related companies to carry out Approved Food Production Projects (for projects in deep sea fishing, crops, livestock, aquaculture and apiculture)	Single tax deduction equivalent to the value of investment into a related company undertaking a new approved food production project.	n/a

Halal Incentives

Qualifying company / activities	Incentive	Incentive period
Halal certification	Double deduction on expenses incurred in obtaining Halal certification.	n/a
Halal food production outside Halal Parks (Manufacturing companies producing halal food using modern machinery / technology) <i>For production within Halal Parks, see the next section</i>	ITA of 100% of qualifying capital expenditure incurred, to be utilised against 100% of statutory income.	5 years

Halal Development Corporation Berhad (HDC) Incentives

The following incentives are under the purview of the Ministry of Economic Affairs and managed by the HDC. These are available for Halal industry players operating in Halal Parks which have been granted HALMAS status (i.e. an accreditation granted to Halal Park operators, subject to compliance with HDC guidelines and requirements).

One of the qualifying criteria for HDC incentives is that the company/operations must be located within the designated areas i.e. one of the 14 **HDC Designated Halal Parks** in Malaysia.⁶⁷ Two of such Halal Parks are in Selangor – the Selangor Halal Hub and the Port Klang Free Zone National Halal Park.

Qualifying company / activities	Incentive	Incentive period
Halal Park Operator	<ul style="list-style-type: none"> • Pioneer Status with 100% income tax exemption on statutory income or • 100% income tax exemption on qualifying capital expenditure <p>Exemption from import duty and sales tax on equipment, components and machinery used directly in cold room operations</p>	<ul style="list-style-type: none"> • Pioneer Status: 10 years or • 5 years <p>-</p>
Halal Industry Player (i.e. involved in manufacturing activities for production of specialty processed food, pharmaceuticals, cosmetics and personal care products, livestock and meat products, and halal ingredients)	<ul style="list-style-type: none"> • 100% income tax exemption on qualifying capital expenditure or • Income tax exemption on increase in export sales <p>Exemption from import duty and sales tax on raw materials used for the development and production of halal promoted products</p> <p>Double deduction on expenses incurred in obtaining international quality standards certification, sanitation standard operating procedures and regulations for compliance for export markets</p>	<ul style="list-style-type: none"> • 10 years or • 5 years <p>-</p>
Halal Logistics Operator (e.g. Must be integrated services which comprised the forwarding, warehousing and transportation activities and at least one other related activity (i.e. distribution, supply chain management, value added services)	<ul style="list-style-type: none"> • 100% income tax exemption on statutory income or • 100% income tax exemption on capital expenditure <p>Exemption from import duty and sales tax on equipment, components and machinery used directly in cold room operations</p>	<ul style="list-style-type: none"> • 5 years or • 5 years <p>-</p>

67. List of Halal Hubs http://halalpark.hdcglobal.com/publisher/alias/halal_park_companies

Tourism and Hotel

Some of the main tax incentives relating to tourism and hotel are as follows:

Qualifying company / activities	Incentive	Incentive period
Hotel projects (i.e. investments in 1 to 5 star hotels and tourism projects)	For new hotel investment <ul style="list-style-type: none"> • Pioneer Status with 70% income tax exemption on statutory income or • ITA of 60% on qualifying capital expenditure incurred within 5 years, to be utilised against 70% of statutory income. 	<ul style="list-style-type: none"> • Pioneer Status: 5 years or • ITA: 5 years
	Reinvestment Companies that reinvest in the expansion and modernisation of 1 to 5 star hotels are eligible for additional rounds of ITA. The ITA incentive is the same as for investment in new hotels.	ITA: 5 years
Tourism projects (e.g. eco-tourism, agro-tourism and tourist projects, recreational projects and construction of convention centres with a capacity to accommodate at least 3,000 participants)	For new tourism project <ul style="list-style-type: none"> • Pioneer Status with 70% income tax exemption on statutory income or • ITA of 60% on qualifying capital expenditure incurred within 5 years, to be utilised against 70% of statutory income. 	<ul style="list-style-type: none"> • Pioneer Status: 5 years or • ITA: 5 years
	Reinvestment Companies that reinvest in the expansion and modernisation in tourism projects are eligible for additional rounds of Pioneer Status or ITA. The Pioneer Status and ITA incentives are the same as for new tourism projects.	<ul style="list-style-type: none"> • Pioneer Status: 5 years or • ITA: 5 years
Tour operators (companies that operate and offer tour packages for at least 750 foreign tourists or 1,500 domestic tourists per year)	100% income tax exemption on statutory income.	Valid until YA 2020
International theme park for tourism project (New investment)	<ul style="list-style-type: none"> • 100% income tax exemption on statutory income or • ITA of 100% on qualifying capital expenditure incurred within 5 years, to be utilised against 70% of statutory income. 	<ul style="list-style-type: none"> • 5 years or • 5 years
Medical tourism (new private healthcare facilities or existing private healthcare facilities undertaking expansion/modernisation/ refurbishment for purposes of promoting healthcare travel)	ITA of 100% on qualifying capital expenditure incurred within 5 years, to be utilised against 100% of statutory income.	5 years (applications received by MIDA not later than 31 December 2020)

Other Tax Incentives

There are various other tax incentives available for Malaysian incorporated companies, including those listed below:

- 1) Agricultural (production of essential food, rear livestock, or exports wood-based industries products).
- 2) Group of companies participating in an approved forest plantation project.
- 3) Education (development of new courses, non-profit oriented school, kindergartens).
- 4) Approved Service Projects in the communications, utilities and transportation sector.
- 5) Logistics (shipping transport business, integrated logistics services e.g. freight forwarding, transportation or warehousing).
- 7) Real estate investment trusts, property trust funds.
- 8) Principal Hub (e.g. Malaysian company used as a base for conducting regional and global businesses and operations to manage, control and support key functions for group companies).
- 9) Approved Malaysian international trading company.
- 10) Biotechnology (approved BioNexus companies).
- 11) Approved training programmes.
- 12) Allowance for increased exports (of manufactured goods / agriculture produce).
- 13) Islamic financing (including banking, takaful and fund management companies).
- 14) Angel Investor and Venture Capital companies.

The list above is based on the current information available and subject to change depending on prevailing laws and government policies. Please refer to MIDA website for the comprehensive tax incentives conditions relating to the sector and the applicable procedures for the tax incentive application.



> 08

Real Property Requirements

- Overview
- Foreign Investment in Real Property
- Process for Acquiring a Property
- Land Ownership Cost
- Alternative to Land Ownership
- Malaysia My Second Home (MM2H)



> Overview ^{68 69}

In Peninsular Malaysia, land policies are implemented based on the National Land Code 1965 (NLC), which administers all land related matters in Peninsular Malaysia and the Federal Territory of Labuan. In East Malaysia, Sabah and Sarawak's land matters are governed by the Sabah Land Ordinance 1930 and Sarawak Land Code 1958 respectively. The purpose of the NLC is to ensure the uniformity of land policy and land law with respect to land tenure, registration, transfer, charges, leases, easements and other interests and rights to land.

In Peninsular Malaysia, states are responsible for their own land matters. All relevant data, records and information pertaining to property is kept by the local land registries or offices, which shows the ownership and other rights that exist on the property. This record is open to public inspection upon payment of a fee.

In Malaysia, there are different types of land titles conferred to property owners:

Master: land which has yet to be divided into respective lots or parcels, which shall subsequently be converted into individual or strata land. Typically owned by property developers.

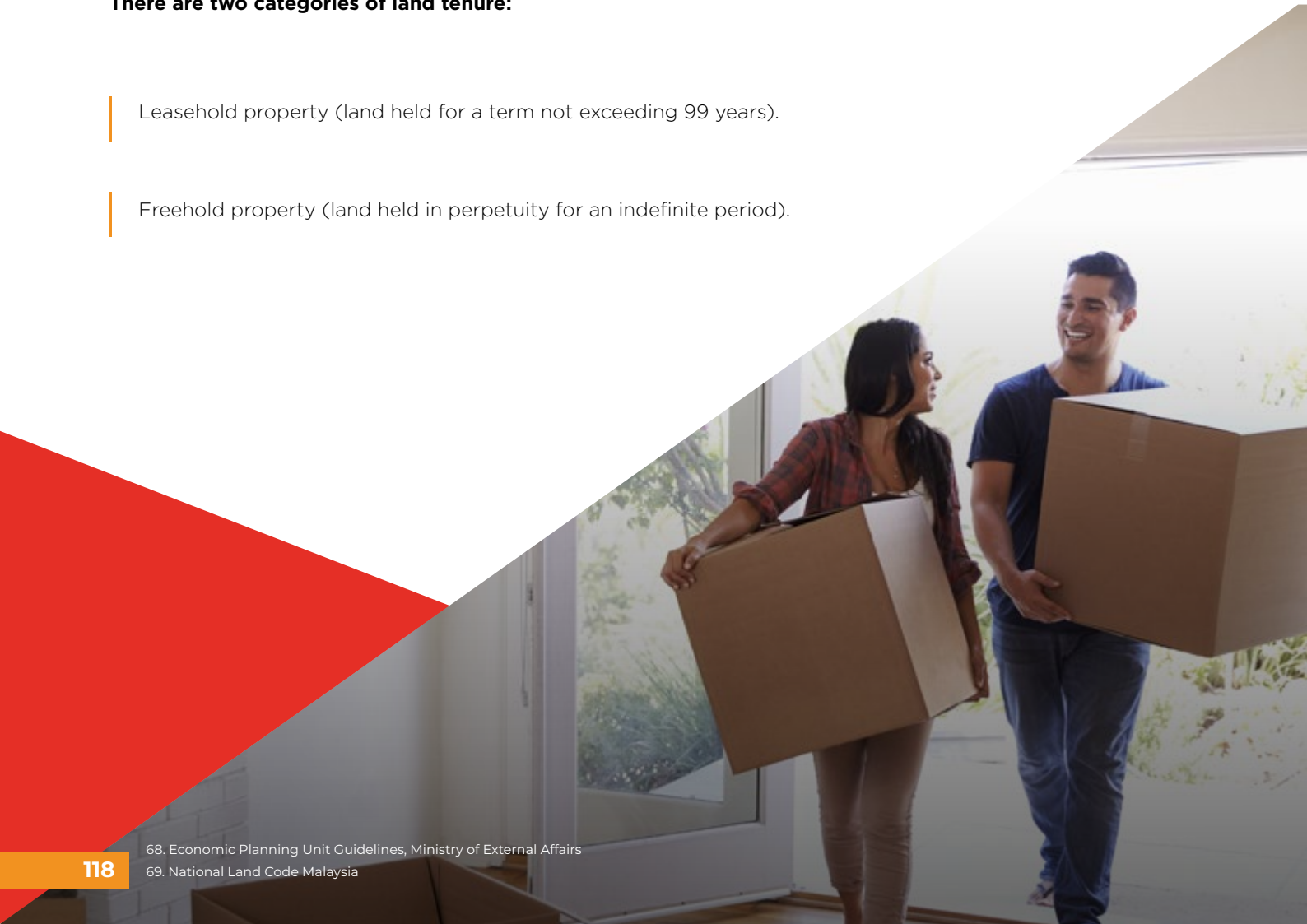
Individual: divided individual land for landed property.

Strata: shared by all owners of the land. Commonly in high-rise property. Strata land is governed by Strata Titles Act 1985.

There are two categories of land tenure:

Leasehold property (land held for a term not exceeding 99 years).

Freehold property (land held in perpetuity for an indefinite period).





> Foreign Investment in Real Property

The guideline governing the acquisition of property in Malaysia by foreigners are provided by Economic Planning Unit (EPU). Under the guideline foreign interest means any interest, associated group of interest, or parties that comprises:

Individual who is not a Malaysian citizen.

Individual who is a Permanent Resident.

A foreign company or institution.

Local company where non-citizen holds more than 50% of the voting rights.

EPU Guideline

Under the EPU Guideline, an approval from the EPU is required if a property is to be acquired by a foreigner:

- Direct acquisition of property valued at RM20 million and above; and results in the dilution of Bumiputera or government ownership interest.

- Indirect acquisition of property through acquisition of shares, resulting in a change of control of the company owned by Bumiputera or government interest; property making up more than 50% of its total assets; and the said property is valued for more than RM20 million.

In addition, foreigners are not allowed to acquire the following:

- Properties valued less than RM1 million per unit (this was lowered to RM600,000 by the federal government for high-rise properties in urban areas, limited to a one-year only in 2020 only).

- Residential units under the category of low and low-medium cost.

- Properties built on Malay Reserved Land.

- Properties allocated to Bumiputera interest in any property development project.

However, as land matters fall under the jurisdiction of the state government, each state authority has the discretion to vary the EPU Guideline on the acquisition of property by a foreign interest based on the location and type of property. In practice, the federal territories will apply the EPU Guideline, while other states may impose other additional requirements.

Foreign Investments in Selangor

Selangor has issued its own guideline on acquisition of properties by foreign interests or permanent residents in Selangor. The guideline states that foreigners shall not obtain more than 10% of the non-Bumiputera units allocated by the state. The minimum property threshold is also higher than the EPU guideline and varies by district, which are detailed below:

Zone 1	Zone 2	Zone 3
Petaling District	Kuala Selangor District	Hulu Selangor District
Gombak District	Kuala Langat District	Sabak Bernam District
Sepang District		
Hulu Langat District		
Klang District		

Under the state guideline foreign interests and permanent residents are only allowed to acquire strata-titled residential properties that are:

Zone 1 and 2: minimum value of RM2 million.

Zone 3: minimum value of RM1 million.

For non-residential properties (i.e. commercial and industrial), foreign acquisition is allowed in all three zones provided that the minimum value starts from RM3 million.

Foreigners are not allowed to buy properties that are:

- a) Agricultural land
- b) Malay-reserve land
- c) Low and medium cost units
- d) Allocated to Bumiputera
- e) Sold through public auction
- f) Individual-titled residential

Under NLC, state authority consent is required for a foreign acquisition of land or property in Malaysia. In the case of Selangor, the consent application shall be made via respective local authorities (e.g. Petaling Jaya City Council, Klang Municipal Council, etc., depending on the location).

› Process for Acquiring a Property⁷⁰

In Malaysia, the purchase of residential property from property developers is subject to the Housing Development Act 1966 (HDA), which standardises the terms and conditions of a purchase, including defect liability period. For the purchase of residential property from secondary market / open market / third parties, both parties are free to negotiate the transaction terms and are not bound by the Act. Similarly, the purchase of non-residential property (e.g. commercial, industrial) is also not subject to the Act and shall be mutually negotiated. All the transaction of properties shall continue to observe the requirement of NLC discussed above.

The process and documents required for acquiring a property (other than properties under HDA) is determined by the Land and Mines Office of each state. In Selangor, these are delegated to local authorities, which shall act on behalf of the state to administer all property-related matters. Below are the general procedural requirements for acquiring a property in Selangor.

- a) Determine the lot number. Every parcel of land in Malaysia has been provided with a lot number, which can be searched for at the Technical Unit of the respective local authorities.
- b) Property search. Details of the property (e.g. ownership, encumbrances, land title, etc.) are available at the Registration Unit of the local authority.
- c) Contact the property owner to express an interest to purchase. Where the property owner is the state authority, the interested buyer shall obtain approval from the relevant local authority.

Upon reaching an agreement on the terms and conditions of property acquisition, both parties may proceed to execute the Sale and Purchase Agreement (“SPA”). A legal advisor shall document all the terms of the acquisition in the SPA. Upon execution, a deposit shall be paid to the seller (typically 10% of the value). For property with individual title, both parties will also need to execute the Instrument of Transfer (“IOT”) a.k.a. Form 14A under the NLC (non-individual title: Deed of Assignment).

The subsequent stage is the adjudication and stamping requirement. Both the SPA and the IOT (or DOA) shall be submitted to the stamp office (a.k.a. Revenue Service Centre, (RSC), a unit under MIRB) for the payment of stamp duty. As part of the stamping process, a valuation shall be made by the Valuation and Property Services Department (Jabatan Penilaian dan Perkhidmatan Harta, or JPPH), a unit under MOF. JPPH is responsible for determining the valuation for the purpose of stamp duty. Based on the valuation, RSC shall issue a Notice of Assessment, stating the amount of stamp duty payable by the purchaser.

Upon payment of stamp duty, application must be submitted to the District Land Office to register the property. The District Land Office shall endorse the name of the purchaser in the Register Document of Title and is kept in the District Land Office. Purchaser shall only assume legal rights and title to the property when the title is officially stamped and executed.

The balance of the SPA value shall be paid upon the registration of title. Where a financing is obtained, the sum will be disbursed upon the creation of charge on the said property in favour of the financier.

In the case of DOA, the property registration is not registered with the District Land Office until an individual title is issued. Nonetheless upon execution and stamping of DOA, the purchaser (or assignee) shall assume legal rights and title to the property assignment.

Building and Planning Permission

For property owners intending to expand / construct a building, further permissions from the local authorities are required, which include:

- Planning department
- Building department
- Engineering department
- Public works department
- Department of drainage and irrigation
- Others (e.g. Fire and Rescue department, Water Supply Corporation, Tenaga Nasional Berhad, etc.)

Depending on the type of building to be constructed, further approvals may be required. Nonetheless, all licensed contractors in Selangor shall be able to assist business owners in complying with the local requirements. Upon the completion of construction, a Certificate of Completion and Compliance shall be issued by the local authority, prior to any occupation of the property.

⁷⁰. Primary interview with the local authority land officer

› Land Ownership Cost

State Fees and Charges

Quit Rent

All land in Peninsular Malaysia is subject to an annual tax known as ‘Quit Rent’ which is imposed by the state government. This tax structure is based on state land rules and is determined by the size, location and use of land (e.g. commercial, residential, industrial). It is a local land tax collected on behalf of the state government by respective local authorities for developing and maintaining local infrastructure and services. Quit rent is calculated based on the following formula:

Size per sq ft of the land x quit rent rate in RM

Assessment fee

Assessment fee is a local land tax collected by local councils for developing and maintaining local infrastructure and services (e.g. drainages, lighting, sanitation, etc.). The fee is applicable to all registered property owners from residential properties to industrial buildings, and also encompasses vacant residential and commercial lands.

Assessment fees are calculated based on an estimated 2% to 7% of the annual rental value of the said property depending on the type of ownership. The respective local authorities will impose tax on all ownership within its administrative areas. The local authorities shall determine the assessment fee based on the following formula:

Estimated gross rent per annum x percentage rate (typically 2% - 7%)

Land Ownership Extension and Land Conversion

Owners of freehold properties may own the land in perpetuity. For leasehold property, pursuant to NLC, all expired leasehold lands shall be returned to respective state governments; or the property owner may renew / extend the lease, subject to approval from the state authority. Upon approval, owners will have to pay a renewal premium, which varies by state.

In Selangor, the renewal premium payable is either:

- a) A one-off fee of RM1,000. Such renewal option allows the extension of lease and the property can be transferred to immediate family members. However, the property is prohibited from resale in open market
- b) Full premium rate, less a 30% rebate. The full premium rate for extension of lease is calculated as:

$1/4 \times 1/100 \times \text{market value of land} \times (\text{lease period minus remaining lease}) \times \text{land area}$

Different land types (i.e. residential, commercial, industrial, etc.) may also be converted to its intended use, subject to approval from the state authority. Similarly, a conversion premium is required upon approval. The conversion premium varies depending on the type of land as listed below:

Type of Land	Premium (on land value)
Agricultural to residential	15%
Agricultural to commercial	30%
Agricultural to industrial:	
• Light industrial	20%
• Medium industrial	25%
• Heavy industrial	30%
Residential to commercial	15%
Industrial to commercial	10%

> Alternative to Land Ownership

NLC provides that where the rental tenure is three years or less, it is referred to as tenancy and hence is exempted from registration. In contrast, rental tenure of more than three years shall be deemed as a lease and registration with state authority is required. The registration must be accompanied by endorsement of the property, thereafter no party may early-terminate the lease without mutual agreement.

Please refer to Appendix 2 for examples of rental rates in Selangor and Malaysia.



> Malaysia My Second Home (MM2H)⁷¹

MM2H is an initiative by the Ministry of Tourism and Culture (MTC), to promote foreign individuals to stay in Malaysia. Foreigners with MM2H visa permit (social visit pass with multiple entry) is valid for an initial period of ten years and shall be renewable. This extends to the spouse and unmarried children under the age of 21. MM2H visa permit also allows foreigners to conduct business in Malaysia or seek employment as part-time workers.

To be eligible for MM2H programme, applicants must prove the following financial requirements:

Age	Min. liquid assets (RM)	Min. monthly offshore income (RM)	Min. fixed deposit placement in Malaysia (RM)
Below 50	500,000	10,000	300,000
50 and above	350,000	10,000	150,000

Foreigners under the MM2H programme are also allowed to acquire properties in Selangor, subject to the thresholds discussed above. In addition, MM2H participants with properties above the threshold may apply with MTC to reduce the minimum fixed deposit requirement.

⁷¹ Official Portal of Malaysia My Second Home Programmes





> 09

Environmental Management

- Overview
- Environmental Requirements
- Scheduled Wastes Management



> Overview⁷²

The Malaysian government has established a legal and institutional framework to ensure that environmental factors are considered at the early stages of project development planning. The Department of Environment (DOE), a unit under Ministry of Natural Resources and Environment, governs all aspects of environment protection in Malaysia, pursuant to the Environmental Quality Act 1974 (EQA) and ensuing regulations.

EQA regulations encompass various environmental aspects which include air quality, industrial effluents, sewages, solid waste transfer, landfill, refrigerant management, etc. EQA calls for a self-monitoring and self-enforcement system. Businesses intending to undertake industrial activities will need to consider the environmental requirements.

> Environmental Requirements

Below are the key environmental requirements imposed by EQA where approvals must be obtained from DOE prior to project implementation:⁷³

- 1) Site suitability evaluation (SSE).
- 2) Environmental impact assessment (EIA) for Prescribed Activities.
- 3) Written notification or permission to construct.
- 4) Written approval for installation of incinerator, fuel burning equipment and chimney.
- 5) License to occupy and operate prescribed premises and conveyances.

Site Suitability Evaluation

Site suitability is evaluated based on the compatibility of the project with respect to the gazette structure or local plans, surrounding land-use, provision of setbacks or buffer zones, the capacity of the area to receive additional pollution load, and waste disposal requirements.

SSE should be done before EIA for non-prescribed activities to ensure the site selected is suitable for the proposed activity and avoid unnecessary costs if the site selected is deemed unsuitable. SSE is a crucial step to ensure area suitability of development projects are referred to DOE.



Environment Impact Assessment (EIA)

Certain activities require an EIA (Prescribed Activities) before the project can be undertaken. The following are the Prescribed Activities that require EIA to be submitted to DOE:

- 1) Agricultural land development schemes covering 500 hectares or more
- 2) Construction of airports
- 3) Construction of drainage and irrigations of 200 hectares or more
- 4) Coastal reclamation involving an area of 50 hectares or more
- 5) Construction of fishing harbours, or land-based aquaculture of 50 hectares or more
- 6) Logging or conversion of forest land to other land use
- 7) Housing development covering an area of 50 hectares or more
- 8) Industrial products (e.g. chemical, iron, steel, shipyard, pulp and paper, etc.)
- 9) Infrastructure development (e.g. road, bridge, etc.)
- 10) Port expansion or port construction
- 11) Mining of minerals
- 12) Oil and gas fields development
- 13) Power generation and transmission development (including hydroelectric)
- 14) Quarries
- 15) Railways
- 16) Transportation projects (e.g. transit system)
- 17) Construction of coastal / hill resort facilities or hotels
- 18) Waste treatment and disposal
- 19) Construction of dams, impounding reservoirs and water supply system with a surface area of 200 hectares or more

Depending on the type of Prescribed Activities, the EIA report may be disclosed to public as determined by DOE. A Detailed Environment Impact Assessment (DEIA) is required for projects which may have significant residual environmental impact. The DEIA report shall be submitted to DOE for approval. DEIA needs to be conducted if it falls under any of these activities:

- | | |
|---|--|
| 1) Iron and steel industry | 6) Land reclamation |
| 2) Pulp and paper mills | 7) Incineration plant (scheduled waste and solid waste) |
| 3) Cement plant | 8) Sanitary Landfill |
| 4) Construction of coal fired power plant | 9) Project involving land clearing where 50% of the area has slopes exceeding 25 degrees |
| 5) Construction of dams and hydroelectric power schemes | |

- 10) Development of tourist or recreational facilities on islands surrounding waters which are gazetted national marine parks.
- 11) Construction of recovery plant (off site) for lead acid battery.
- 12) Scheduled wastes recovery or treatment facility generating significant amount of wastewater which is located upstream of public water supply intake.
- 13) Scheduled wastes recovery or treatment facility generating significant amount of wastewater which is located upstream of public water supply intake.

Notwithstanding the above, the DOE has the right to request for a DEIA if a project is deemed to have significant impact to the environment.

The EIA exercise must be conducted by registered EIA consultants. Details on the registration scheme and list of registered consultants are available at www.doe.gov.my.

Written Notification or Permission to Construct

Any person intending to carry out the following activities shall provide prior written notification to DOE:

- Any work on any premise or construction on any building that may discharge or release industrial effluent or mixed effluent, material change in the quantity or quality of discharge from existing source, into any soil or water.
- Discharge of sewerage into any soil or water, other than housing or commercial development, having population of less than 150 people.
- Any land, facility or building that may result in new source of leachate discharge.

In addition, pursuant to EQA Section 19, any person intending to construct on any land or any building or carrying out works that would cause the land or building to become:

- Scheduled wastes treatment and disposal facilities
- Crude palm oil mills
- Raw natural rubber processing mills

(herein referred to as "Prescribed Premise") must obtain a written permission.

Written Approval for Installation

Applicants intending to carry out activities listed below shall obtain prior written approval from DOE:

- New installations in dwelling areas (details are in Regulation 4 and First Schedule of the Environmental Quality (Clean Air) Regulations 1978).⁷⁴
- Any erection (including incinerators), installation, resitting or alteration of fuel burning equipment (rated to consume pulverised fuel or solid fuel at 30 kg or more per hour / liquid or gaseous fuel at 15 kg or more per hour).
- Any erection, installation, resitting or alteration of any chimney from or through which air impurities may be emitted or discharged.

⁷⁴ Federal Gazette, DOE

License to Occupy Prescribed Premise and Conveyances

A license is required to occupy and operate prescribed premises namely:

- a) Crude Palm Oil Mills
- b) Raw natural rubber processing mills
- c) Treatment and disposal facilities of scheduled waste

Licenses are also required to use prescribed conveyances. Based on the Environmental Quality Order, any vehicle or ship that satisfies the following conditions are deemed as a prescribed conveyance:

- a) propelled by a mechanism contained within itself;
- b) constructed or adapted to be used on land or water; and
- c) used for the movement, transfer, placement or deposit of scheduled wastes

> Scheduled Wastes Management⁷⁵

Scheduled wastes refer to any waste produced that are hazardous and have the potential to adversely affect the public health and environment. Businesses that generate wastes, i.e. waste generators, are responsible for the safe disposal of scheduled wastes, including activities involved in the disposal process, such as storage and transport of wastes.

Scheduled wastes need to be classified in accordance with the First Schedule of the Regulations of the Environmental Quality (Scheduled Wastes) Regulations 2005 for classification,⁷⁶ in order to determine the required disposal methods. These scheduled wastes can be identified either based on its source material or its hazardous characteristics. Scheduled wastes are divided into the following categories:

Scheduled wastes treatment and recovery are only permitted in prescribed premises licensed by DOE. Disposal of scheduled wastes including residuals from treatment and recovery can only be done in licensed prescribed premises, either through incineration or secure landfills.

The transportation of scheduled wastes to disposal sites must be performed by transporters licensed by DOE. The waste generators are responsible for ensuring that the transportation of wastes complies with the Environmental Quality (Scheduled

Code	Waste Category
SW1	Metal and metal bearing waste
SW 2	Waste containing principally inorganic constituents which may contain metals and organic materials
SW 3	Waste containing principally organic constituents which may contain metal and inorganic materials
SW 4	Waste which may contain either inorganic or organic constituents
SW 5	Other waste

Wastes) Regulations 2005. The regulation also prescribed the storage requirements for scheduled wastes that are due for treatment, recovery, transport and disposal:

- a) Scheduled wastes need to be stored in containers that are durable to prevent leakage or spillage.
- b) Containers containing scheduled wastes are to remain closed except for during addition or removal of the wastes.
- c) The storage area for the containers are to be designed, constructed and maintained as per DOE requirements to prevent leakage and spillage from adversely affecting the environment.
- d) Scheduled wastes not exceeding 20 metric tonnes can be stored for 180 days from its generation date. Permission to store wastes exceeding 20 metric tonnes must be applied with DOE.
- e) Stored scheduled wastes need to be clearly labelled with the generation date, as well as the name, address and telephone number of the waste generator. The types of waste must also be labelled according to the Third Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005.

⁷⁵. Guide for Investors, DOE

⁷⁶. Environmental Quality Scheduled Waste, DOE

Waste generators must also keep an up-to-date inventory of the scheduled wastes generated, indicating the categories and quantities generated, treated and disposed, as well as the products recovered. The record needs to be maintained for three years from the generation of the scheduled wastes.

Waste generators can apply for special management of scheduled wastes that are scientifically proven to not have hazardous characteristics, to be excluded from treatment, recovery or disposal regulations. Application for special management can be made with the Hazardous Substances Division of DOE.





>10

Labour Environment

- Overview
- Employment Regulations
- Recruitment Facilities
- Employment of Expatriates
- Permanent Residency in Malaysia



> Overview⁷⁷

Malaysia continues to produce a steady supply of labour, with approximately 300,000 workers joining the labour force p.a. The Labour Force Participation Rate (LFPR) stood at 68.7% in 2019 (male: 80.8%; female: 55.6%). LFPR is defined as the proportion of working age population between 15 and 64 years old in Malaysia, who are either employed or are actively looking for employment. Selangor holds the highest LFPR among all the states in the country, at 76.3%. The country has a very distinct advantage with a large base of young and well-educated talent pool, providing MNCs with access to a highly qualified workforce. Graduates from higher education institutions mostly specialise in the fields of computer studies, commerce, law or science. Malaysia’s multiracial demography contributes to a multilingual workforce with many fluent in English, Bahasa Malaysia, various Chinese and Indian dialects. This can be seen as an added advantage in enhancing international trade relations.

Employment law in Malaysia is primarily governed by the Employment Act 1955 (EA), which sets out the minimum benefits that shall be accorded to applicable employees. For employees not within the purview of EA, their employment shall be governed by respective terms of the contract. Nonetheless, most employers use the EA’s benefits as a guideline or minimum requirement in their employment contracts.

Below are the key employment regulations in Malaysia.

> Employment Regulations

Employment Act

- | Monthly salary not exceeding RM2,000.
- | Engaged in manual labour regardless of the salary.
- | Engaged in operation or maintenance of mechanically propelled vehicle.
- | Supervise or oversees other employees engaged in manual labour.
- | Engaged in any capacity of a vessel.

EA also prescribes other areas of employment benefits, including annual leave, sick leave, public holidays, termination and lay-off benefits, maternity protection etc.

Minimum paid annual leave granted to employees

Service period (years)	Paid annual leave (days)
< 2	8
≥ 2 to <5	12
≥ 5	16

Minimum paid sick leave granted to employees

Years of service	Paid annual leave (days)
< 2	14
≥ 2 to <5	18
≥ 5	22
Where hospitalisation is necessary	Up to 60 days

Payment for overtime work

Normal working days	1.5x the hourly rate of pay
Weekends	2x the hourly rate of pay
Public holidays	3x the hourly rate of pay

⁷⁷ Labour Force Statistics, DOSM

Employee Provident Fund (EPF)⁷⁸

EPF is a statutory body managing compulsory retirement schemes and savings plan for all private sector workers in Malaysia. All employers must register their employees with EPF immediately upon employment. It is not compulsory for foreigners to contribute to the fund although they may elect to do so voluntarily. Contribution rates are similar for Malaysians and Permanent Residents while foreigners can voluntarily contribute to the fund. Below is a summary of the required EPF contribution rates:

Type	Employer's contribution	Employee's contribution
Malaysian		
a) Age ≤ 60 years	Monthly wages ≤ RM5,000: 13% Monthly wages > RM5,000: 12%	11%
b) Age > 60 - 75 years	Monthly wages ≤ RM5,000: 6.5% Monthly wages > RM5,000: 6%	5.5%
Foreigner		
a) Age ≤ 60 years	RM5 monthly	11%
b) Age > 60 - 75 years	RM5 monthly	5.5%

Withdrawal of Funds

Unrestricted withdrawal is allowed upon reaching 60 years of age, which is the minimum retirement age of an employee. Nonetheless, EPF members may request for early withdrawal (partial or full) to meet specific financial obligation, based on the members' financial condition and eligibility. The conditions prescribed for early withdrawals include death, home loan financing, funding of medical expenses, and individuals permanently leaving the country.

Social Security Organisation (SOC SO)⁷⁹

Pursuant to Employees' Social Security Act 1969, SOC SO was incorporated to provide social security protection to employees and their dependents, in case of sudden death or unforeseen accidents. Social security coverage applies to all private sector employees in Malaysia. Both employers and employees are required to contribute to social security at the following rates:

	Employer's contribution	Employee's contribution
SOC SO rate (capped at a monthly wage of RM4,000)	1.25% or 1.75% of monthly wages	Up to 0.5% of monthly wages

The Employee Insurance Scheme (EIS) came into effect in January 2018 upon the enforcement of Employment Insurance System Act 2017. All private sector employers are required to register their employees with SOC SO for the EIS. EIS is a financial scheme aimed at providing financial assistance to employees facing imminent retrenchment in employment. Employees who are retrenched are also provided with job searching assistance and counselling under the scheme. EIS imposes a contribution rate of 0.2% of the employee's monthly wages (wages up to RM4,000), on both the employer and employee.

78. Contribution Rate, KWSP
79. PERKESO

Human Resource Development Fund (HRDF)⁸⁰

HRDF is an initiative established by the Malaysian government with the aim of developing a competent workforce. It provides human capital development solutions to continuously retrain and reskill employees to adapt to the fast-evolving business landscape. All employers involved in the services, manufacturing, mining and quarrying sector covered under the Pembangunan Sumber Manusia Berhad (PSMB) Act, 2001 are required to register under HRDF with a levy imposed on all employers at a percentage of the employee’s wage quantum. The levy paid to HRDF is an additional cost incurred by employers and shall not be deducted from the employee’s salary.

HRDF Levy Imposed

Employer's contribution	Employer's contribution
10 or more	Mandatory 1% levy
5-9	Voluntary 0.5% levy

Wages Scheme⁸¹

Wages are defined as basic wages, excluding any allowances or payments. Pursuant to Minimum Wages Order 2020, the minimum wage has been raised to RM1,200 effective January 2020, for 56 major cities and towns listed by Ministry of Human Resource (MOHR). The minimum wage of RM1,100 shall remain for the rest of the country. In Selangor, the district of Gombak, Hulu Langat, Klang, Petaling Jaya and Sepang fall under the category of major cities and shall be required to comply with the new minimum wage requirement.

The minimum wage mainly affects unskilled workers. For the indicative average salary range of various job functions in Malaysia, please refer to Appendix 2.



> Recruitment Facilities

Malaysia has several registered government and private employment agencies that provide assistance to employers in the recruitment of workforce. Employers seeking to recruit workers can obtain detailed information of job seekers from one of the employment agencies in Malaysia. In addition, employers can also leverage these agencies to undertake recruitment campaigns and advertisements, as well as to arrange preparatory work relating interviews.

The key government recruitment agency in Malaysia is Jobs Malaysia. It is an automated online job matching system provided by the MOHR. Jobs Malaysia portal provides facilities for job seekers looking for suitable jobs and employers seeking for right candidates. Job seekers and employers can manage the applications using Jobs Malaysia. These facilities are accessible without any charge.

JobStreet.com, a private recruitment agency, is one of the largest online employment companies in Southeast Asia, founded and headquartered in Malaysia. It provides job matching to both job seekers and employers through its platform, as well as facilitates the entire recruitment process.

There were also various private recruitment agencies in Malaysia, such as Monster, MAUKERJA, JobsDB, Jora, etc. Other international and professional recruitment agencies are also present in Malaysia, including Robert Walters, Kelly Services, Michael Page, Hays, and Randstad, among others. In line with global trend, all the reputable recruitment agencies are equipped with digital platforms to aid recruitment, complimenting services offered by LinkedIn.

> Employment of Expatriates⁸²

Recognising the importance of human capital, the Malaysian government has always welcomed foreign skilled talents to jointly develop the nation's economy. Expatriates seeking to work in Malaysia would have to apply for an Employment Pass through the hiring employer. In general, there are two stages in the employment of expatriates:

1) Application of different types of expatriate post

a) Key posts

High level managerial posts in foreign-owned private companies operating in Malaysia; responsible in determining the company's policies in achieving its goals

E.g. executive chairman, chief executive officer, managing director, general manager

b) Executive posts

Intermediate level managerial and professional posts; responsible for implementing the company's policies and supervision of staff

E.g. management functions such as marketing manager, logistics manager, chief engineer, doctor, architect

c) Non-executive posts

Technical jobs that require specific technical or practical skills and experience

E.g. designer, technician, craftsman, product specialist, welder, mould maker

2) Endorsement of Employment Pass

Application for an Expatriate Post⁸³

The approval of expatriate post is administered by respective authorities based on the industry:

Sectors ⁸⁴	Approving authorities
Manufacturing and manufacturing related service sectors	MIDA
ICT companies	MDeC
Banking, finance & insurance	BNM
Securities and capital markets	Securities Commission
Biotechnology industry	Bioeconomy Corporation

Respective authorities have stipulated the guidelines and eligibility to hire expatriates as detailed below.

Manufacturing Sector

Foreign paid-up capital	Approval of post
USD\$2 million and above	10 expatriate posts, including 5 key posts
Between USD\$200,000 and USD\$2 million	5 expatriate posts, including a minimum of 1 key post
Less than USD\$200,000	Where paid-up capital is at a minimum of RM500,000, key post can be considered on a case-by-case basis

83. Immigration Procedures, MIDA
84. Expatriate Service Division

Manufacturing Related Services Sector

Sector	Conditions
Regional establishments	RM500,000 minimum paid-up capital; expatriate posts will be granted
Logistics support services	RM500,000 minimum paid-up capital; key posts can be considered
Contract R&D company	Foreign-owned companies Ratio of 1 expatriate to 1 Malaysian personnel Malaysian-owned companies Based on company request
Software development	Ratio of 1 key post to 5 Malaysians in the relevant technical field
Hotel & tourism, training institutions, and other services (storage, treatment & disposal of toxic and hazardous wastes, energy conservation, renewable energy resources, video production)	The manufacturing sector criteria shall apply

ICT Sector

ICT companies which are MSC Malaysia status companies may employ expatriates if one of the following hiring conditions are met:

- Professionals with a minimum of five years in the multimedia or information and communication technology industry (i.e. related industry).
- Professionals with a minimum of two years in related industry and a diploma / degree qualification.
- Professionals with at least a Master's degree.



Banking and Finance Sector

Types of Institution	Criteria of employment
Banking institutions	Critical areas where specialist / experts are required or under an international exchange programme.
Insurance companies & Takaful operators	Technical advisers and experts in areas that are deemed to be of critical importance to financial institutions.
International Islamic bank and International Takaful operators	No limitations on the number of expatriates to be employed.
Other sectors	Expatriate Committee - Immigration Department of Malaysia (IDM).

Securities and Capital Market

The expatriate employment shall be at the discretion of the Securities Commission.

Biotechnology Sector

Biotechnology companies that are awarded with BioNexus status may employ expatriates that meet one of the following criteria:

Position	Criteria of employment
Management or Subject Matter Experts	<ul style="list-style-type: none"> - 5 or more years of experience in management capacity - 5 or more years of direct experience in the biotechnology industry (including agricultural, healthcare and industrial biotechnology) - Bachelor's degree or higher in the biotechnology or life science related to biotechnology
Researchers or Technical Experts	<ul style="list-style-type: none"> - 5 or more years of research or technical experience relevant to the business being conducted by the hiring Bionexus Company - Bachelor's degree or higher in biotechnology or life science or related discipline

Other Sectors

Equity	Minimum paid-up capital
100% local Malaysian owned	RM150,000
Local + Foreign owned	RM200,000
100% Foreign owned	RM250,000

Companies within other sectors intending to hire expatriates will require the above capital requirement in order to be considered by IDM. Recommendation letters from the applicable industry agencies shall be preferred.

Endorsement of Employment Pass

Subsequent to the approval of an expatriate post by respective authorities, endorsement is required by IDM, who has the sole authority to issue employment passes. It is a requirement for any foreigner working in Malaysia to hold an employment pass when assuming employment in Malaysia. The processing time for the endorsement takes approximately 14 days to be assessed and up to three months for incomplete applications or additional assessment follow ups.

Documentation Required for Employment Pass

- Recent passport photo
- Copy of passport
- Copy of highest educational certificates and professional certificate if applicable
- Updated individual resume
- Copy of Employment Contract stamped by MIRB
- Supporting document from Approving Agency or regulatory body
- Job description with company’s letterhead
- Release letter from previous employer in Malaysia (**for change of employer**)
- Latest three months’ salary slips (for Employment Pass renewal or change of position / employer)
- Latest e-BE /e-M tax filing (for Employment Pass renewal or change of position / employer)
- Latest EA Form (for Employment Pass renewal or change of position / employer)
- Account statement from MIRB (for Employment Pass renewal or change of position / employer)

Types of Employment Passes⁸⁵

In general, expatriates intending to work in Malaysia must be remunerated a minimum base salary of RM5,000 per month. However, IDM has granted some leeway for positions earning less than RM5,000 per month to apply for an Employment Pass Category 3 Visa, subject to prior application for exemption from Ministry of Home Affairs (MOHA).

Holders of Category 1 and Category 2 passes are eligible to bring their dependents. Depending on the type of relationship, employment pass holders may apply for a dependent pass or a long-term social visit pass to their dependents:

	Employment Pass (Category 1) Expatriate	Employment Pass (Category 2) Expatriate	Employment Pass (Category 3) Knowledge/Skilled Worker
Basic Monthly Salary	Minimum RM10,000	Between RM5,000 to RM9,999	Between RM3,000 to RM4,999
Validity of Employment Contract	Up to 5 years	Up to 2 years	Must not exceed 12 months
Contract renewal	No specified limit	No specified limit	Maximum of 2 years. 'Cooling-off' period required for 3 consecutive years of employment
Dependents	Allowed	Allowed	Not allowed

a) Dependent Pass

- Legal spouse of employment pass holder.
- Children below 18 years of age (biological or legally adopted children of employment pass holders).
- Disabled child regardless of age.

b) Long Term Social Visit Pass

- Children above 18 years old and unmarried.
- Parents and parents-in-law of employment pass holder.
- Common law spouse of pass holder.

Details on application procedures and documents required can be found on the expatriate services division site under the Immigration Department of Malaysia.

Fees and charges

Type of Pass	Fees
Employment Pass i) Key post ii) Term post Processing Fees	RM300 per year RM200 per year RM125
Visit Pass Levy Journey perform visa Processing Fees	RM410 RM500 RM125

Employment of Foreign Workers⁸⁶

To support the nation’s economic development, the government allows the employment of foreign workers (i.e. unskilled workers that do not fall under Category 1 to Category 3 Employment Pass). However, employment of such foreign workers is only limited to selected sectors and from specific countries only.

Nationality	Approved sectors
Indonesia Cambodia Nepal Myanmar Laos Vietnam Philippines Pakistan Sri Lanka Thailand Turkmenistan Uzbekistan Kazakhstan	<ul style="list-style-type: none"> • Manufacturing • Plantation • Agriculture • Construction • Services
India	<ul style="list-style-type: none"> • Services (cooks, wholesale & retail, barber, metal / scraps / recycle, textile) • Construction (high tension cable only) • Agriculture • Plantation

The employment of foreign workers is under the purview of MOHA. All employers recruiting foreign workers must obtain the approved quota for foreign workers from MOHA prior to any employment. Approval is based on the merits of each case and subject to conditions that will be determined from time to time based on the actual requirements of the employer or company. Applications to employ foreign workers will only be considered when efforts to find qualified local employees have failed.

In addition, MOHA has also imposed the following conditions for foreign workers' employment:

- An individual must be between the age of 18 to 45 years of age.
- Foreign workers are required to undergo a FOMEMA medical examination at registered medical centres to be certified "fit for work".
- Employers are required to obtain a Foreign Workers Insurance for all foreign workers.
- Foreign workers must be covered under an additional medical insurance scheme which covers medical care of up to RM10,000 per annum for each foreign worker.
- Visa Permit – Temporary Employment (VPTE) with a validity of 12 months only, with renewal required per annum.
- Foreign workers can work in the country for a maximum period of ten years.
- Foreign workers are not allowed to bring in dependents or family members on their visa. Employers shall bear the levy payment rates applied to foreign workers⁸⁷. The annual levy rates are as follows:
 - Manufacturing, construction and services: RM1,850 (for Sabah and Sarawak: RM1,010 – RM1,490).
 - Plantation, agricultural, mining and domestic workers: RM640 (for Sabah and Sarawak: RM410 - RM590).

The next section discusses the Permanent Residency in Malaysia.



87. Immigration Procedure, MIDA

> Permanent Residency in Malaysia⁸⁸

A foreign national who is not a citizen of Malaysia intending to reside in Malaysia as a permanent resident (PR) may apply for an Entry Permit in accordance with Section 10, of the Immigration Act and Regulation 4, Immigration Regulations 1963.

Categories and Eligibility for Entry Permit Applications

There are four categories under which a PR can be applied in Malaysia

Category	Eligibility
Investors and Experts (A1)	<p>Investors</p> <ul style="list-style-type: none"> Individual with minimum USD2 million Fixed Deposit (FD) at a Malaysian Bank. Withdrawal of the FD is only allowed after a period of five years. Spouse and child / children below the age of 18 years will also be eligible for PR after five years of stay in Malaysia. Sponsorship of application to be made by a Malaysian. <p>Experts</p> <ul style="list-style-type: none"> Individuals with expertise in the field of healthcare, industrial services and manufacturing, agriculture, maritime, air and land transport, ICT, science and technology, sports, banking & finance and capital markets. Must be recommended by the Relevant Agency in Malaysia (Note 6). Must possess Certificate of Good Conduct from Country of Origin. Sponsorship of application to be made by a Malaysian.
Professionals (A2)	<p>All the eligibility criteria that is required by Experts, in addition to:</p> <ul style="list-style-type: none"> Working in any Government Agency or Private Company in Malaysia for a minimum period of three years and certified by the Relevant Agency in Malaysia.
Spouse of Malaysian citizen (including child / children of Malaysian citizen below age of 6)	<ul style="list-style-type: none"> Individuals married to Malaysian Citizens. Individuals who have been issued with Long Term Visit Pass and have stayed continuously in Malaysia for a period of five years. Sponsored by spouse. For child / children of Malaysian Citizen below age 6, parents must be the sponsor.
Point System	<ul style="list-style-type: none"> Application are open to all foreign nationals. Assessment is done based on age, qualification, duration of stay in Malaysia, total value of investment in Malaysia, work experience in Malaysia and proficiency in Bahasa Malaysia. <p>All these criteria give marks to the Entry Permit application. Applicant who secure minimum 65 marks and above are qualified to submit the application.</p>

Application process

All the application must be submitted to IDM. Upon submission of the application, the individual applicant is required to attend an interview at the immigration department.

Note 6: List of Relevant Agency in Malaysia

- 1) MOH
- 2) MITI / MIDA
- 3) Ministry of Agriculture and Agro-Based Industry
- 4) Ministry of Transport
- 5) MOHE
- 6) Ministry of Science, Technology and Innovation
- 7) Ministry of Information, Communication and Culture
- 8) Ministry of Youth and Sports / Malaysian Sports Council
- 9) BNM
- 10) Security Commission



> 11

Key Government Agencies

-
- Overview of Agencies
 - Ministries, Departments and Agencies of the Federal Government
 - State and Local Authorities



> Overview of Agencies

There are various authorities within the state and the federal government governing the business conduct in Malaysia. These authorities have different functions with a common goal of safeguarding the economic environment of the country and providing assistance to businesses in complying with the regulatory requirement in Malaysia.

> Ministries, Departments and Agencies of the Federal Government



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (MITI)

MITI plays a primary role in the country's international trade, investments and industrial policies. It is responsible for the economic development of the nation ranging from local SMEs to foreign investments, supported by other various agencies. Its primary role is to formulate and implement economic policies and frameworks for trade, investments and industries, enhance the country's competitiveness, and to drive Malaysia towards a developed-nation.

Website: <https://www.miti.gov.my/>



MALAYSIA EXTERNAL TRADE DEVELOPMENT CORPORATION (MATRADE)

MATRADE is an agency under MITI established to promote Malaysia's export onto the global landscape. Constantly initiating development programmes, the agency provides training events to equip exporters with the relevant knowledge, match local businesses with foreign traders, and provide trade and market information to Malaysian companies. presence in the global market.

Website: <http://www.matrade.gov.my/en/>



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY (MIDA)

MIDA, a unit under MITI, is the country's principal agency for promoting all foreign and domestic investments in Malaysia, particularly the manufacturing and services sectors. It is the primary contact point for investments in Malaysia, and provides services such as opportunities for investments, joint venture partnerships, facilitate the application and implementation of projects, etc. MIDA also provides assistance on the evaluation of licenses, tax incentives, expatriate immigration services, and tax-related matters.

Website: <https://www.mida.gov.my/home/>



ECONOMIC PLANNING UNIT (EPU)

EPU is the primary agency responsible for the preparation of the nation's development plans. EPU is pivotal to the country's economic development, planning including the 11th Malaysia Plan 2016 - 2020. Previously under the Prime-Minister's Department, it has been restructured to a unit under the Ministry of Economic Affairs.

Website: <https://www.mea.gov.my/ms>



IMMIGRATION DEPARTMENT OF MALAYSIA

The Immigration Department, a department of the Ministry of Home Affairs, provides immigration services to all Malaysian citizens, permanent residents and foreign visitors. It is responsible for the issuance of official travel documents including passports for local citizens, visas, passes and permits for foreigners entering to Malaysia. All applications for expatriate posts in Malaysia is under the purview of the Immigration Department.

Website: <https://www.imi.gov.my/index.php/en/>



LEMBAGA HASIL DALAM NEGERI or INLAND REVENUE BOARD (LHDN or IRB)

MATRADE is an agency under MITI established to promote Malaysia's export onto the global landscape. Constantly initiating development programmes, the agency provides training events to equip exporters with the relevant knowledge, match local businesses with foreign traders, and provide trade and market information to Malaysian companies. presence in the global market.

Website: <http://www.matrade.gov.my/en/>



SURUHANJAYA SYARIKAT MALAYSIA or COMPANIES COMMISSION OF MALAYSIA (SSM or CCM)

CCM is a statutory body formed to serve as an agency to incorporate companies and register businesses as well as to provide company and business information to the public. As the leading authority for the improvement of corporate governance in Malaysia, its function is to promote compliance with business registration and corporate legislation through enforcement and monitoring activities.

Website: <https://www.ssm.com.my/Pages/Home.aspx>



**BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA**

BANK NEGARA MALAYSIA (BNM)

The Central Bank of Malaysia or BNM, a unit under Ministry of Finance, is the regulator in charge of governing the financial services industry in Malaysia. Its primary role is to ensure monetary and financial stability for the country. It is responsible for the banking and insurance sector, foreign exchange administration, payment services, interest rates, financial sector development etc.

Website: <http://www.bnm.gov.my/index.php>



MINISTRY OF DOMESTIC TRADE AND CONSUMER AFFAIRS (MDTCC)

MDTCC is responsible for domestic trade, consumerism, franchises, companies, intellectual property, competition, controlled goods, price control, pyramid scheme, consumer rights and trader matters. MDTCC promotes the development of a sustainable Distributive Trade Sector, which acts as a buffer to the stability of the economy during uncertainties. It protects the interest and rights of consumers by carrying out consumer education programmes to enhance awareness on consumer's rights.

Website: <https://www.kpdnhep.gov.my/>



**KEMENTERIAN DALAM NEGERI
MINISTRY OF HOME AFFAIRS
SECURITY.COLLECTIVE.RESPONSIBILITY**

KEMENTERIAN DALAM NEGERI or MINISTRY OF HOME AFFAIRS (KDN or MOHA)

MOHA is responsible for all home affairs related matters which includes law enforcement, public security, public order, population registry, immigration, foreign workers affairs, management of societies, drug eradication, film regulation, management of volunteers, rehabilitation and punishments / penalties. All employment of foreign workers in Malaysia is under the purview of MOHA.

Website: <http://www.moha.gov.my/index.php/ms/>



SIRIM

SIRIM, the leading organisation for technology and quality solutions specialising in industrial research, development and commercialisation, certification, testing and inspection, training and design advisory, provides specialised solutions to achieve the recognition of quality worldwide. It has been recognised as a global research and standards development organisation and is known for its cooperation with leading scientists and technologists committed to developing global industrial networks.

SIRIM promotes standardisation and quality assurance by undertaking scientific industrial research for greater competitiveness, especially in the manufacturing and service sector. SIRIM also acts as the local inspection agency for over 20 foreign certification bodies with regards to conformity assessment for Malaysian exports.

Website: <https://www.sirim.my/>



MULTIMEDIA SUPER CORRIDOR (MSC)

MSC, a programme by MDEC, is an initiative to promote positive developments in the nation's Digital Economy. It focuses on granting MSC Malaysia-status to both local and foreign companies that develop or use multimedia technologies to produce or enhance their products and services, and for process development. MSC Malaysia-status companies have certain tax incentives, duty-free importation benefits, and special employment passes for foreign skilled workers.

Website: <https://mdec.my/what-we-offer/msc-malaysia/>



MALAYSIAN DIGITAL ECONOMY COPORATION (MDEC)

MDEC, an agency under the Ministry of Communications and Multimedia, is entrusted to lead the nation's digital economy. It attracts and connects international Information & Communication Technology ("ICT") businesses to setup their subsidiaries in Malaysia by providing technical and administrative services. MDEC is also responsible for the development of MSC Malaysia, a designated status to eligible ICT businesses with additional incentives, rights and privileges.

Website: <https://mdec.my/>



SME CORP MALAYSIA

SME Corporation Malaysia supports the implementation of development programmes for SMEs across all ministries and agencies. It is the central point of reference for research and data dissemination and business advisory services for SMEs and entrepreneurs throughout the country. In addition, it coordinates the dissemination of grants and soft loans to eligible SMEs to promote the development of competitive, innovative and resilient SMEs.

Website: <http://www.smecorp.gov.my/index.php/en/>



SURUHANJAYA KOMUNIKASI DAN MULTIMEDIA MALAYSIA or MALAYSIAN COMMUNICATIONS AND MULTIMEDIA COMMISSION (SKMM or MCMC)

MCMC is a unit under the Ministry of Communications and Multimedia. MCMC is responsible for commissioning all communications and multimedia activities, from aspects (economic, technical, social, postal, consumer protection, certification) of regulations, guidelines, approvals, policies, etc. It governs a wide range of sectors and services, including telecommunication, broadcasting, communication equipment, postal and courier services.

Website: <https://www.skmm.gov.my/en/home>



MINISTRY OF HUMAN RESOURCE (MOHR)

MOHR is responsible for the labour management, occupational safety and health, trade unions, industrial relations and human resource developments in the country. MOHR regulates all major employment-related matters and policies in Malaysia, including Employment Act 1955, Industrial Relations Act 1967, Employees' Social Security Act 1969 and National Skills Development Act 2006.

Website: <https://www.mohr.gov.my/index.php/ms/>



KUMPULAN WANG SIMPANAN PEKERJA or EMPLOYEES PROVIDENT FUND (KWSP or EPF)

EPF is a statutory body that manages the compulsory savings plan and retirement planning for private sector employees in Malaysia. It regulates the contribution rates by employers and employees in accordance with the Employees Provident Fund Act 1991. As of September 2018, EPF has over 7 million active contributors, with an asset size of over RM800 billion.

Website: <https://www.kwsp.gov.my>



JABATAN ALAM SEKITAR or DEPARTMENT OF ENVIRONMENT (JAS or DOE)

DOE is a unit under the Ministry of Energy, Science, Technology, Environment and Climate Change. DOE is responsible to prevent, eliminate, control pollution and improve the environment standards of the country in accordance with Environmental Quality Act 1974. DOE actively promotes "cleaner production" in the country and extends its purview to include "green" industry development.

Website: <https://www.doe.gov.my/portalvi/en/>



PETROLIAM NASIONAL BERHAD (PETRONAS)

PETRONAS is the custodian of Malaysia's national oil and gas resources. It is entrusted with the responsibility of developing the nation's oil and gas sector. Pursuant to Petroleum Development Act 1974, companies that intend to venture into the upstream oil and gas sector in Malaysia (including exploration, development and production) must obtain a valid license from PETRONAS.

Website: <https://www.petronas.com/ws>



BIOECONOMY CORPORATION

Bioeconomy Corporation, a unit under the Ministry of Agriculture and Agro-based Industry, is the lead development agency for the bio-based industry in Malaysia. Bioeconomy Corporation provides financial assistance and developmental services, technology management and training, and equipment and laboratory services to the agriculture industry players. Bioeconomy Corporation has set up the BioNexus Programme, which is a special status awarded to qualified international and local biotechnology companies. The status bestows incentives, funding and other guarantees to support the growth of the businesses.

Website: <http://www.bioeconomycorporation.my/>



PERTUBUHAN KESELAMATAN SOSIAL or SOCIAL SECURITY ORGANISATION (PERKESO or SOCSO)

SOCISO, a government agency under MOHR, is responsible for providing social security protection to all insured persons and their dependents through social security schemes. Employers and employees are required to make the necessary social contributions to SOCSO, in accordance with Employees' Social Security Act 1969 and Employment Insurance System Act 2017.

Website: <https://www.perkeso.gov.my/index.php/ms/>



CONSTRUCTION INDUSTRY DEVELOPMENT BOARD (CIDB)

CIDB is responsible for the development, regulation, enforcement and execution of tasks relating to the construction industry. The board handles all contractors' registration in Malaysia, construction personnel registration and collection of levies imposed on all major construction projects. Contractors must be registered under CIDB prior to undertaking any construction works. CIDB advises both federal and state governments, as well as other stakeholders on matters affecting or connected with the construction industry.

Website: <http://www.cidb.gov.my/index.php/en/>



JABATAN KEMAJUAN ISLAM MALAYSIA or DEPARTMENT OF ISLAMIC DEVELOPMENT (JAKIM)

JAKIM is responsible for halal certification in Malaysia and is the sole authority in Malaysia in ascertaining the halal status of a product or process through inspection before, certifying that a product is halal for consumption.

Website: <http://www.islam.gov.my/>



AIR SELANGOR

Air Selangor is a company wholly owned by the Selangor state government, operating as the sole water supplier in Selangor, Kuala Lumpur and Putrajaya. The company is responsible for treatment of water supply and the distribution of treated water to consumers in the state of Selangor to all residential, industrial and commercial users.

Website: <http://www.airselangor.com.my/>



Halal Development Corporation

HALAL DEVELOPMENT CORPORATION BERHAD (HDC)

Halal Industry Development Corporation acts as a one-stop agency where the quality framework of Halal is implemented throughout the production chain, involving efficient Halal Certification processes, Halal awareness activities and training of Halal industry professionals. HDC is responsible for assisting businesses to comply with halal requirements, while JAKIM is the body providing halal certification and inspection.

HDC also provides advisory services, conducts research, facilitates participation and the management of halal industry-related issues. HDC focuses on the development of halal standards, branding and promotion and commercial development of halal products and services. It sets the bar for Halal best practices to enrich the development of Halal standards.

Website: <http://www.hdcglobal.com/>



JABATAN KASTAM DIRAJA MALAYSIA or ROYAL MALAYSIAN CUSTOMS DEPARTMENT (JKDM or RMCD)

RMCD is responsible for administrating the nation's indirect tax policies, border enforcement and narcotic offences. RMCD governs the nation's policies and regulations with regards to duties, sales taxes, import / export, customs clearance, etc.

Website: <http://www.customs.gov.my/en>



TENAGA NASIONAL BERHAD (TNB)

Tenaga Nasional Berhad is the largest electricity provider in Malaysia and the sole electricity provider in Peninsular Malaysia, powering the country's businesses, homes and industries. TNB's core business is to generate, transmit and distribute electricity throughout the nation. TNB is responsible for the reliability of electricity generation and controlled distribution of electricity to all substation transmission lines.

Website: <http://www.tnb.com.my/>

> State and Local Authorities

The Ministry of Housing and Local Government oversees the operation of the local government system, developing policies and frameworks for all states in Malaysia. In Selangor, the Selangor State Assembly, which is a state legislative branch, further develops legislations relating to the state.

In Selangor, there are 12 local authorities (depending on the location) administrating matters relating to the state. These local authorities provide a broad range of services, which include land administration, urban planning, basic amenities, waste management, etc. Local authorities have the power to collect assessment taxes, grant business permits and licenses, and create by-laws.

The jurisdictional area of local authorities may not necessarily correspond with the district boundaries. Below are 12 local authorities overseeing nine districts of Selangor.

Depending on the location, application for business-related approvals shall be made with respective local authorities.

Primary district	Local authority	Website
Petaling	Petaling Jaya City Council Shah Alam City Council Subang Jaya Municipal Council	www.mbpj.gov.my www.mbsa.gov.my www.mpsj.gov.my
Kuala Langat	Kuala Langat District Council	www.mdki.gov.my
Klang	Klang Municipal Council	www.mpklang.gov.my
Hulu Langat	Kajang Municipal Council Ampang Jaya Municipal Council	www.mpkj.gov.my www.mbj.gov.my
Hulu Selangor	Hulu Selangor District Council	www.mdhs.gov.my
Sabak Bernam	Sabak Bernam District Council	www.mdsb.gov.my
Kuala Selangor	Kuala Selangor District Council	www.mdks.gov.my
Sepang	Sepang Municipal Council	www.mpsepang.gov.my
Gombak	Selayang Municipal Council	www.mps.gov.my

>Appendix 1

General Operating Cost

Water Supply Rates

Air Selangor is the provider for the distribution of water in Selangor.

Monthly industrial/commercial water supply rates per m ³ (Selangor)		
Item	RM	USD
Up to 35m ³	2.07	0.51
>35m ³	2.28	0.57
Minimum charge [inclusive public swimming pools, serviced apartments and shop houses]	36.00	9.00

Electricity Rates⁸⁹

Tenaga Nasional Berhad is the provider for electricity distribution in Selangor and Peninsular Malaysia.

Monthly Commercial Electricity Rates		
Tariff category	RM	USD
Tariff B - low voltage commercial tariff		
Up to 200 kWh (/kWh)	0.44	0.11
201 kWh onwards (/kWh)	0.51	0.13
Minimum charge	7.20	1.80
Tariff C1 - medium voltage general commercial tariff		
For each kW of maximum demand (/kW)	30.30	7.58
For all kWh (/kWh)	0.37	0.09
Minimum monthly charge	600.00	150.00
Tariff C2 - medium voltage peak/off-peak commercial tariff		
For each kW of maximum demand during peak period (/kW)	45.10	11.28
For all kWh during peak period (/kWh)	0.37	0.09
For all kWh during off-peak period (/kWh)	0.22	0.06
Minimum monthly charge	600.00	150.00

Monthly Commercial Electricity Rates		
Tariff category	RM	USD
Tariff D - low voltage industrial tariff		
Up to 200 kWh (/kWh)	0.38	0.10
201 kWh onwards (/kWh)	0.44	0.11
Minimum charge	7.20	1.80
Tariff E1 - medium voltage general industrial tariff		
For each kW of maximum demand (/kW)	29.60	7.40
For all kWh (/kWh)	0.34	0.08
Minimum monthly charge	600.00	150.00
Tariff E2 - medium voltage peak/off-peak industrial tariff		
For each kW of maximum demand during peak period (/kW)	37.00	9.25
For all kWh during peak period (/kWh)	0.36	0.09
For all kWh during off-peak period (/kWh)	0.22	0.05
Minimum monthly charge	600.00	150.00
Tariff E3 - high voltage peak/off-peak industrial tariff		
For each kW of maximum demand during peak period (/kW)	35.50	8.88
For all kWh during peak period (/kWh)	0.34	0.08
For all kWh during off-peak period (/kWh)	0.20	0.05
Minimum monthly charge	600.00	150.00

Monthly Mining Electricity Rates		
Tariff category	RM	USD
Tariff F - low voltage mining tariff		
For all kWh (/kWh)	0.38	0.10
Minimum monthly charge	120.00	30.00
Tariff F1 - medium voltage general mining tariff		
For each kW of maximum demand (/kW)	21.10	5.28
For all kWh (/kWh)	0.31	0.08
Minimum monthly charge	120.00	30.00
Tariff F2 - medium voltage peak/off-peak mining tariff		
For each kW of maximum demand during peak period (/kW)	29.80	7.45
For all kWh during peak period (/kWh)	0.31	0.08
For all kWh during off-peak period (/kWh)	0.17	0.04
Minimum monthly charge	120.00	30.00

Gas and Fuel Cost⁹⁰

Industrial natural gas rates 1 Jan - 31 Dec 2020			
Category	MMBtu/year	RM/MMBtu	USD
B	0 - 600	37.71	9.43
C	601 to 5,000	31.86	7.97
D	5,001 to 50,000	32.15	8.04
E	50,001 to 200,000	33.45	8.36
F	200,001 to 750,000	33.45	8.36
L	>750,000	33.99	8.50

Telecommunication Charges Packages and Pricing

High speed broadband and voice call charges in Jan-20	
Internet	RM99 to RM398 per month (or USD25 to USD100) Speed of 30 mbps to 800 mbps (charges vary between different service providers due to package-bundling of other services)
Voice	Typically free within quota (bundled with internet)

>Appendix 2

Rental Rates⁹¹

Office Rental Rates in Malaysia in 2018⁹²

Average rental rates for prime office spaces				
Location	RM psf / month		USD psf / month	
	From	To	From	To
Penang	2.5	4.5	0.6	1.1
Kuching, Sarawak	2.4	2.8	0.6	0.7
Iskandar, Johor	3.5	3.9	0.9	1.0
Ipoh, Perak	1.9	2.5	0.5	0.6
Selangor	5.3	5.9	1.3	1.5
KL City	8.3	9.1	2.1	2.3
KL Fringe	6.2	6.8	1.6	1.7
Johor city	3.2	3.5	0.8	0.9
Johor Fringe	2.8	3.2	0.7	0.8

Industrial Rental Rates

Average rental rates for industrial properties				
Location	RM psf / month		USD psf / month	
	From	To	From	To
Penang City	1.7	3.3	0.43	0.83
Penang Fringe	1.5	2.2	0.38	0.55
Kuching, Sarawak	0.6	1.0	0.15	0.25
Iskandar	1.3	1.4	0.33	0.35
Selangor	1.5	3.0	0.38	0.75

**USD 1.00 = MYR 4.00

> Appendix 3

Benchmark Salary Rates by Position and Experience 2018

Position ⁹²	Experience	Minimum		Maximum	
		RM	USD	RM	USD
Office Support					
Administrator	3-5 years	3,600	900	5,300	1,325
Banking & Finance					
Financial Analyst	3-4 years	4,600	1,150	7,800	1,950
AML (Investigations)	10-15 years	15,000	3,750	23,000	5,750
AML-Monitoring (Shared Service Centre)	10-15 years	15,000	3,750	20,000	5,000
Strategic Planning & Financial Analysis	10-15 years	15,000	3,750	20,000	5,000
Credit Analyst (VP) - Corporate banking / Global Wholesale Banking / Investment Banking	10-15 years	18,000	4,500	26,000	6,500
Group Compliance (Investment Banking / Commercial Banking & Insurance)	10-15 years	18,000	4,500	24,000	6,000
Finance & Accounting					
Senior Accounts Executive	3-4 years	3,600	900	6,300	1,575
Accountant	4-5 years	6,200	1,550	8,400	2,100
Finance Manager	6-7 years	8,800	2,200	13,700	3,425
Senior Accountant	6-7 years	8,200	2,050	13,000	3,250
Corporate Finance / Corporate Planning Manager	10-15 years	10,300	2,575	18,000	4,500
Sales, Marketing & Advertising					
Customer Service Executive	2-3 years	3,000	750	4,000	1,000
Marketing Executive	2-4 years	3,100	775	4,800	1,200
Brand/Product Manager	3-4 years	5,200	1,300	8,400	2,100
Marketing Manager	8 years	7,200	1,800	10,500	2,625
Marketing Communications Manager	8 years	7,500	1,875	12,000	3,000
Sales Manager	8 years	7,700	1,925	15,800	3,950
Senior Key Account Manager	8 years	8,800	2,200	13,700	3,425
Human Resources					
HR Assistant	1-2 years	2,100	525	3,200	800
HR Officer/Executive	2-3 years	3,100	775	4,700	1,175
Office Manager	4-6 years	6,200	1,550	7,900	1,975
HR Manager	6-8 years	8,000	2,000	12,000	3,000
Talent Acquisition Manager	6-8 years	8,200	2,050	12,800	3,200
Compensation and Benefits Manager	6-8 years	10,000	2,500	15,000	3,750
Logistics & Warehousing					
Warehouse Executive	2-3 years	2,300	575	4,200	1,050
Shipping Supervisor	3-5 years	2,600	650	4,900	1,225
Logistic Coordinator	3-5 years	3,100	775	5,300	1,325
Buyer	2-3 years	3,600	900	5,300	1,325
Procurement Executive	3-5 years	3,600	900	5,300	1,325
Warehouse Manager	4-5 years	6,200	1,550	8,400	2,100

Position ⁹²	Experience	Minimum		Maximum	
		RM	USD	RM	USD
Senior Buyer	8-10 years	7,700	1,925	12,600	3,150
Supply Chain Manager	5-8 years	7,700	1,925	13,800	3,450
Senior Warehouse Manager	8-10 years	8,800	2,200	12,600	3,150
Purchasing Manager	8-10 years	9,270	2,318	12,600	3,150
Information Technology					
IT Executive	2 years	3,600	900	4,700	1,175
Programmer	1-2 years	3,900	975	4,800	1,200
Help Desk Analyst	2-3 years	4,600	1,150	5,800	1,450
Web Designer	2 years	4,600	1,150	5,300	1,325
Helpdesk Tech Support (Foreign Language)	2-3 years	5,200	1,300	8,400	2,100
Java Developer	1-3 years	5,200	1,300	7,500	1,875
Business Development Manager	3-5 years	6,000	1,500	8,500	2,125
Senior Systems Engineer	5 years	6,200	1,550	8,500	2,125
Systems Analyst	3-5 years	6,200	1,550	9,000	2,250
Software Engineer	2-3 years	6,400	1,600	6,300	1,575
Inside Sales Manager	4-5 years	6,500	1,625	10,000	2,500
Project Manager	3-5 years	8,000	2,000	14,000	3,500
Engineering & Technical					
Maintenance Engineer	3-4 years	3,000	750	6,000	1,500
Assembly Engineer	2-3 years	3,000	750	6,000	1,500
Chemical Engineer	3-4 years	3,000	750	6,000	1,500
R&D Engineer	2-3 years	3,000	750	6,000	1,500
Sales Engineer	3-4 years	3,000	750	6,000	1,500
Mechanical Engineer	3-4 years	3,000	750	6,000	1,500
QA Inspector	4-5 years	3,500	875	5,000	1,250
Service Engineer	3-4 years	3,500	875	5,500	1,375
Product Engineer	4-6 years	5,000	1,250	8,000	2,000
Quality Engineer	7-8 years	5,000	1,250	7,000	1,750
Electrical & Instrument Engineer	4-6 years	6,000	1,500	8,000	2,000
Technical Engineer	4-5 years	8,000	2,000	12,000	3,000
Project Sales Manage	5 years	8,000	2,000	12,000	3,000
Sales Engineer	3-4 years	3,000	750	6,000	1,500
Head of Quality Assurance	8-10 years	12,000	3,000	20,000	5,000
Head of Production	8-10 years	15,000	3,750	25,000	6,250
Property & Construction					
Site Manager	6-8 years	6,000	1,500	10,000	2,500
Project Manager	6-8 years	10,000	2,500	15,000	3,750
Civil & Structural Manager	6-8 years	10,000	2,500	15,000	3,750
Infrastructure Engineer	6-8 years	10,000	2,500	10,000	2,500
Technical Director	7-10 years	20,000	5,000	30,000	7,500

**USD 1.00 = MYR 4.00

> Appendix 4

Waste Management Cost ⁹⁴

Scheduled Waste Treatment Rates

The following is the list of industrial waste type by categories

Industrial Waste Category	
Waste Group	Waste type
A	Mineral oil wastes Wastes containing lubricating oil, hydraulic oil, etc.
B	Organic chemical wastes containing halogens and/or Sulphur > 1% Freon, PVC wastes, chloroform, solvents, capacitors and transformers containing PCB, etc.
C	Waste solvents containing halogens and/or sulphur < 1% Acetone, alcohols (e.g. ethanol, methanol), benzene, turpentine, xylene, etc. Waste should be pumpable, containing < 50% water and 18MJ/kg calorific value
H	Organic chemical wastes containing halogens and/or sulphur < 1% Glue, latex, paint, phenol, printing ink, synthetic oils, soap, epoxy, etc.
K	Wastes containing mercury Mercury, vapor lamps, COD-fluids, mercury batteries, etc.
T	Pesticide wastes Insecticides, fungus and weed killers, rat poison, etc.
X	Inorganic wastes Acids, alkaline, sodium hypochlorite, inorganic salts, metal hydroxide sludge, chromate and cyanide waste, etc.
Z	Miscellaneous Medicine wastes, lab-packs, asbestos wastes, mineral sludges, isocyanates (MDI, TDI), batteries, etc.

Cementation

Waste Group (Z)	Packaged Waste (RM)	USD
Dry Cell Batteries and Other Miscellaneous Waste	900	225

Encapsulation

Waste Group (Z)	Packaged Waste (RM) (per tonne/ per pallet)	USD
Contaminated Crushed Drum and Other Contaminated Waste	900	225

Tenorm Waste for Incineration

Waste Group (Z)	Packaged Waste (per tonne/ per pallet) (RM)	USD
Z	4,000	1,000

Inorganic Waste for Physical/Chemical Treatment

Waste Group	800-litre Pallet Tank (per tonne/ per pallet) (RM)	USD	
		200-litre Drum (per tonne/ per pallet) (RM)	USD
Acid Waste Without Chromate (X)	1,440	360	405
Alkaline Waste Without Chromate (X)	1,440	360	405
Chromate Waste (X)	1,880	470	495
Cyanide Waste (X)	1,880	470	495
Mercury Waste (K)	3,600	900	945

Inorganic Waste for Solidification

Waste Group	800-litre Pallet Tank (per tonne/ per pallet) (RM)	USD	
		Bulk Waste (per tonne/ per pallet) (RM)	USD
X/ Z	810	202.50	191.25

Inorganic Waste for Direct Landfill

Waste Group	800-litre Pallet Tank (per tonne/ per pallet) (RM)	USD	
		Bulk Waste (per tonne/ per pallet) (RM)	USD
X/ Z	495	123.50	112.50

Rubber Sludge Waste Rubber Sludge Landfill

Waste Group	Packaged Waste (per tonne/ per pallet) (RM)	USD
X	700	175

Organic Waste Group for Incineration

Waste Group	Packaged Waste				Bulk Waste			
	Pumpable Liquid		Solid		Pumpable Liquid		Solid	
	per tonne/ per pallet				per tonne/ per pallet			
	RM	USD	RM	USD	RM	USD	RM	USD
A	810	202.50	-	-	630	157.50	-	-
B	3,150	787.50	3,600	900	-	-	-	-
C	1,350	337.50	-	-	-	-	-	-
H/Z	1,890	472.50	2,790	697.50	1,800	450	2,700	675
T	3,150	787.50	3,600	900	-	-	-	-

> Glossary

AELB	Atomic Energy Licensing Board	IFRS	International Financial Reporting Standards
AMLA	Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act	IILS	International Integrated Logistics Services
AR	Authorised Representative	ILS	Integrated Logistics Services
ASI	Assurance Services International	IMD	Immigration Department of Malaysia
AVRF	Ad Valorem Registration Fee	IOAB	International, International Automotive Oversight Bureau
BEPS	Base Erosion and Profit Shifting	IOT	Instrument of Transfer
BNM	Bank Negara Malaysia	IRB	Inland Revenue Board
CA	Companies Act	ITA	Income Tax Act
CAAM	Civil Aviation Authority of Malaysia	JAKIM	Department of Islamic Development Malaysia
CAB	Conformity Assessment Body	JCI	Joint Commission International
CAGR	Cumulative Annual Growth Rate	JPJ	Road Transport Department of Malaysia
CCC	Certificate of Completion and Compliance	JPPH	Valuation and Property Services Department
CCM	Companies Commission of Malaysia	KKMM	Ministry of Communications and Multimedia
CDCR	Control of Drugs and Cosmetics Regulations	KLIA	Kuala Lumpur International Airport
CeA	Certificate of Approval	LCA	Local Currency Accounts
CIDB	Construction Industry Development Board	LFPR	Labour Force Participation Rate
CIT	Corporate Income Tax	LLP	Limited Liability Partnership
CoA	Competition Act	MAQIS	Malaysian Quarantine and Inspection Services
CPA	Consumer Protection Act	MASB	Malaysian Accounting Standards Board
CVLB	Commercial Vehicles Licensing Board	MATRADE	Malaysia External Trade Development Corporation
DCA	Drug Control Authority	MAVCOM	Malaysian Aviation Commission
DDI	Domestic Direct Investments	MBPJ	Petaling Jaya City Council
DEIA	Detailed Environment Impact Assessment	MCMC	Malaysian Communications and Multimedia Commission
DFTZ	Digital Free Trade Zone	MDA	Medical Device Authority
DOE	Department of Environment	MDEC	Malaysia Digital Economy Corporation
DOHE	Department of Higher Education	MDHS	Hulu Selangor District Council
DOSH	Department of Occupational Safety and Health	MDKL	Kuala Langat District Council
DSM	Department of Standards Malaysia	MDKS	Kuala Selangor District Council
DVS	Department of Veterinary Services	MDSB	Sabak Bernam District Council
E&E	Electrical and Electronics	MDTCC	Ministry of Domestic Trade, Co-operatives and Consumerism
EA	Employment Act 1955	MFRS	Malaysian Financial Reporting Standards
EC	Energy Commission	MIAN	Islamic Religious Council
EEV	Energy Efficient Vehicles	MIDA	Malaysian Investment Development Authority
EIA	Environmental impact assessment	MIRB	Malaysian Inland Revenue Board
EPF	Employees' Provident Fund	MITI	Ministry of International Trade and Industry
EPU	Economic Planning Unit	MM2H	Malaysia My 2nd Home
EQA	Environmental Quality Act	MOE	Ministry of Education
ETP	Estimate of Tax Payable	MOF	Ministry of Finance
F&B	Food and Beverage	MOH	Ministry of Health
F.T.	Federal Territory	MOHA	Ministry of Home Affairs
FA	Franchise Act	MOHR	Ministry of Human Resources
FCA	Foreign Currency Accounts	MP SEPANG	Sepang Municipal Council
FDD	Franchise Development Division	MPAJ	Ampang Jaya Municipal Council
FDI	Foreign Direct Investment	MPB	Malaysia Productivity Blueprint
FEA	Foreign Exchange Administration	MPERS	Malaysian Private Entities Reporting Standards
FHTP	Forum on Harmful Tax Practices	MPK	Klang Municipal Council
FMA	Factories and Machinery Act	MPKJ	Kajang Municipal Council
FRF	Financial Reporting Foundation	MQA	Malaysia Qualifications Agency
FSA	Financial Services Act	MQF	Malaysian Qualification Framework
FTZ	Free Trade Zone	MRO	Manufacturing, Maintenance, Repair and Overhaul
HDA	Housing Development Act	MSC	Multimedia Super Corridor
HDC	Halal Development Corporation Berhad	MSQH	Malaysian Society for Quality in Health
HRDF	Human Resource Development Fund	MTC	Ministry of Tourism and Culture
ICA	Industrial Co-ordination Act	MyCC	Malaysia Competition Act
ICT	Formation and Communication Technology	MyIPO	Intellectual Property Corporation of Malaysia
IDM	Immigration Department of Malaysia	NADCAP	National Aerospace and Defense Contractors Accreditation Programme

NAP	National Automotive Policy
NLC	National Land Code
NPRA	National Pharmaceutical Regulatory Agency
OECD	Organisation for Economic Co-operation and Development
OEM	Original Equipment Manufacturers
OSHA	Occupational Safety and Health Act
PCAPR	Price Control and Anti-Profiteering
PDA	Petroleum Development Act
PDPA	Personal Data Protection Act 2010
PED	Private Education Division
PERKESO	Pertubuhan Keselamatan Sosial
PETRONAS	Petroleum Nasional Berhad
PHFSA	Private Healthcare Facilities and Services Act
PKNS	Selangor State Development Corporation
PR	Permanent Resident
PUSPAKOM	Computerised Vehicle Inspection Centre
R&D	Research and Development
REP	Returning Experts Programme
RMCD	Royal Malaysian Customs Department
RMP	Registered Medical Practitioner
RPC	Real Property Company
RPGT	Real Property Gains Tax
RTA	Road Transport Act
SBB	Selangor Bio Bay
SDA	Standards Development Agency
SDCC	Selangor Digital Creative Centre
SIRIM	Standard and Industrial Research Institute of Malaysia
SITEC	Selangor Information Technology and E-Commerce Council
SMA	Standards of Malaysia Act
SME CORP.	SME Corporation Malaysia
SOCISO	Social Security Organisation
SPA	Sale and Purchase Agreement
SPAD	Land Public Transport Commission
SSE	Site Suitability Evaluation
SST	Sales and Services Taxes
STA	Strategic Trade Act
TDA	Trade Description Act
TEU	Twenty-foot Equivalent Units
TNB	Tenaga Nasional Berhad
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UKAs	United Kingdom Accreditation Service
WEP	Waste Eco Parks
WHT	Withholding Tax
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation
YA	Year of Assessment

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