

## GUIDELINES FOR SETTING UP A REPRESENTATIVE OFFICE/ REGIONAL OFFICE

### 1. **Definition**

A Representative Office/Regional Office of a foreign company/organisation in the manufacturing and services sector is an office which is established in Malaysia to perform permissible activities for its head office/principal. The Representative Office/ Regional Office does not undertake any commercial activities and only represents its head office/principal to undertake designated functions. The Representative Office's/ Regional Office's operation is completely funded from sources outside Malaysia. The Representative Office/ Regional Office is not required to be incorporated under the Companies Act 1965. The setting up of a Representative/Regional Office requires the approval by the Government of Malaysia.

#### 1.1 **Representative Office**

A Representative Office is an office of a foreign company/organisation approved to collect relevant information on investment opportunities in the country especially in the manufacturing and services sector, enhance bilateral trade relations, promote the export of Malaysian goods and services and carry out research and development (R&D).

#### 1.2 **Regional Office**

A Regional Office is an office of a foreign company/organisation that serves as the coordination centre for the company's/organisation's affiliates, subsidiaries and agents in South-East Asia and the Asia Pacific. The Regional Office established is responsible for the designated activities of the company/ organisation within the region it operates.

## **2. Activities Allowed**

The approved Representative/Regional office is established to perform the following permissible activities for its head office or principal:

- Gathering and analysis of important information or undertaking feasibility studies on investment and business opportunities in Malaysia and the region;
- Planning or coordination of business activities;
- Identifying sources of raw materials, components or other industrial products;
- Undertake research & product development;
- Act as a coordination centre for the corporation's affiliates, subsidiaries and agents in the region; and
- Other activities which will not result directly in actual commercial transactions

## **3. Activities Not Allowed**

However, an approved representative office/regional office is not allowed to carry out the following activities:

- Be engaged in any trading (including import and export), business or any form of commercial activity
- Lease warehousing facilities; any shipment / transshipment or storage of goods shall be handled by a local agent or distributor
- Sign business contracts on behalf of the foreign corporation or provide services for a fee
- Participate in the daily management of any of its subsidiaries, affiliates or branches in Malaysia

## **4. Eligibility Criteria**

- The proposed operational expenditure of the RE/RO must be at least RM300,000 per annum.
- The RE/RO should be financed by funds emanating from sources outside Malaysia.

## 5. **Duration of Establishment**

- Company and Others (including non-profit organisations not relating to trade)

Minimum of two (2) years depending on the merits of each cases.

- Government and Trade Association

Duration is based on the requirement of the applicant.

## 6. **Expatriate Posts**

A Representative office/Regional office will be given expatriate post and the number allowed depends on the functions and activities of the Regional Office/Representative Office. Expatriates will only be considered for managerial and technical posts.

The proposed expatriate must be currently employed by the applicant company or its subsidiary or within the group. An expatriate working in a Representative Office is subject to normal income tax. However, an expatriate working in a Regional Office is taxed only on the portion of their chargeable income attributed to the number of days that they are in the country.

## 7. **Procedure for Application:**

- 7.1 The application (excluding banking, financial and tourism services) should be submitted in three (3) sets to:

Chief Executive Officer  
Malaysian Investment Development Authority (MIDA)  
MIDA Sentral  
No. 5, Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur.  
(Attn.: Director, Foreign Investment Promotion Division)

Tel : (603) 2267 3633  
Fax : (603) 2274 7970  
E-mail : [investmalaysia@mida.gov.my](mailto:investmalaysia@mida.gov.my)  
Website : [www.mida.gov.my](http://www.mida.gov.my)

7.2 The application must be signed by the authorised person from the applicant company accompanied by a cover letter.

7.3 An application for a Representative/Regional Office and/or expatriate post should be submitted using the following forms:

a. **RE/RO-1**

**Application for a Representative Office/Regional Office and/or Expatriate Post**

- For supporting documents please refer to the checklist

b. **RE/RO-2**

**Application for Extension of a Representative Office/Regional Office and/ or Expatriate Post**

- For supporting documents please refer to the checklist

c. **RE/RO-3**

**Application for Additional/Replacement of Expatriate for a Representative Office/Regional Office**

- For supporting documents please refer to the checklist

7.4 For application related to **banking and financial services**, please contact **Bank Negara Malaysia** at the following address:

Director  
Regulation and Supervision Administration Unit  
Bank Negara Malaysia  
Jalan Dato' Onn  
50480 Kuala Lumpur  
Malaysia

Tel : (603) 2698 8044  
Fax : (603) 2174 1717  
E-mail : [bnmtelelink@bnm.gov.my](mailto:bnmtelelink@bnm.gov.my)  
Website : [www.bnm.gov.my](http://www.bnm.gov.my)

7.5 For application related to **tourism services**, please contact the **Ministry of Tourism, Arts and Culture Malaysia** at the following address:

Secretary General  
Ministry of Tourism, Arts and Culture Malaysia  
Tourism Licensing Division  
No. 2, Tower 1, Jalan P5/6  
Presint 5, 62200 Putrajaya  
Malaysia  
Tel : (603) 8000 8000  
Fax : (603) 8891 7100  
E-mail : [info@motac.gov.my](mailto:info@motac.gov.my)  
Website : [www.motac.gov.my](http://www.motac.gov.my)