

# GENERAL POLICIES, FACILITIES AND GUIDELINES



## MALAYSIA: INVESTMENT IN THE SERVICES SECTOR



# Introduction


This booklet is one of a series of 20 booklets prepared by MIDA for the purpose of providing investors with relevant information on establishing projects in the identified services sub-sectors in Malaysia. The complete list of booklets is as follows:

- Booklet 1:** General Policies, Facilities and Guidelines
- Booklet 2:** Regional Operations
- Booklet 3:** Research and Development (R&D) Services
- Booklet 4:** Logistics Services
- Booklet 5:** Specialised Technical Support Services
- Booklet 6:** Information and Communication Technology Services
- Booklet 7:** Environmental Management Services
- Booklet 8:** Distributive Trade Services
- Booklet 9:** Tourism and Travel Related Services
- Booklet 10:** Education and Industrial Training Services
- Booklet 11:** Legal Services
- Booklet 12:** Accounting, Auditing and Taxation Services
- Booklet 13:** Architectural Consultancy Services
- Booklet 14:** Surveying Consultancy Services
- Booklet 15:** Medical and Health Care Services
- Booklet 16:** Engineering and Energy Consultancy Services
- Booklet 17:** Management Consultancy Services
- Booklet 18:** Market Research Services
- Booklet 19:** Advertising Services
- Booklet 20:** Quick Reference

*The Ministry of International Trade & Industry (MITI) spearheads the development of industrial activities to further enhance Malaysia's economic growth. As an agency under MITI, the Malaysian Investment Development Authority (MIDA) is in charge of the promotion and coordination of industrial development in the country.*

*MIDA is the first point of contact for investors who intend to set up projects in manufacturing and services sector in Malaysia. With its headquarters in Malaysia's capital city of Kuala Lumpur, MIDA has established a global network of 20 overseas offices covering North America, Europe and the Asia Pacific to assist investors interested in establishing manufacturing projects and services activities in Malaysia. Within Malaysia, MIDA has 12 branch offices in the various states to facilitate investors in the implementation and operation of their projects.*

*If you wish to explore investment opportunities in Malaysia, please contact MIDA for more information as well as assistance in your decision-making (please see the last page of contact details of MIDA's headquarters and state and overseas offices).*



# GENERAL POLICIES, FACILITIES AND GUIDELINES

BOOKLET

1

## CHAPTER 1: GETTING STARTED

<b>1</b>	<b>INCORPORATING A COMPANY FOR SERVICES BUSINESS</b>	<b>4</b>
1.1	Methods of Conducting Business in Malaysia	4
1.2	Procedures for Incorporation	5
1.3	Registration of Foreign Companies	6
1.4	LLP Structure	8
1.5	E-Services	10
<b>2</b>	<b>GUIDELINES ON EQUITY POLICY</b>	<b>10</b>
2.1	Autonomous Liberalisation	11
2.2	Protection for Foreign Investment	13
<b>3</b>	<b>INCENTIVES FOR THE SERVICES SECTOR</b>	<b>15</b>

## CHAPTER 2: TAXATION

<b>1</b>	<b>TAXATION IN MALAYSIA</b>	<b>16</b>
<b>2</b>	<b>CLASSES OF INCOME ON WHICH TAX IS CHARGEABLE</b>	<b>16</b>
<b>3</b>	<b>COMPANY TAX</b>	<b>16</b>
<b>4</b>	<b>PERSONAL INCOME TAX</b>	<b>17</b>
4.1	Resident Individual	17
4.2	Non-Resident Individual	19
<b>5</b>	<b>WITHHOLDING TAX</b>	<b>19</b>
<b>6</b>	<b>REAL PROPERTY GAINS TAX</b>	<b>20</b>
<b>7</b>	<b>SALES AND SERVICES TAX</b>	<b>21</b>
7.1	Sales Tax	21
7.2	Service Tax	21
<b>8</b>	<b>IMPORT DUTY</b>	<b>22</b>
<b>9</b>	<b>EXCISE DUTY</b>	<b>23</b>
<b>10</b>	<b>CUSTOMS APPEAL TRIBUNAL AND CUSTOMS RULING</b>	<b>23</b>
<b>11</b>	<b>DOUBLE TAXATION AGREEMENT</b>	<b>23</b>

## CHAPTER 3: IMMIGRATION PROCEDURES

<b>1</b>	<b>ENTRY REQUIREMENTS INTO MALAYSIA</b>	<b>25</b>
1.1	Passport or Travel Document	25
1.2	Visa Requirement	25
1.3	Passes Requirement	27
<b>2</b>	<b>EMPLOYMENT OF EXPATRIATE PERSONNEL</b>	<b>29</b>
2.1	Types of Expatriate Post	29
2.2	Guidelines on the Employment Expatriate Personnel	30
<b>3</b>	<b>APPLYING FOR EXPATRIATE POST</b>	<b>31</b>
<b>4</b>	<b>EMPLOYMENT OF FOREIGN WORKERS</b>	<b>32</b>

## CHAPTER 4: MANPOWER FOR INDUSTRY

<b>1</b>	<b>MALAYSIA'S LABOUR FORCE</b>	<b>34</b>
<b>2</b>	<b>MANPOWER DEVELOPMENT</b>	<b>34</b>
2.1	Facilities for Training in Industrial Skills	34
2.2	Human Resource Development Fund	35

<b>3</b>	<b>LABOUR COSTS</b>	<b>35</b>
<b>4</b>	<b>FACILITIES FOR RECRUITMENT</b>	<b>36</b>
<b>5</b>	<b>LABOUR STANDARDS</b>	<b>36</b>
5.1	Employment Act, 1955	36
5.2	The Labour Ordinance, Sabah and the Labour Ordinance, Sarawak	37
5.3	Employees' Provident Fund Act, 1991	37
5.4	Employees' Social Security Act, 1969	38
5.5	Workmen's Compensation Act, 1952	39
5.6	Occupational Safety and Health Act, 1994	39
<b>6</b>	<b>INDUSTRIAL RELATIONS</b>	<b>42</b>
6.1	Trade Unions	42
6.2	Industrial Relations Act, 1967	42
6.3	Relation in Non-Unionised Establishments	42

## **CHAPTER 5: BANKING, FINANCE AND EXCHANGE ADMINISTRATION**

<b>1</b>	<b>THE FINANCIAL SYSTEM IN MALAYSIA</b>	<b>43</b>
1.1	The Central Bank	43
1.2	Financial Institutions	43
1.3	Malaysia International Islamic Financial Centre	46
<b>2</b>	<b>EXPORT CREDIT REFINANCING</b>	<b>47</b>
2.1	Method of Financing	47
2.2	Period and Margin of Financing	47
2.3	Payment	48
<b>3</b>	<b>THE SECURITIES MARKET IN MALAYSIA</b>	<b>48</b>
3.1	Securities Commission Malaysia	48
3.2	Bursa Malaysia	49
<b>4</b>	<b>LABUAN FINANCIAL SERVICES</b>	<b>51</b>
4.1	Labuan Financial Services Authority (Labuan FSA)	51
4.2	Doing Business in the Labuan IBFC	52
4.3	Business Activities of Labuan IBFC	52
<b>5</b>	<b>FOREIGN EXCHANGE ADMINISTRATION RULES</b>	<b>53</b>
5.1	Rules applicable to Non-Residents	53
5.2	Rules applicable to Residents	54

## **CHAPTER 6: FINANCIAL ASSISTANCE**

<b>1</b>	<b>FINANCIAL ASSISTANCE FOR SMALL AND MEDIUM ENTERPRISES (SMES)</b>	<b>56</b>
1.1	SME Corporation Malaysia	56
1.2	Malaysian Industrial Development Finance Berhad (MIDF)	57
<b>2</b>	<b>MAJLIS AMANAH RAKYAT (MARA) FINANCING SCHEME FOR PROFESSIONALS</b>	<b>60</b>
<b>3</b>	<b>SMALL BUSINESS FINANCING (SBF) AND i-ENTERPRISE PREMISE FINANCING (i-EPF)</b>	<b>61</b>
<b>4</b>	<b>MARKET DEVELOPMENT GRANTS</b>	<b>62</b>
4.1	What is MDG?	62
4.2	Why is MDG offered?	62
4.3	Who is eligible for MDG?	62
4.4	Who is not eligible for MDG?	63
4.5	What requirements must I meet to be considered for MDG?	64
4.6	How do I submit my new application and request for reimbursement of expenses?	64
4.7	What activities & expenses are eligible for grant funding?	64

## **CHAPTER 7: INTELLECTUAL PROPERTY PROTECTION**

<b>1</b>	<b>INTELLECTUAL PROPERTY PROTECTION</b>	<b>69</b>
1.1	Patents	69
1.2	Trade Marks	69
1.3	Industrial Designs	69
1.4	Copyright	70
1.5	Layout Design of Integrated Circuit	71
1.6	Geographical Indications	71

## **CHAPTER 8: ENVIRONMENTAL MANAGEMENT**


<b>1</b>	<b>POLICY</b>	<b>72</b>
<b>2</b>	<b>ENVIRONMENT REQUIREMENTS</b>	<b>72</b>
2.1	Environmental Impact Assessment for Prescribed Activities	73
2.2	Who Can Conduct EIA Study	76
2.3	Site Suitability Evaluation	76
2.4	Written Notification or Permission to Construct	76
2.5	Written Approval for Installation of Incinerator, Fuel Burning Equipment and Chimney	77
2.6	Licence to Occupy Prescribed Premises and Prescribed Conveyances	77
2.7	Gaseous Emission and Effluent Standards	78
2.8	Control on Ozone Depleting Substances	78
2.9	Scheduled Waste Management	78

## **CHAPTER 9: INFRASTRUCTURE SUPPORT**

<b>1</b>	<b>FREE ZONES</b>	<b>80</b>
1.1	Free Commercial Zones (FCZs)	80
1.2	Free Industrial Zones (FIZs)	80
<b>2</b>	<b>ELECTRICITY SUPPLY</b>	<b>80</b>
<b>3</b>	<b>WATER SUPPLY</b>	<b>81</b>
<b>4</b>	<b>TELECOMMUNICATION SERVICES</b>	<b>81</b>
<b>5</b>	<b>AIR CARGO FACILITIES</b>	<b>81</b>
<b>6</b>	<b>SEA PORTS</b>	<b>82</b>
<b>7</b>	<b>CARGO TRANSPORTATION</b>	<b>83</b>
7.1	Container Haulage	83
7.2	Freight Forwarding	83
<b>8</b>	<b>HIGHWAYS</b>	<b>84</b>
<b>9</b>	<b>RAILWAY SERVICES</b>	<b>84</b>
<b>10</b>	<b>MSC MALAYSIA</b>	<b>84</b>
10.1	Eligibility Criteria	84
10.2	MSC Malaysia Promoted Activities	85
10.3	MSC MALAYSIA CYBERCITIES AND CYBERCENTRES	85

## **CHAPTER 10: INTERNATIONAL TRADE AGREEMENTS**

<b>1</b>	<b>GENERAL AGREEMENT ON TRADE IN SERVICES (GATS)</b>	<b>87</b>
<b>2</b>	<b>TRADE IN SERVICES AGREEMENTS AND ARRANGEMENTS UNDER ASEAN</b>	<b>88</b>
2.1	ASEAN Framework Agreement on Services (AFAS)	88
2.2	Movement of Natural Persons (MNP)	90
2.3	Mutual Recognition Arrangement (MRA)	90
2.4	ASEAN Qualification Reference Framework (AQRF)	91
2.5	ASEAN Trade in Services Agreement (ATISA)	91
<b>3</b>	<b>FREE TRADE AGREEMENTS (FTAS)</b>	<b>92</b>
	<b>SUMMARY OF COMMITMENTS OF BILATERAL FREE TRADE AGREEMENTS BETWEEN MALAYSIA WITH TRADING PARTNERS</b>	<b>93</b>



# GENERAL POLICIES, FACILITIES AND GUIDELINES

## CHAPTER 1: GETTING STARTED

### 1. INCORPORATING A COMPANY FOR SERVICES BUSINESS

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#### 1.1 Methods of Conducting Business in Malaysia

In Malaysia, a business may be conducted:

- i. By an individual operating as a sole proprietor, or
- ii. By two or more (but not more than 20) persons in partnership, or
- iii. By a limited liability partnership (LLP), or
- iv. By locally incorporated company or by a foreign company registered under the provisions of the Companies Act (CA) 2016.

All sole proprietorships and partnerships in Malaysia must be registered with the Companies Commission of Malaysia (SSM) under the Registration of Businesses Act, 1956. In the case of partnerships, partners are both jointly and severally liable for the debts and obligations of the partnership should its assets be insufficient. Formal partnership deeds may be drawn up governing the rights and obligations of each partner but this is not obligatory.

##### 1.1.1 Company Structure

The Companies Act, 2016 governs all companies in Malaysia. The Act stipulates that a company must be registered with the SSM in order to engage in any business activity.

There are three (3) types of companies that can be incorporated under the Companies Act, 2016:

- i. A company limited by shares is a company formed on the principle that the members' liability is limited if any, unpaid on the shares taken up by them.
- ii. In a company limited by guarantee, the liability of the members is limited to the amount which the members have undertaken to contribute to the assets of the company in the event the company is wound up.
- iii. An unlimited company, is a company formed on the principle of having no limit placed on the liability of its members.

### 1.1.2 Company Limited by Shares

The most common company structure in Malaysia is a company limited by shares. Such limited companies may be incorporated either as a Private Limited Company (identified through the words “Sendirian Berhad” or “Sdn Bhd” as part of the company’s name) or a Public Limited Company (identified through the words “Berhad” or “Bhd” as part of the company’s name).

A company having a share capital may be incorporated changes its status into or remain as a private company if it:

- i. Restricts the right to transfer its shares
- ii. Limits the number of its members to 50, excluding employees in the employment of the company or its subsidiary and some former employees of the company or its subsidiary
- iii. Prohibits any invitation to the public to subscribe for its shares and debentures
- iv. Prohibits any invitation to the public to deposit money with the company for fixed periods of payable at call, whether interest-bearing or interest-free.

A public company can be formed or, alternatively, a private company can be converted into a public company subject to Section 41 of the Companies Act, 2016. Such a company can offer shares to the public provided:

- i. It has registered a prospectus with the Securities Commission; or
- ii. It has lodged a copy of the prospectus with the SSM on or before the date of its issue.

## 1.2 Procedure for Incorporation

To incorporate a company, an application must be made to the SSM through the MyCoID 2016 Portal by providing the following information:

- i. the name of the proposed company;
- ii. the status whether the company is private or public;
- iii. the nature of business of the proposed company;
- iv. the proposed registered address;
- v. the name, identification, nationality and ordinary place of residence of the member of the company;
- vi. the name, identification, nationality and ordinary place of residence of every person who is to be the director;
- vii. in the case of company limited by shares, the details of class and number of shares to be taken by a member;
- viii. in the case of company limited by guarantee, the amount up to which the member undertakes to contribute to the assets of the company in the event of its being wound up.

The application must be accompanied with a fee of RM1000 in the case of company limited by shares; or RM3,000 in the case of a company limited by guarantee.

Once the Registrar is satisfied with the information provided, a notice of registration will be emailed to the applicant. The notice serves as conclusive evidence that the requirements in respect of registration and matters precedent and incidental to the registration have been complied with.

## **Incorporation of Companies – Client's Charter**

SSM undertakes to process, approve and register a complete application in a speedy and efficient manner within the time period stated as follows:

Activity	Time
<b>COMPANY REGISTRATION</b>	
Incorporation of a company	1 day
Conversion of status	1 day
Change of company name	1 day
Commencement of business for public companies	1 day
Registration of charge	2 days
Approval of a trust deed	5 days
Registration of prospectus	3 days
Uncertified copy of company documents	30 minute
Certified copy of company documents	1 hour

\* *Application for the approval of company name only, may be made without incorporating the company.*

\*\* *Time taken begins from the moment payment is received until the certificate is issued.*

### **1.2.1 Requirements of a Locally Incorporated Company**

A company must maintain a registered office in Malaysia where all books and documents required under the provisions of the Act are kept. The name of the company shall appear in legible Romanized letters, together with the company number, on its seal, official documents, publications, website and if any.

A company cannot deal with its own shares or hold shares in its holding company. Each equity share of a public company carries only one vote at a poll at any general meeting of the company. A private company may, however, provide for varying voting rights for its shareholders.

The secretary of a company must be a natural person of full age who has his principal or only place of residence in Malaysia. He must be a member of a prescribed body or is licensed by the Registrar of Companies. The company must also appoint an approved company auditor to be the company auditor in Malaysia.

In addition, a private company is required to have at least one (1) director whereas a public company must have at least two (2) directors. Each of the minimum directors(s) must have his principal or only place of residence within Malaysia. The minimum age of a director is 18 years and the CA 2016 does not specified any maximum age. A director of the company need not necessarily be a shareholder of the company.

### **1.3 Registration of Foreign Companies**

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

- i. incorporating a local company; or
- ii. registering a branch in Malaysia.



Foreign company is defined under the Companies Act, 2016 as:

- i. a company, corporation, society, association or other body incorporated outside Malaysia; or
- ii. an unincorporated society, association, or other body which under the law of its place of origin may sue or be sued, or hold property in the name of the secretary or other officer of the body or association duly appointed for that purpose and which does not have its head office or principal place of business in Malaysia.

### 1.3.1 Registration Procedures

- i. An applicant must first conduct a name search in order to determine if the proposed name for the intended company is available. The name to be used to register the foreign company should be the same as registered in its country of origin.

Applications for reservation of name should be submitted to SSM through the MyCoID 2016 Portal with a payment of RM50 for each name applied. When the proposed company's name is approved by SSM, it shall be valid for thirty (30) days from the date of approval.

- ii. Upon approval, applicants must submit the following registration documents to SSM within thirty (30) days from the date of approval:
  - a. Application for Registration of Foreign Company under sec 562(1) CA 2016;
  - b. A certified copy of the certificate of incorporation or registration of the foreign company;
  - c. A certified copy of the foreign company's charter, statute or Memorandum and Articles of Association or other instrument defining its constitution;
  - d. If the directors residing in Malaysia who are members of the local board of directors of the foreign company, a memorandum stating their powers that are executed by or on behalf of the foreign company, should be submitted to SSM.
  - e. A memorandum of appointment or power of attorney authorising the person(s) (agent) residing in Malaysia, to accept on behalf of the foreign company, any notices required to be served on such foreign company;
  - f. Additional documents consisting copy of an application of reservation of name and copy email from SSM approving the name of the foreign company.

*Note:*

*If any of the described registration documents are in languages other than Bahasa Malaysia or English, a certified translation of such documents in Bahasa Malaysia or English shall be required.*

- iii. Registration fees shall be made to the SSM as per the following schedule:

Share Capital (RM)	Fees Payable (RM)
Up to 1,000,000	5,000
1,000,001 – 10,000,000	20,000
10,000,001 – 50,000,000	40,000
50,000,001 - 100,000,000	60,000
100,000,001 and above	70,000

In determining the amount of registration fees, the share capital of the foreign company should first be converted to the Malaysian currency (Ringgit Malaysia) at the prevailing exchange rate.

In the event a foreign company does not prescribe any share capital, a flat rate of RM70,000 shall be paid to SSM.

- iv. A Notice of Registration will be issued by SSM upon compliance with the registration procedures and submission of duly completed registration documents.
- v. Upon approval, the company or its agent is responsible for ensuring compliance of the CA 2016. Any change in the particular of the company or in the company's name must be filed with SSM within fourteen days from the date of change together with the appropriate fees. Any change in the share capital of the company must be notified to SSM within fourteen days of such change. Every company is required to keep proper accounting records. Annual return must be lodged with SSM once in every calendar year not later than 30 days from the anniversary of its registration date.

*Note:*

*Foreigners are advised to seek the services of an advocate and solicitor, an accountant or a practising company secretary for further assistance.*

## **1.4 LLP Structure**

### **1.4.1 Features of an LLP**

An LLP is a body corporate and has legal personality separate from its partners. Like any other body corporate, LLP has perpetual succession. Any changes in the partners will not affect the existence, rights or liabilities of the LLP. LLP has unlimited capacity and capable of suing and being sued, acquiring, owning, holding and developing or disposing of property. LLP may do and suffer such other acts and things as bodies corporate may lawfully do and suffer. An LLP is a business vehicle which would offer simple and flexible procedures in terms of its formation, maintenance and termination.

The registration fee for a new LLP and conversion is RM500. The fee for the application of reservation of name is RM30.

### **1.4.2 Who may form an LLP**

An LLP may be formed by a minimum of two (2) persons (wholly or partly individuals or bodies corporate) for any lawful business with a view of profit and in accordance with the terms of the LLP agreement. Any individual or body corporate can be a partner.

However, an LLP formed for professional practice must consist of natural persons of the same profession and have in force professional indemnity insurance as approved by the Registrar.

Thus, LLPs may be set up by the following:

- i. Start Ups; or
- ii. Small & Medium Sized Businesses; or
- iii. Professionals; or
- iv. Joint Ventures; or
- v. Venture Capitals.

### **1.4.3 Procedure for Registration**

To register an LLP, an applicant must provide the following information:

- i. proposed name of LLP;
- ii. nature of business;
- iii. address of the registered office;
- iv. name and details of the partners;
- v. name and details of the compliance officer;
- vi. the approval letter (in cases of professional practice).

The application for registration must be accompanied by a payment of RM500. Upon satisfaction of application to register LLP, the Registrar shall register the LLP and issue a notice of registration together with a registration number to the LLP. Notice of registration serves as conclusive evidence that the LLP has been registered. Registration does not mean that requirements of other written law relating to the business of the LLP have been fulfilled. The name of the LLP shall end with "Perkongsian Liabiliti Terhad" or abbreviation of "PLT".

### **1.4.4 Conversion to an LLP**

Apart from new registration, existing entities may also convert into an LLP. The entities which are allowed to convert are:

- i. Conventional partnerships which have been registered under the Registration of Businesses Act, 1956 or any partnership established by two (2) or more persons for the carrying on any professional practice; or
- ii. Private companies incorporated under the Companies Act, 1965 or any previous corresponding law.

The eligibility criteria for a conventional partnership to convert into an LLP are as follows:

- i. Same partners and no one else;
- ii. At the date of application, the conventional partnership solvent ;
- iii. In cases of professional practice, an approval letter from the governing body.

The eligibility criteria for a private company for conversion are:

- i. Same shareholders and no one else;
- ii. There is no subsisting security interests in its assets;
- iii. At the date of application, the private company is solvent;
- iv. All outstanding statutory fees to government agencies has been settled;
- v. Advertisement has been placed in a widely circulated newspaper and the Gazette;
- vi. All creditors agreed to the conversion.

The effects of conversion are as follows:

- i. Vesting of assets of the conventional partnership or the private company into the LLP;
- ii. Pending proceedings may be continued, completed and enforced against or by the LLP;
- iii. Existing agreements, contracts shall have effect as though the LLP were a party;

- iv. In the case of a conversion from a conventional partnership to LLP, the partners shall continue to be personally liable (jointly and severally with the LLP) for liabilities and obligations incurred prior to the conversion.
- v. In the case of the conversion from a private company, the LLP will continue to be liable for the liabilities and obligations incurred prior to the conversion

#### **1.4.5 Requirements of an LLP**

An LLP must appoint at least one (1) compliance officer who may be either one (1) of the partners or persons qualified to act as a secretary under the Companies Act 2016. The compliance officer must be either a citizen or permanent resident of Malaysia and ordinarily resides in Malaysia. A person is disqualified to act as a compliance officer if he is an undercharged bankrupt or is disqualified to act as a director or secretary under the CA 1965.

An LLP must maintain a registered office in Malaysia where communications and notices may be addressed. The LLP has the obligation to keep at the registered office, a notice of registration issued under this Act, a copy of the LLP agreement, the register of name and address of each partners and compliance officer, a copy of the latest annual declaration and if any, a copy of any instrument creating a charge.

An LLP is required to keep accounting records as to show the true and fair view of the state of affairs of the LLP. There is no requirement for the appointment of auditor unless specifically provided for in the LLP agreement.

#### **1.5 E-Services**

E-Services were introduced as an alternative to the traditional method of conducting business with SSM i.e. via counter services. It allows for the lodgement of documents (MyCoID 2016 Services) and the procurement of corporate and business information. Corporate and business information can be purchased from e-Info and MyData. Payments can be made via credit card, direct debit or prepaid accounts.

MyCoID 2016 enables simultaneous registration with the Employees Provident Fund (EPF), the Inland Revenue Board of Malaysia (IRBM), the Social Security Organisation (SOCSO), Small and Medium Enterprise Corporation (SME Corp) and the Human Resources Development Fund (HRDF) once a company is incorporated at SSM via a single submission.

For further information please visit SSM website at [www.ssm.com.my](http://www.ssm.com.my) or [www.ssm-einfo.com.my](http://www.ssm-einfo.com.my) or [www.mydata-ssm.com.my](http://www.mydata-ssm.com.my)

## **2. GUIDELINES ON EQUITY POLICY**

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The Companies Act, 2016 does not stipulate any equity conditions on Malaysian incorporated companies. However, to increase local participation in business, the government encourages joint-ventures/partnership between Malaysian and foreign investors. Specific equity conditions may be imposed for specific approvals, operating licences, permits or registrations by the regulating Ministries/Agencies, depending on the activities undertaken. Specific equity policy for services activities covered in this series of guidebooks can be obtained from the relevant booklets.

## **2.1 Autonomous Liberalisation**

Recognising the growth potential in the services sector, the Government liberalised 27 services sub-sectors on 22 April, 2009, with no equity condition imposed. These sub-sectors are:

### **Computer and Related Services**

- (i) Consultancy services related to the installation of computer hardware;
- (ii) Software implementation services - systems and software consulting services: systems analysis services; systems design services; programming services and systems maintenance services;
- (iii) Data processing services - input preparation services: data processing and tabulation services; time sharing services and other data processing services;
- (iv) Data base services;
- (v) Maintenance and Repair Services of Computers; and
- (vi) Other services - data preparation services: training services; data recovery services; and development of creative content.

### **Health and Social Services**

- (i) All veterinary services;
- (ii) Welfare services delivered through residential institutions to aged and the handicapped;
- (iii) Welfare services delivered through residential institutions to children;
- (iv) Child day-care services including day-care services for the handicapped;
- (v) Vocational rehabilitation services for handicapped;

### **Tourism Services**

- (i) Theme Park;
- (ii) Convention and Exhibition Centre (seating capacity of above 5,000);
- (iii) Travel Agencies and Tour Operators Services (For inbound travel only);
- (iv) Hotel and Restaurant services (for 4 and 5 star hotels only);
- (v) Food Serving Services (for services provided in 4 and 5 star hotels only);
- (vi) Beverage Serving Services for consumption on the premises (for services provided in 4 and 5 star hotels only)

### **Transport Services**

- (i) Class C Freight Transportation (Private Carrier License – to transport own goods)

### **Sporting and other recreational services**

- (i) Sporting Services (Sports event promotion and organisation services)

### **Business Services**

- (i) Regional Distribution Centre
- (ii) International Procurement Centre

- (iii) Technical Testing and Analysis Services - composition and purity testing and analysis services, testing and analysis services of physical properties, testing and analysis services of integrated mechanical and electrical systems, and technical inspection services and
- (iv) Management Consulting Services - general, financial (excluding business tax) marketing, human resources, production and public relations services.

#### **Rental/Leasing Services without Operators**

- (i) Rental/Leasing services of ships that excludes cabotage and offshore trades
- (ii) Rental of cargo vessels without crew (Bareboat Charter) for international shipping.

#### **Supporting and Auxiliary Transport Services**

- (i) Maritime Agency services
- (ii) Vessel salvage and refloating services

The Government had further liberalised an additional 18 services sub-sectors in 2012 to allow up to 100% foreign equity participation in phases. These sub-sectors are:

- (i) Telecommunications for Application Service Provider – ASP licence;
- (ii) Telecommunication for Network Service Provider – NSP and Network Facilities Provider – NFP licences;
- (iii) Courier services;
- (iv) Private Hospitals ;
- (v) Medical specialists Clinics ;
- (vi) Dental Specialists Clinics;
- (vii) Private Universities;
- (viii) International Schools;
- (ix) Technical and Vocational Schools ;
- (x) Technical and Vocational Schools for students with special needs;
- (xi) Skills Training Centres;
- (xii) Accounting (including audit) and taxation;
- (xiii) Architectural services;
- (xiv) Engineering services;
- (xv) Legal services;
- (xvi) Departmental and Specialty stores;
- (xvii) Incineration services; and
- (xviii) Quantity Surveying services.

The Government will be progressively undertaking liberalisation of the other services sub-sectors on an on-going basis.

Please refer to MITI website [www.miti.gov.my](http://www.miti.gov.my) or [myservices.miti.gov.my/web/guest/autonomous](http://myservices.miti.gov.my/web/guest/autonomous) for information on liberalisation.

## 2.2 Protection of Foreign Investment

Malaysia's commitment in creating a safe investment environment has attracted more than 8,000 international companies from over 40 countries to make Malaysia their offshore base.

### Equity Ownership

A company whose equity participation has been approved will not be required to restructure its equity at any time as long as the company continues to comply with the original conditions of approval and retain the original features of the project.

### Investment Guarantee Agreements

Malaysia's readiness to conclude Investment Guarantee Agreements (IGAs) is a testimony of the government's desire to increase foreign investor confidence in Malaysia. IGAs will:

- Protect against nationalization and expropriation
- Ensure prompt and adequate compensation in the event of nationalization or expropriation
- Provide free transfer of profits, capital and other fees
- Ensure settlement of investment disputes under the Convention on the Settlement of Investment Disputes of which Malaysia has been a member since 1966.

Malaysia has concluded Investment Guarantee Agreements (IGAs) with the following groupings and countries (in alphabetical order):

### Groupings

- Association of South-East Asian Nations (ASEAN)
- Organization of Islamic Countries (OIC)

### Countries

Countries		
Albania	Ghana	Peru
Algeria	Guinea	Poland
Argentina	Hungary	Romania
Austria	India	Saudi Arabia
Bahrain	Indonesia	Senegal
Bangladesh	Iran	Slovak, Republic of
Belgo-Luxembourg	Italy	Spain
Bosnia Herzegovina	Jordan	Sri Lanka
Botswana	Kazakhstan	Sudan, Republic of
Burkina Faso	Korea, North	Sweden
Cambodia	Korea, South	Switzerland
Canada	Kuwait	Syrian Arab Republic
Chile, Republic of	Kyrgyz, Republic of	Taiwan

China, People's Republic of	Laos	Turkey
Croatia	Lebanon	Turkmenistan
Cuba	Macedonia	United Arab Emirates
Czech Republic	Malawi	United States of America
Denmark	Mongolia	United Kingdom
Djibouti, Republic of	Morocco	Uruguay
Egypt	Namibia	Uzbekistan
Ethiopia, Republic of	Netherlands	Vietnam
Finland	Norway	Yemen
France	Pakistan	Zimbabwe
Germany	Papua New Guinea	

\*USA & CANADA - Insurance Guarantee Agreement

\*\*Indonesia notified termination 20th June 2014 and termination will come into force from 20th June 2015

### **Convention on the Settlement of Investment Disputes**

In the interest of promoting and protecting foreign investment, the Malaysian government ratified the provisions of the Convention on the Settlement of Investment Disputes in 1966. The Convention, established under the auspices of the International Bank for Reconstruction and Development (IBRD), provides international conciliation or arbitration through the International Centre for Settlement of Investment Disputes located at IBRD's principal office in Washington.

### **Kuala Lumpur Regional Centre for Arbitration**

The Kuala Lumpur Regional Centre for Arbitration was established in 1978 under the auspices of the Asian-African Legal Consultative Organization (AALCO) - an inter-governmental organization cooperating with and assisted by the Malaysian government.

A non-profit organization, the Centre serves the Asia Pacific region. It aims to provide a system to settle disputes for the benefit of parties engaged in trade, commerce and investments with and within the region.

Any dispute, controversy or claim arising out of or relating to a contract, or the breach, termination or invalidity shall be decided by arbitration in accordance with the Rules for Arbitration of the Kuala Lumpur Regional Centre for Arbitration.



### 3. INCENTIVES FOR THE SERVICES SECTOR

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#### **Main Incentives for Services Companies**

The major tax incentives for companies investing in the services sector are the Pioneer Status and the Investment Tax Allowance.

Eligibility for Pioneer Status and Investment Tax Allowance is based on certain priorities. The company must submit its application to MIDA before commencing operation.

**(i) Pioneer Status**

Companies undertaking the above activities are eligible for pioneer status which provides a tax exemption on 70% of the statutory income for a period of five (5) years.

**(ii) Investment Tax Allowance**

As an alternative to Pioneer Status, a company may apply for Investment Tax Allowance (ITA). The ITA provides for an allowance of 60% on the qualifying capital expenditure within five (5) years). The allowance can be offset against 70% of the statutory income for each year of assessment. Any unutilised allowance can be carried forward to subsequent years until fully utilised.

## CHAPTER 2: TAXATION

### 1. TAXATION IN MALAYSIA

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Income of any person including a company, accruing in or derived from Malaysia or received in Malaysia from outside Malaysia is subject to income tax.

However, income received in Malaysia by any person other than a resident company carrying on business of banking, insurance or sea or air transport for a year of assessment derived from sources outside Malaysia is exempted from tax.

To modernise and streamline the tax administration system, the self-assessment system was implemented for companies, sole proprietors, partnerships, cooperatives and salaried groups and the assessment of income tax is based on a current year basis.

### 2. CLASSES OF INCOME ON WHICH TAX IS CHARGEABLE

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The income which tax is chargeable is income in respect of: gains or profits from a business, for whatever period of time carried on;

- gains or profits from a business, for whatever period of time carried on;
- gains or profits from an employment (salaries, remunerations, etc.);
- dividends, interests or discounts;
- rents, royalties or premiums;
- pensions, annuities or other periodical payments;
- other gains or profits of an income nature.

Chargeable income is arrived at after adjusting for allowable expenses incurred in the production of the income, capital allowances and incentives where applicable. Section 34 of the Income Tax Act, 1967 allows specific provisions for bad or doubtful debts. However, no deduction for book depreciation is allowed although capital allowances are granted. Unabsorbed business losses can only be carried forward for seven (7) consecutive years and any balance unabsorbed which is not deductible at the end of that period will be disregarded.

### 3. COMPANY TAX

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A company, whether resident or not, is assessable on income accrued in or derived from Malaysia. Income derived from sources outside Malaysia and remitted by a resident company is exempted from tax, except in the case of the banking and insurance business, and sea and air transport undertakings. A company is considered a resident in Malaysia if the control and management of its affairs are exercised in Malaysia.

Effective from the year of assessment 2016, the corporate tax rate is at 24%. This rate is also applicable to the following entities:

- i. a trust body;
- ii. an executor of an estate of an individual who was domiciled outside Malaysia at the time of his death; and
- iii. a receiver appointed by the court.
- iv. a limited liability partnership

A person carrying on petroleum upstream operations is subject to a Petroleum Income Tax of 38%. With effect from the year of assessment 2010, the assessment system on income derived from upstream petroleum companies under the Petroleum (Income Tax) Act, 1967 is changed to the current year assessment system; and self assessment system. Income tax for the year of assessment 2010 based on income received in 2009 shall be allowed to be paid by installments for five years.

The deduction for payment of zakat made by a company, cooperative society or trust body shall not exceed 2.5% of its aggregate income in the relevant year of assessment.

Deductions are allowed for contributions made to:

- i. the Government, State Government, local authorities; or
- ii. institutions or organisations approved by the Director General of Inland Revenue Board Malaysia; or
- iii. sports activities approved by the Minister of Finance or Commissioner of Sports; or
- iv. project of national interest approved by the Minister of Finance.

The contributions in respect of ii, iii, and iv shall not exceed 10% of the aggregate income of the company in the relevant year of assessment with effect from the year of assessment 2009.

## 4. PERSONAL INCOME TAX

All individuals are liable to tax on income accrued in and derived from Malaysia. The rate of tax depends on the individual's resident status, which is determined by the duration of his stay in the country as stipulated under Section 7 of the Income Tax Act, 1967. Generally, an individual who is in Malaysia for at least 182 days in a calendar year is regarded as a tax resident.

### 4.1 Resident Individual

A resident individual is taxed on his chargeable income after deducting personal reliefs at a graduated rate from 0% to 28% with effect from the year of assessment 2016.

#### 4.1.1 Personal Relief

The chargeable income of resident individuals is computed by deducting the personal reliefs from the total income. The types of relief available are as follows:

No.	Individual Relief Types	Amount (RM)
1	Self and Dependent	9,000
2	Medical expenses for parents	5,000 (Limited)
3	Basic supporting equipment	6,000 (Limited)
4	Disabled Individual	6,000
5	Education Fees (Individual)	7,000 (Limited)
6	Medical expenses for serious diseases	6,000 (Limited)
7	Complete medical examination	500 (Limited)

8	<p>Lifestyle</p> <p>Purchase of books, journals, magazines and publications</p> <p>(i) Purchase of books, journals, magazines and publications</p> <p>(ii) Purchase of personal computer, smartphone or tablet;</p> <p>(iii) Purchase of sport equipment for sport activities; and</p> <p>(iv) Subscription fees for broadband registered in the name of the individual.</p>	2,500 (Limited)
9	Net saving in SSPN's scheme	8,000 (Limited)
10	<p>Disabled child</p> <p>(Additional exemption of RM 6,000 for each disabled child aged 18 years old and above, not married and pursuing diplomas or higher qualification in Malaysia or a bachelor degree or higher outside Malaysia in Higher Education Institute that is accredited by related Government authorities)</p>	6,000
11	Life insurance and EPF	<p>Life Insurance 3,000 (Limited)</p> <p>EPF: 4,000 (Limited)</p> <p>Civil Servants who have opted pension retirement scheme: 7,000 (Limited)</p>
12	Contribution for Private Retirement Scheme approved by Securities Commission and deferred annuity.	3,000 (Limited)
13	Insurance premium for education or medical benefit	3,000 (Limited)

### 4.1.2 Tax Rebate

The tax charged on a resident individual is reduced by way of the following rebates:

i. Income Tax Rebates For Resident Individual With Chargeable Income Less Than RM35,000

An individual with a chargeable income not exceeding RM35,000 enjoys a rebate of RM400 effective from year of assessment 2009. Where the wife is not working or the wife's income is jointly assessed, she also enjoys a further rebate of RM400. Similarly, a wife who is assessed separately will also enjoy a RM400 rebate, provided her chargeable income does not exceed RM35,000.

No.	Tax Rebate	Year of Assessment 2009 Onwards (RM)
a	Separate Assessment	
	Wife	400
	Husband	400
b	Combined Assessment	
	Wife	400
	Husband	400
	Total	800
c	Assessment Where Husband Or	
	Wife Does Not	
	Have Any Total Income	
	Wife	400
	Husband	400
	Total	800

ii. Other Tax Rebates

- (a) Zakat/Fitrah – Subject to the maximum of tax charged

## 4.2 Non-Resident Individual

Effective from year of assessment 2016 the fixed income tax rate for non-resident individual has been increased by 3% points from 25% to 28%.

## 5. WITHHOLDING TAX

Non-resident individuals are subject to a final withholding tax of:

10% on special classes of income such as:

- in consideration of services rendered by the person or his employee in connection with the use of property or rights, installation of or operation of any plant, machinery or other apparatus;
- in consideration of any advice given, or assistance or services rendered in connection with the management or administration of any scientific, industrial or commercial undertaking, venture, project or scheme;
- rent or other payments made under any agreement or arrangement for the use of any moveable property.
- withholding tax will not be applicable for income received in respect of the services (a) and (b) rendered or performed outside Malaysia.

Effective from 1 January 2009, to reduce the cost of technical services provided by non-residents, reimbursements or disbursement relating to hotel accommodation in Malaysia will not be included in the computation of gross technical fees for the purpose of withholding tax. In respect of withholding tax not paid, a penalty of 10% is imposed only on the amount of unpaid tax and not on the total payment made to a non-resident.

## 6. REAL PROPERTY GAINS TAX

Capital gains are generally not subject to income tax in Malaysia. However, real property gains tax is charged on chargeable gains arising from the disposal of real property situated in Malaysia or of interest, options or other rights in or over such land as well as the disposal of shares in real property companies.

Effective from 1 January 2014, gains from the disposal of residential and commercial properties are taxed between 0% and 30% depending on the holding period of real properties as follows:

RPGT Rates			
Holding Period	Companies	Individual (Citizen & PR)	Individual (Non-Citizen)
Within 3 years from date of acquisition	30%	30%	30%
In the 4th year	20%	20%	30%
In the 5th year	15%	15%	30%
In the 6th and subsequent years	5%	0%	5%

The RPGT rates will not burden genuine property owners as they are given exemption and the payment of RPGT is based on net gains as follows:

- RPGT exemption on gains from the disposal of one unit of residential property once in a lifetime by an individual who is a citizen or a permanent resident of Malaysia;
- RPGT exemption on gains from disposal of property between parents and children, husband and wife, grandparents and grandchildren;
- RPGT is charged only on net gains after deducting all related costs such as purchase price, renovation costs and incidental costs e.g. legal fees and stamp duty; and
- Exemption up to RM10,000 or 10% of the net gains, whichever is higher, is given to an individual.

For further information on company and individual tax, visit [www.hasil.gov.my](http://www.hasil.gov.my).

## 7. SALES AND SERVICES TAX

Effective from 1 September 2018, Sales Tax Act 2018 and the Service Tax Act 2018 together

with its respective subsidiary legislations are introduced to replace the Goods and Services Tax (GST) Act 2014.

## **7.1 SALES TAX**

Under the Sales Tax Act 2018, sales tax is charged and levied on imported and locally manufactured goods either at the time of importation or at the time the goods are sold or otherwise disposed of by the registered manufacturer.

Sales tax administered in Malaysia is a single stage tax imposed on the finished goods manufactured in Malaysia and goods imported into Malaysia.

Sales tax is imposed on taxable goods manufactured in Malaysia by any registered manufacturer at the time the goods are sold, disposed of other than by sales or used other than as a material in the manufacture of goods.

Sales tax on imported goods is charged when the goods are declared, duty paid and released from customs control.

Manufacturers who manufacture taxable goods with sales value which exceeds RM500,000 within the period of 12 months, are required to be registered pursuant to Section 12 Sales Tax Act 2018.

Manufacturers who manufacture taxable goods with sales value of RM500,000 and below, have the option to be registered on a voluntary basis under Section 14 of the Sales Tax Act 2018 to enable them to enjoy the facilities given under the Act.

Manufacturers who carry out its business as a subcontractor and the total labour charge of the subcontract works exceeds RM500,000 within 12 months, are required to be registered pursuant to Section 12 of the Sales Tax Act 2018.

### **7.1.1 Rates of Sales Tax**

Sales tax is generally at 10%, certain non-essential foodstuffs, alcoholic beverages, tobacco/cigarettes and building materials at taxed at 5% while certain petroleum products and motor oil are taxed at individual specific rates.

## **7.2 SERVICE TAX**

Service tax in Malaysia is a form of indirect single stage tax imposed on specified services termed as “taxable services”. Service tax cannot be levied on any service which is not included in the list of taxable services prescribed by the Minister under the First Schedule of Service Tax Regulations 2018.

The Service Tax Act 2018 (STA 2018) applies throughout Malaysia excluding designated areas, free zones, licensed warehouses, licensed manufacturing warehouses and Joint Development Area (JDA).

### **7.2.1 Taxable Service**

Taxable services are any services which are listed in the various categories in the First Schedule

of Service Tax Regulations 2018. Any taxable person providing taxable services and exceeding the respective thresholds is required to be registered. The categories are accommodation, food and beverage operator, night-clubs, dance halls, health and wellness centres, private club, golf club and golf driving range, betting and gaming services, professional services and other service providers such as insurance, telecommunication, parking operator, advertising and etc.

### **7.2.2 Charge to Tax**

Service tax is charged on any provision of taxable services provided in Malaysia by a registered person in carrying on his business.

Service tax is due and payable when payment is received for any taxable service provided to a customer by the registered person. Service tax is not chargeable for imported and exported services under the STA 2018.

### **7.2.3 Rate of Service Tax**

The rate of service tax is fixed under the Service Tax (Rate of Tax) Order 2018 and comes into force on 1 September 2018. The rate of service tax is 6% of the price or premium for insurance policy, value of betting and gaming, etc. of the taxable service as determined under section 9 of STA 2018.

### **7.2.4 Rate of Service Tax for Credit and Charge Cards**

The rate of service tax on the provision of credit card or charge card services is RM25 per year on the principal and supplementary card. The service tax is chargeable on the date of the issuance of the card and every 12 months thereafter or part thereof after the issuance of the card or on the date of the renewal of the card and every 12 months thereafter or part thereof after the renewal of the card.

For more information, please visit <https://mysst.customs.gov.my>

## **8. IMPORT DUTY**

In Malaysia, import duty is mostly imposed ad valorem although some specific duties are imposed on a number of items. Nevertheless, in line with trade liberalisation, import duties on a wide range of goods have been reduced or abolished.

Furthermore, Malaysia is committed to the ASEAN Trade in Goods Agreement (ATIGA) under which import duties on more than 99% of goods traded within ASEAN have been effectively eliminated on 1 January 2010.

Malaysia continues to participate in negotiations of free trade arrangements in areas of trade in goods, rules of origin, and investments. To date, Malaysia has concluded bilateral free trade agreements with Japan, Pakistan, New Zealand and India, Chile and Australia and also regional agreements under ASEAN with China, Japan, Korea Australia/New Zealand and India. Under these agreements, import duties will be reduced or eliminated according to the agreed schedules.

## **9. EXCISE DUTY**

Excise duties are levied on selected products manufactured in Malaysia, namely cigarettes,



tobacco products, alcoholic beverages, playing cards, mahjong tiles and motor vehicles. While excise duties are charged at ad valorem rates for motor vehicles, playing cards and mahjong tiles, they are imposed at a combination of specific and ad valorem rates For cigarettes, tobacco products and alcoholic beverages.

## 10. CUSTOMS APPEAL TRIBUNAL AND CUSTOMS RULING

Customs Appeal Tribunal (CAT) is an independent body, establish to decide on appeals against the decision of the Director General of Customs pertaining to matters under the Customs Act 1967, Sales Tax Act 1972, Services Tax Act 1975 and Excise Act 1976.

In addition, Customs Ruling is introduced under the Customs Act, 1967, Sales Tax Act 1972, Services Tax Act 1975 and Excise Act, 1976 to provide business sectors with the elements of certainty and predictability in planning their business activities.

The ruling issued by the Customs and agreed by the applicant shall be legally binding the applicant for a specific period time. The main features of Customs Ruling are:

- i. applications for Customs Ruling can be made with respect to classification of goods, determination of taxable services and the principles of determination of value of goods and services;
- ii. application should be made in writing together with sufficient facts and prescribed fee;
- iii. applications may be made before the goods are imported or the services are provided upon which Customs will issue an customs ruling.

## 11. DOUBLE TAXATION AGREEMENT

Double Taxation Agreement (DTA) is an agreement between two countries seeking to avoid double taxation by defining the taxing rights of each country with regard to cross-border flows of income and providing for tax credits or exemptions to eliminate double taxation.

The objectives of Malaysian DTA are as follows:

- i. to create a favourable climate for both inbound and outbound investments;
- ii. to make Malaysia's special tax incentives fully effective for taxpayers of capital exporting countries;
- iii. to obtain a more effective relief from double taxation compared to relief gained under unilateral measures; and
- iv. to prevent evasion and avoidance of tax.

Like many other countries in the developed as well as the developing world, Malaysia too cannot absolve herself from the need to facilitate her trade and investments with the outside world through international tax treaty network with other countries. The increased pace of industrialisation coupled with increased foreign direct investment in the country necessitated tax treaty arrangements with other countries to provide investors with certainty and guarantees in the area of taxation. The effective DTAs are as follows:

Albania	Ireland	Romania
Argentina*	Italy	Russia

Australia	Japan	San Marino
Austria	Jordan	Saudi Arabia
Bahrain	Kazakhstan	Seychelles
Bangladesh	Korea	Singapore
Belgium	Kuwait	Slovak Republic
Bosnia Herzegovina	Kyrgyz, Republic	South Africa
Brunei	Laos	Spain
Canada	Lebanon	Sri Lanka
China	Luxembourg	Sudan
Chile	Malta	Sweden
Croatia	Mauritius	Switzerland
Czech Republic	Mongolia	Syria
Denmark	Morocco	Thailand
Egypt	Myanmar	Turkey
Fiji	Namibia	Turkmenistan
Finland	Netherlands	United Arab Emirates
France	New Zealand	United Kingdom
Germany	Norway	United States of America*
Hong Kong	Pakistan	Uzbekistan
Hungary	Papua New Guinea	Vietnam
India	Philippines	Venezuela
Indonesia	Poland	Zimbabwe
Iran	Qatar	

\*Limited DTAs

In the case of Taiwan [represented by Taipei Economic and Cultural Office in Malaysia (TECO)] double taxation relief is given by way of the following Income Tax Exemption Order:

- i. P.U.(A) 201 (1998)
- ii. P.U.(A) 202 (1998)

For more information, please visit [www.hasil.gov.my](http://www.hasil.gov.my) or email [lhdn\\_int@hasil.gov.my](mailto:lhdn_int@hasil.gov.my)

## CHAPTER 3: IMMIGRATION PROCEDURES

### 1. ENTRY REQUIREMENTS INTO MALAYSIA

#### 1.1 Passport or Travel Document

All persons entering Malaysia must possess valid national passports or other internationally recognised Travel Documents valid for travelling to Malaysia. These documents must be valid for at least six months from the date of entry into Malaysia.

Those with passports not recognised by Malaysia must apply for a document in lieu of Passport as well as visa issued by the Malaysian Representative Office abroad. Applications for visas can be made at the nearest Malaysian Representative Office in the respective countries.

In countries where Malaysian Representative Office has not been established, applications can be made to the nearest High Commission or Embassy.

#### 1.2 Visa Requirement

A visa is an endorsement in a passport or other recognised travel document of a foreigner indicating that the holder has applied for permission to enter Malaysia and that permission has been granted.

Foreign nationals who require a visa to enter Malaysia must apply and obtain a visa in advance at any Malaysian Representative Office abroad before entering the country.

Visa requirement by countries are as follows:

Countries that require visa	<ul style="list-style-type: none"><li>• Afghanistan*</li><li>• Angola</li><li>• Bhutan</li><li>• Burkina Faso</li><li>• Burundi</li><li>• Central African Republic</li><li>• China</li><li>• Colombia</li><li>• Comoros</li><li>• Congo Democratic Republic</li><li>• Congo Republic</li><li>• Cote D'Ivoire</li><li>• Djibouti</li><li>• Equatorial Guinea</li><li>• Eritrea</li><li>• Ethiopia</li><li>• Guinea-Bissau</li></ul>	<ul style="list-style-type: none"><li>• Hong Kong (Certificate of Identity or Document of Identity)</li><li>• India</li><li>• Liberia</li><li>• Mali</li><li>• Myanmar (normal passport)</li><li>• Nepal</li><li>• Niger</li><li>• Rwanda</li><li>• Republic of Serbia &amp; Republic of Montenegro</li><li>• Taiwan</li><li>• United Nations (Laissez Passer)</li><li>• Western Sahara</li></ul>
Commonwealth countries that require visa	<ul style="list-style-type: none"><li>• Bangladesh</li><li>• Cameroon</li><li>• Ghana</li><li>• Mozambique</li></ul>	<ul style="list-style-type: none"><li>• Nigeria</li><li>• Pakistan</li><li>• Sri Lanka</li></ul>

Countries that require visa for stay exceeding 3 months	<ul style="list-style-type: none"> <li>• Albania</li> <li>• Algeria</li> <li>• Argentina</li> <li>• Australia</li> <li>• Austria (Vienna)</li> <li>• Bahrain</li> <li>• Belgium</li> <li>• Bosnia-Herzegovina</li> <li>• Brazil</li> <li>• Croatia</li> <li>• Cuba</li> <li>• Czech Republic</li> <li>• Denmark</li> <li>• Egypt</li> <li>• Finland</li> <li>• France</li> <li>• Germany</li> <li>• Hungary</li> <li>• Iceland</li> <li>• Ireland</li> <li>• Italy</li> <li>• Japan</li> <li>• Jordan</li> <li>• Kirgystan</li> <li>• Kuwait</li> <li>• Kyrgyz Republic</li> </ul>	<ul style="list-style-type: none"> <li>• Lebanon</li> <li>• Liechtenstein</li> <li>• Luxembourg</li> <li>• Morocco</li> <li>• Netherland</li> <li>• Norway</li> <li>• Oman</li> <li>• Peru</li> <li>• Poland</li> <li>• Qatar</li> <li>• Romania</li> <li>• St. Marino</li> <li>• Saudi Arabia</li> <li>• Slovakia</li> <li>• South Korea</li> <li>• Spain</li> <li>• Sweden</li> <li>• Switzerland</li> <li>• Tunisia</li> <li>• Turkey</li> <li>• Turkmenistan</li> <li>• United Arab Emirates</li> <li>• United Kingdom</li> <li>• Uruguay</li> <li>• Yemen</li> </ul>
Countries that require visa for stay exceeding 1 month	<ul style="list-style-type: none"> <li>• Armenia</li> <li>• Azerbaijan</li> <li>• Barbados</li> <li>• Belarus</li> <li>• Benin</li> <li>• Bolivia</li> <li>• Bulgaria</li> <li>• Cambodia</li> <li>• Cape Verde</li> <li>• Chad</li> <li>• Chile</li> <li>• Costa Rica</li> <li>• Ecuador</li> <li>• El Savador</li> <li>• Estonia</li> <li>• Gabon</li> <li>• Georgia</li> </ul>	<ul style="list-style-type: none"> <li>• Honduras</li> <li>• Hong Kong SAR</li> <li>• Kazakhstan</li> <li>• Latvia</li> <li>• Lithuania</li> <li>• Macao SAR</li> <li>• Macedonia</li> <li>• Madagascar</li> <li>• Maldova</li> <li>• Mauritania</li> <li>• Mexico</li> <li>• Monaco</li> <li>• Mongolia</li> <li>• Nicaragua</li> <li>• North Korea</li> <li>• North Yemen</li> <li>• Panama</li> </ul>

	<ul style="list-style-type: none"> <li>• Greece</li> <li>• Guatemala</li> <li>• Guinea Republic</li> <li>• Haiti</li> <li>• Senegal</li> <li>• Slovenia</li> <li>• Sudan</li> <li>• Surinam</li> <li>• Tajikistan</li> <li>• Togo</li> <li>• Ukraine</li> </ul>	<ul style="list-style-type: none"> <li>• Paraguay</li> <li>• Portugal</li> <li>• Russia</li> <li>• Sao Tome and Principe</li> <li>• Upper Volta</li> <li>• Uzbekistan</li> <li>• Vatican City</li> <li>• Venezuela</li> <li>• Zaire</li> <li>• Zimbabwe</li> </ul>
Countries that require visa for stay exceeding 14 days	<ul style="list-style-type: none"> <li>• Iran</li> <li>• Iraq</li> <li>• Libya</li> <li>• Macao (Travel Permit/ Portugal Certificate of Identity)</li> </ul>	<ul style="list-style-type: none"> <li>• Palestine</li> <li>• Sierra Leone</li> <li>• Somalia</li> <li>• Syria</li> <li>• South Yemen</li> </ul>

For nationals of United States of America, no visa is required for social, business or academic purposes visits (except for employment).

For nationals of Israel, visas are required and prior permission must be obtained from Malaysia's Ministry of Home Affairs. However for nationals of Republic of Serbia and Republic of Montenegro, visas without permissions are required.

For nationals of ASEAN countries (except Myanmar), no visa is required for a stay less than one month. For a stay exceeding one month, a visa will be required (except from nationals of Brunei and Singapore).

Nationals from other countries other than those stated above (except Israel), are allowed to enter Malaysia without visa for social visits not exceeding one month.

*Note:*

*\* Visa with reference i.e. with the approval of Malaysia's Immigration Department is required.*

### **1.3 Passes Requirements**

Other than application for entry for the purpose of social or business visits, application for visit passes must be made before the arrival in the country.

A pass is an endorsement in the passport constituting permission to stay for an approved duration. Foreigners who visit Malaysia must obtain the pass at the point of entry besides visa (where required) which allows him to stay temporarily in Malaysia.

All such applications must have sponsorship in Malaysia whereby the sponsors agree to be responsible for the maintenance and repatriation of the visitors from Malaysia if necessary.

Passes given to foreign visitors upon arrival are as follows:

**(i) Visit Pass (Social) Short Term**

A Visit Pass is issued to foreigners for the purpose of a social or/and business visit, such as:

- Owners and company representatives entering Malaysia to attend a company meeting, conference or seminar, inspect the company's accounts or to ensure the smooth running of the company
- Investors or businessmen entering to explore business and investment opportunities or setting up manufacturing plant
- Foreign representatives of companies entering to introduce goods for manufacture in Malaysia, but not to engage in direct selling or distribution
- Property owners entering to negotiate, sell or lease properties
- Foreign journalist or reporters from mass media agencies entering to cover any event in Malaysia
- Participants in sporting events
- Students sitting for examinations in local university or on goodwill mission
- Visitor entering on other activities than above as approved by the Director General of Immigration

These passes cannot be used for employment or for supervising the installation of new machinery or the construction of a factory.

**(ii) Visit Pass (Social) Long Term**

Long term social visit pass may be issued to a foreigner for temporary stay in Malaysia for a period of not less than six months. Extension may be given based on visitors' eligibility and upon fulfilling certain conditions.

Foreign spouses to Malaysians, holding a long term social visit pass are allowed to be engaged on any form of paid employment or in any business or professional occupation without converting their Social Visit Pass status to Employment Pass or Visit Pass (Temporary Employment)

**(iii) Visit Pass (Temporary Employment)**

This is issued to foreigners who enter the country to take up employment for less than 24 months.

**(iv) Employment Pass**

This is issued to foreigners who enter the country to take up employment for a minimum period of two years. Employment pass is issued after the applicant has obtained the approval for expatriate post from the relevant authorised agencies.

**(v) Visit Pass (Professional)**

This is issued to foreigners for the purpose of engaging on short-term contract with any agency.

The categories of foreigners who are eligible are:

Professionals/Volunteers	<ul style="list-style-type: none"><li>• researchers recognised by the Government of Malaysia;</li><li>• members of an international organisations;</li><li>• invited lecturers/speakers;</li></ul>
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	<ul style="list-style-type: none"> <li>• experts in the installation or maintenance of machines;</li> <li>• those who provide technical trainings; etc.</li> </ul>
Artistes	<ul style="list-style-type: none"> <li>• those entering for filming or performance;</li> <li>• those entering for promotion of albums or new products; etc.</li> </ul>
Missionaries (Islam or other religions)	<ul style="list-style-type: none"> <li>• those entering for religious purposes</li> </ul>

The validity of the pass varies but it does not exceed twelve months at any one time. Applications should be made by the agency concerned.

#### **(vi) Dependant Pass**

This facility is accorded to families of expatriates officials. Dependant Pass is issued to spouse and children of the Employment Pass holders. This pass may be applied together with the application for an employment pass or after the employment pass is issued.

#### **(vii) Student's Pass**

This is issued to foreigners who wish to study in Malaysia in any educational institutions which courses have been approved by Malaysia's Ministry of Higher Education and the intake of the foreign student has the approval from Malaysia's Ministry of Home Affairs

## **2. EMPLOYMENT OF EXPATRIATE PERSONNEL**

The Malaysian government is desirous that Malaysians are eventually trained and employed at all levels of employment. Thus, companies are encouraged to train more Malaysians so that the employment pattern at all levels of the organisation reflects the multi-racial composition of the country.

Notwithstanding this, where there is a shortage of trained Malaysians, companies are allowed to bring in expatriate personnel i.e. 'key post' or 'time post'. Key posts are posts that are permanently filled by foreigners whereby time post are position filled on specified time.

### **2.1 Types of Expatriate Posts**

Expatriates are foreigners who are qualified to fulfil the following positions:

#### **a. Key Post**

These are high level managerial posts in foreign-owned private companies and firms operating in Malaysia. Key posts are posts essential for companies to safeguard their interest and investments. The expatriates are responsible in determining the company's policies in achieving its goal and objectives.

#### **b. Time Post**

##### **i. Executive Post**

These are intermediate level of managerial and professional posts. The post requires professional qualifications, practical experience, skills and expertise related to the respective jobs. The expatriate are responsible in implementing the company's policies and supervision of staff.

## ii. Non-Executive Post

These are posts for the performance of technical jobs that require specific technical or practical skills and experience.

## 2.2 Guidelines on the Employment of Expatriate Personnel

There are two stages in the employment of expatriates:

- a. Application for an expatriate post from relevant authorised bodies determined by the nature of the business.
- b. Upon approval of the expatriate posts by the approving bodies, the company must submit an application to the Immigration Department for endorsement of the employment pass.

### **A Companies undertaking Manufacturing Activities, R&D Activities, Hotel and Tourism Projects and applying Tax Incentives under MIDA's Purview.**

Companies undertaking manufacturing activities, R&D activities, hotels with 4-star rating or higher; and tourism projects and other services and applying the tax incentives under MIDA's purview are eligible to be considered for expatriate posts with the minimum paid-up capital as follows:

- a) 100% Malaysian-owned company: RM250,000
- b) Jointly-owned by foreign and Malaysian: RM350,000
- c) 100% foreign-owned company: RM500,000

The approval of key posts will be subjected to the condition that the company must be incorporated in Malaysia and must depart its foreign paid-up capital of at least RM1,000,000. However, the number of key posts cannot be linked directly with the foreign paid-up capital.

The approval for the term posts will be imposed the following conditions:

- a) Minimum basics salary of at least RM5,000;
- b) Minimum academic qualification and minimum experience;
  - For manufacturing company:-
    - Degree with at least 3 years' experience in the relevant field; and/or
    - Diploma with at least 5 years' experience in the relevant field; and/or
    - Technical Certification with at least 10 years' experience in the relevant field; or Academic qualifications/experience proposed by companies, whichever is higher.
  - Contract R&D Company, R&D Company and in-house R&D company:-
    - Degree with at least 3 years' experience in the relevant field; and/or
    - Diploma with at least 5 years' experience in the relevant field; or academic qualifications/experience proposed by companies, whichever is higher.
  - For 4-star hotel and above and tourism projects:-
    - Minimum academic qualification is Degree with at least 5 years' working experience in the hotel/tourism industry.

The number of expatriate posts will be considered based on the merits of the case. However, a wholly and majority foreign-owned contract R&D Company, R&D Company and in-house R&D Company will be subjected to the maximum of 50% of total R&D personnel i.e. in the ratio of 1 expatriate to 1 Malaysian R&D personnel. The duration of term post can be considered for a maximum of 5 years.

Application should be submitted to MIDA



## **Principal Hub**

There are two (2) stages in the employment of expatriates i.e. application for an expatriate post and an endorsement of Employment Pass.

Companies applying for PH incentives can apply for expatriate posts, including Key Posts. The approval will be granted according to the company's requirement subject to the condition that the company has a minimum paid-up capital of more than RM2.5 million.

Upon approval of the expatriate posts by MIDA, the company must submit an application to the Immigration Department for endorsement of the Employment Pass. The expatriate can be hired once the Employment Pass has been endorsed.

Applications for PH incentives and expatriate posts should be submitted to MIDA

For more information on Principal Hub, please visit [www.mida.gov.my](http://www.mida.gov.my) or the details also can be obtained from Booklet 2: Regional Operations.

## **Regional Establishments (RE)/ Regional Office(RO)**

The applications for expatriate posts (term posts) for REs/ROs can be considered based on the following criteria:

- a) Minimum operating expenditure of at least RM300,000 per annum
- b) Minimum basic salary of at least RM5,000 for expatriate posts.

The number of term posts to be considered and the duration for the term post approval will be in line with the duration of the RE/RO status, subject to the merits of each case will be based on the merits of each case. The approval for expatriate will be granted by both posts and individuals.

Application should be submitted to MIDA

## **Technical & Vocational Training Institutions & Other Services**

All applications for expatriate posts relating to education should be submitted to the Ministry of Education / Ministry of Human Resource for approval prior to the final approval on the work permit by the Immigration Department.

## **Other services without tax incentives and unregulated services**

Applications for expatriate posts for other services and unregulated services' sub-sectors than previously mentioned should be directly submitted to the Immigration Department. MIDA provides facilitation for companies applying to Immigration for expatriate positions.

## **3. APPLYING FOR EXPATRIATE POSTS**

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All applications for expatriate posts from new and existing companies (including those not involving expansion or diversification) in the manufacturing related services and promoted services activities should be submitted to MIDA.

For further information on immigration procedures, please visit [www.imi.gov.my](http://www.imi.gov.my).

## 4. EMPLOYMENT OF FOREIGN WORKERS

In Malaysia, foreign workers can be employed in the manufacturing, construction, plantation, agricultural, services and domestic help sector.

Employment of foreign workers is allowed for eleven sub sectors: restaurant, cleaning services, cargo handling, launderette, caddy in golf club, barber, wholesale/ retail, textile, metal/scraps/ recycle activities, welfare homes and hotel/resort island.

Only nationals from the specified countries below are allowed to work in the selected sectors:

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

Approval is based on the merits of each case and subject to conditions that will be determined from time to time. Applications to employ foreign workers will only be considered when efforts to find qualified local citizens and permanent residents have failed.

An annual levy on foreign workers is imposed as follows:

Approved Sectors	Annual Levy
Manufacturing	RM1,250
Construction	RM1,250
Plantation	RM 590
Agricultural	RM 410
Domestic Help	RM 410
Services	
• Welfare homes	RM 600
• Island resorts	RM1,200
• Others	RM1,850

All applications for foreign workers should be submitted to the One Stop Centre, Ministry of Home Affairs except for applications for foreign domestic helpers which should be submitted to Malaysia's Immigration Department.

For further information on employment of foreign workers, please visit the Ministry of Home Affairs website at [www.moha.gov.my](http://www.moha.gov.my).

# CHAPTER 4: MANPOWER FOR INDUSTRY

## 1. MALAYSIA'S LABOUR FORCE

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Malaysia offers the investor a diligent, disciplined, educated and trainable labour force. Malaysian youths who enter the labour market would have undergone at least 11 years of school education i.e. up to secondary school level, and are therefore easy to be trained in new skills. In addition, 27% of the labour force has tertiary education.

To cater to the country's growing demand for technically trained workers, the Malaysian government has taken measures to increase the number of engineers, technicians and other skilled personnel. Emphasis is given to Technical and Vocational Education and Training (TVET) with industry being given platform to collaborate with TVET providers to ensure that the supply of graduates meet industry requirements.

In addition, Malaysia enjoys a free and competitive labour market where employer-employee relationship is cordial and harmonious. The Government continuously review labour-related legislation to meet labour market requirements. Upskilling and reskilling programmes are available to ensure stable employer-employee relations.

Labour costs in Malaysia are relatively low while productivity levels remain high in comparison with industrialised countries. Many programmes and facilitation are available for productivity improvements including productivity linked wage system, automation and skills training.

## 2. MANPOWER DEVELOPMENT

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The Department of Skills Development (DSD), under the Ministry of Human Resources, is responsible for promoting and coordinating strategies and skills training program in line with efforts to reinforce skills. The DSD's focuses on the accreditation of public and private training institutions, evaluation of the demand for existing and prospective skills, identification of future vocational and industrial training needs and the development of the National Occupational Skills Standards (NOSS).

To-date, there are 1,458 NOSSs which cover certificate, diploma and advanced diploma-level programs in 29 industrial sectors and provide the main foundation for the implementation of over 7,000 skills training programs in about 1,131 training institutions already accredited by DSD under the Malaysian Skills Certification System.

### 2.1 Facilities for Training in Industrial Skill

In Malaysia, vocational and technical schools, polytechnics and industrial training institutions prepare youths for employment in various industrial trades. While they are mostly run by government agencies, several private initiatives complement the government's efforts in producing the skilled workers needed by industry.

The main government agencies involved in training are:

- **Manpower Department Ministry of Human Resources** runs 23 industrial training institutes (ITIs). The ITIs offer industrial skills training programmes at basic, intermediate and advanced levels for pre-employment or job entry level. These include apprenticeship programmes in the mechanical, electrical, building and printing trades as well as programmes to upgrade skills and train instructors. The Ministry also operates the Centre

for Instructors and Advanced Skills Training (CIAST), the Japan-Malaysia Technical Institute (JMTI) and eight advanced technology training centres (ADTECs).

- **Ministry of Education** runs more than 90 technical schools offering technical and vocational courses. School leavers from the technical schools can either seek employment at entry level or pursue their post-secondary education at diploma level in Polytechnics or certificate level in Community Colleges or other training institutions under the supervision of other ministries.
- **Ministry of Youth and Sports**, which provides basic, intermediate and advanced levels of industrial skills training through its 16 National Youth Skills Training Centres and Higher National Youth Skills Training Centre. Short-term courses and skills upgrading programmes are also being conducted.
- **Majlis Amanah Rakyat (MARA)**, or the Council of Trust for the Indigenous People under the purview of the Ministry of Rural and Regional Development. MARA operates more than 20 skills training institutes in different parts of the country which offer programmes at basic, intermediate, advanced and professional levels.




## 2.2 Human Resources Development Fund

The Human Resources Development Fund (HRDF) is administered by the Pembangunan Sumber Manusia Berhad (PSMB), an agency under the Ministry of Human Resources.

Tracing its origin to the year 1993 as Majlis Pembangunan Sumber Manusia (MPSM), HRDF has grown remarkably from its establishment. Starting life as an institution that collected levy and disbursed training grants, the Fund has gone from strength-to-strength to contribute significantly in providing training and up-skilling interventions to key industries in Malaysia especially the Small and Medium Enterprises' (SMEs) sector.

Governed by the Pembangunan Sumber Manusia Berhad Act 2001 (PSMB Act 2001), HRDF is mandated by the Malaysian Government to catalyse the development of a competent local workforce that will contribute to Malaysia's vision of becoming a high-income economy.

The functions of HRDF are:

<b>Vision</b> Every Malaysian employee trained	<b>Mission</b> Spearhead the Learning and Development of the Malaysian workforce
<b>Objective</b> The imposition and collection of a human resources development (HRD) levy from registered employers with ten (10) or more employees. These employers contribute one (1) per cent of their total monthly payroll to the Fund which is treated as HRD "levy".	
 Services Sector	 Manufacturing Sector  Mining & Quarrying Sector

For more information, visit our website - [www.hrdf.com.my](http://www.hrdf.com.my).

## 3. LABOUR COSTS

Basic wage rates vary according to location and industrial sector. Supplementary benefits such as public holidays, annual leave, sick leave, maternity leave, compassionate leave, free uniforms, free or subsidised transport, performance incentives, shift allowance and other benefits, vary from company to company.

Salaries and fringe benefits offered to management and executive personnel also vary according to the industry and employment policy of the company. Most companies provide free medical treatment and hospitalisation, personal accident and life insurance coverage, mileage reimbursement, annual bonus, retirement benefits and enhanced contributions to the Employees Provident Fund.

For more information on salaries and fringe benefits in the services sector, please visit Malaysia Employers Federation (MEF) at [www.mef.org.my](http://www.mef.org.my).

## **4. FACILITIES FOR RECRUITMENT**

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Besides registered private employment agencies, employers and job seekers can register thru JobsMalaysia Portal in order to seek for suitable candidates and available vacancies throughout the countries. There are about 90 JobsMalaysia Centre all over the country which operated at Urban Transformation Centre (UTC), Rural Transformation Centre (RTC) and Labour Offices. Employers and job seekers are also invited to join Jobs Carnival organised by JobsMalaysia.

## **5. LABOUR STANDARDS**

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The Department of Labour is responsible for the administration of labour laws in order to maintain industrial harmony. The labour laws stipulate the minimum requirements that must be followed by the employers to protect employees rights and benefit. Some flexibility in the operation of businesses is facilitated by application for exemption to the Director of Labour, Department of Labour.

### **5.1 Employment Act 1955**

The main legislation, the Employment Act 1955 applies to all employees in Peninsular Malaysia and the Federal Territory of Labuan whose monthly wages do not exceed RM2,000 and all manual labourers irrespective of their wages. Employers may draw up the contract but it should not contravene the minimum benefits stipulated under the law. Employees who earn between RM2,000 and RM5,000 a month can seek redress at the Labour Court on terms and conditions in their employment contracts .

Some of the obligations of an employer under the Employment Act 1955 are as follows:

- i. Every employee must be given a written contract of service containing the terms and conditions of the employment, including provisions relating to the termination of contract.
- ii. Maintaining of labour register pertaining to personal particulars of employees, payment of wages and deduction of wages.
- iii. Special provisions for the protection of female employees pertaining to night work and maternity benefits.
- iv. Normal hours of work and other provisions relating to numbers of working hours.
- v. Entitlement of paid annual leave, sick leave and public holidays.
- vi. Rate of payment for overtime.
- vii. Responsibility of the employer in employment of foreign employees.
- viii. Special provision on the conduct of sexual harassment at workplace.

## 5.2 The Labour Ordinance, Sabah and the Labour Ordinance, Sarawak

The Labour Ordinance (Sabah Cap. 67) and the Labour Ordinance (Sarawak Cap. 76) regulate the administration of Labour Laws in their respective states. The provisions of the Labour Ordinance, Sabah and the Labour Ordinance, Sarawak are similar to the provisions of the Employment Act 1955. However, there are some provisions which are different and pertinent to note:

These provisions are:-

### Coverage

Employment Act 1955 covers employees whose wage does not exceed RM2,000.00 per month whereas for Labour Ordinance Sabah and Sarawak the coverage is extended up to RM2,500.00 per month.

### Special Provisions Relating to the Employment of Children and Young Persons

The Ordinance prescribes the conditions under which a “child” and “young person” may be employed. A “child” is a person under the age of 15 years and a “young person” is a person who has attained 15 years of age but below 18 years old.

### Employment of Non-Resident Employees

It is mandatory for any employer wishing to employ any “non-resident employee” must first obtain a licence to employ “non-resident employee” from the Director of Labour Sabah/Sarawak. A “non-resident employee” is defined as any person who does not belong Sabah/Sarawak as provided for under Section 71 of the Immigration Act, 1959/1963.

## 5.3 Employees Provident Fund Act 1991

The statutory contributions under the Employees Provident Fund (EPF) Act 1991 effective 1 January 2020:

### Age Group 60 Years and Belows

- |                    |  |
|--------------------|--|
| Employer's share - | (a) <b><u>Monthly Wages RM5,000 (US\$1,222) and below</u></b><br>Statutory rate of 13% of the employees' monthly wages |
|                    | (b) <b><u>Monthly Wages Exceed RM5,000 (US\$1,222)</u></b><br>Statutory rate of 12% of the employees' monthly wages.   |
| Employee's share - | Statutory rate of 11% of the employees' monthly wages  |
- [Refer To Third Schedule (Part A) of the EPF Act 1991]*

### Age Group 60 – 75 Years

#### *(i) Malaysian citizens*

- Employer's share - Statutory rate of 4% of the employers' monthly wages
- Employee's share - Statutory rate of 0% of the employees' monthly wages

*[Refer To Third Schedule (Part E) of the EPF Act 1991]*

(ii) *Permanent residents*

- Employer's share - (a) **Monthly Wages RM5,000 (US\$1,222) and below**  
Statutory rate of 6.5% of the employees' monthly wages
- (b) **Monthly Wages Exceed RM5,000 (US\$1,222)**  
Statutory rate of 6% of the employees' monthly wages
- Employee's share - Statutory rate of 5.5% of the employees' monthly wages

*[Refer To Third Schedule (Part C) of the EPF Act 1991]*

All foreign workers and expatriates and their employers are exempted from statutory contributions. They can, however, choose to contribute and the applicable rates are as follows:-

**Age Group 60 Years and Below**

Employer's share - RM5.00 (US\$1.22) per employee per month

Employee's share - 11% of the employees' monthly wages

*[Refer To Third Schedule (Part B) of the EPF Act 1991]*

**Age Group 60 -75 years**

Employer's share - RM5.00 (US\$1.22) per employee per month

Employee's share - 5.5% of the employees' monthly wages

*[Refer To Third Schedule (Part D) of the EPF Act 1991]*

## **5.4 Employees' Social Security Act 1969**

The Social Security Organisation (SOCSO) provides two social security schemes to protect the welfare of employees and their dependents under the Employees' Social Security Act 1969. The two social security schemes are:

- Employment Injury Insurance Scheme
- Invalidity Scheme

### **Employment Injury Insurance Scheme**

Employment Injury Insurance Scheme provides protection to employees who suffer from work related accidents or occupational diseases arising out of and in the course of employment in an industry. The benefits provided under the Employment Injury Insurance Scheme consists of Medical Benefit, Temporary Disablement Benefit, Permanent Disablement Benefit, Constant-attendance Allowance, Dependants' Benefit, Funeral Benefit, Rehabilitation Benefit and Education Benefit.

### **Invalidity Scheme**

The Invalidity Scheme provides 24-hour coverage to employees against invalidity or death due to any cause not connected with his employment. However, the employee must fulfill the condition to be eligible for invalidity pension. Benefits provided under the Invalidity Scheme are Invalidity Pension, Invalidity Grant, Constant-attendance Allowance, Survivors' Pension, Funeral Benefit, Rehabilitation Benefit and Education Benefit.



## **Employer Eligibility**

Any employer who hires one or more employees as defined under the Act is required to register and make contributions to SOCSO. Contributions to SOCSO are compulsory under the Act for eligible employers and employees. Present contribution rates for employer are 1.75% of the insured person (employees) salaries and 0.5% for employees.

## **Employee Eligibility**

Employees receiving a monthly salary of three thousand ringgit (RM3,000) or less are required to contribute to SOCSO. Employees with a monthly salary of more than RM3,000, who have not registered and contributed to SOCSO, have the option of registering and contributing as long as both employer and employee agree to contribute. However, when an employee is already contributing under the said Act, he will still be eligible to contribute and be covered regardless of his monthly salary thereafter. The principal 'Once In Always In' is applicable.

## **5.5 Workmen's Compensation Act 1952**

The Act provides an obligations on the employers to insure workers and payment of compensation for injuries sustained by workers in accidents arising out of and in the course of the employment. There are three types of protection under this Act that is for permanent total disablement, permanent partial disablement and death.

## **5.6 Occupational Safety and Health Act 1994**

The Department of Occupational Safety and Health (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 as well as others are protected from hazards resulting from occupational activities in the various sectors such as:

- manufacturing;
- mining and quarrying;
- construction;
- agriculture, forestry and fishing;
- utilities (gas, electricity, water and sanitary services);
- transport, storage and communication;
- wholesale and retail trades;
- hotels and restaurants;
- finance, insurance, real estate and business services; and
- public services and statutory authorities.

This enforcement activity is governed by three legislations which are:

- Occupational Safety and Health Act (OSHA) 1994;
- Factories and Machinery Act 1967; and
- Petroleum Act (Safety Measure) 1984.

The Occupational Safety and Health Act (OSHA) 1994 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 particular industry or organisation.

OSHA 1994 defines the responsibilities of employers, employees, the self-employed, designers, manufacturers, importers and suppliers of plant or substances. Under OSHA 1994, employers must safeguard so far as is practicable, the health, safety and welfare of the people who work for them. This applies in particular to the provision and maintenance of a safe plant and system of work.

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

Risks to health from the use, storage or transportation of substances must be minimised. Employers must provide necessary information, instruction, training and supervision in safe practices, including information on the legal requirements with particular reference to processes with special hazards.

An employer employing 40 or more persons must establish a safety and health committee at the workplace. The main function of the committee is ensuring the safety and health measures are regularly reviewed as well as investigating any related matters arising.

An employer must notify the nearest occupational safety and health office of any accident, dangerous occurrence, occupational poisoning or disease which has occurred or is likely to occur at the workplace.

Processes that use hazardous chemicals require competent persons to conduct the air quality, personal monitoring and safety while health officer and an occupational health doctor are required to ensure the proper surveillance of the workplace.

There are seven regulations under OSHA 1994 enforced by DOSH which are:

1. Employers' Safety and Health General Policy Statements (Exception) Regulations, 1995
2. Control of Industrial Major Accident Hazards Regulations, 1996
3. Safety and Health Committee Regulation 1996
4. Classification, Packaging and Labelling of Hazardous Chemicals Regulations, 1997
5. Safety and Health Officer Regulations, 1997
6. Use and Standards of Exposure of Chemicals Hazardous to Health Regulations, 2000
7. Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease Regulations, 2004
8. Classification, Labelling and Safety Datasheet of Hazardous Chemicals Regulations, 2013

Contravention of some of the requirements can lead to prosecution in court.

The objective of the Factories and Machinery Act (FMA) 1967, on the other hand, is to provide for the control of factories on matters relating to the safety, health and welfare of persons, and the registration and inspection of machinery. All certificated machinery such as boilers, unfired pressure vessels, passenger lifts and other lifting equipment such as mobile cranes, tower cranes, passenger hoists, overhead traveling cranes and gondolas, must be approved in term of design requirements, technical specifications, testing, and inspection. The manufacturer can submit the drawing, technical calculation, manufacturer certificate, and other supporting documents on-line through SKUD system ([www.dosh.gov.my](http://www.dosh.gov.my)) for the purpose of acquire design approval from DOSH.

All factories and general machinery must be registered with DOSH before they can be installed and operated in Malaysia.

Some operation, installation, maintenance and dismantling of equipment and process need competent persons. Thus, during the installation of machinery and equipment such as cranes, lifts and local exhaust ventilation systems, competent persons are compulsory to ensure safe erection, whilst a boiler man and a steam engineer are required to operate high risk equipment such as boilers.

DOSH enforces 13 regulations under FMA 1967. They are:

1. Electric Passenger and Goods Lift Regulations, 1970
2. Fencing of Machinery and Safety Regulations, 1970
3. Notification, Certificate of Fitness and Inspection Regulations, 1970
4. Persons-In-Charge Regulations, 1970
5. Safety, Health and Welfare Regulations, 1970
6. Steam Boilers and Unfired Pressure Vessel Regulations, 1970
7. Certificates of Competency-Examinations Regulations, 1970
8. Administration Regulations, 1970
9. Lead Regulations, 1984
10. Asbestos Regulations, 1986
11. Building Operations and Works of Engineering Construction (Safety) Regulations, 1986
12. Mineral Dust Regulations, 1989
13. Noise Exposure Regulations, 1989

Petroleum (Safety Measures) Act was enforced in the year 1984 and its enforcement is carried out by a few government agencies lead by DOSH. The objective of this Act is to regulate the safety in the transportation, storage and utilization of petroleum. The scope of this Act cover the transportation of petroleum by road and railway, water, pipelines and the storage and handling of petroleum.

For the purpose of increasing awareness and understanding on safety aspects in handling petroleum, Petroleum (Safety Measures) Act was authorized with two regulations thereunder. The regulations under this Act are:

1. Petroleum (Safety Measures) (Transportation of Petroleum by Pipelines) Regulations, 1985
2. Petroleum (Safety Measures) (Transportation of Petroleum by Water) Regulations, 1985

## **6. INDUSTRIAL RELATIONS**

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### **6.1 Trade Unions**

The Department of Trade Union Affairs generally features guidelines for the formations, functions and activities of trade unions. Trade Union Affairs is governed by Trade Union Act, 1959 and Trade Unions Regulations 1959. Functions of the department are as follows:

- (a) To enforce the Trade Unions Act 1959 and Trade Union Regulations 1959.
- (b) To supervise, direct and control generally all matters relating to trade unions in the country.
- (c) To consider applications for registration of trade unions established by either employees or employers.
- (d) To ensure that registered trade unions function in accordance with the trade unions legislation and their respective rules and constitution.
- (e) To advise officers and members of trade unions on administrative, financial and constitutional aspects of trade unions.
- (f) To advise the Minister of Human Resources on matters relating to trade unions legislation and policies in particular and other labour issues in general.

### **6.2 Industrial Relations Act 1967**

The Industrial Relations system in Malaysia operates within the legal framework of the Industrial Relations Act 1967. The Act is administered by the Department of Industrial Relations, Malaysia and it regulates the relations between employers and their workmen' and their trade unions in the country. The Act, among others, outlines the following:

- i. Provisions outlining the process relating to claims for recognition and scope of representation of trade unions;
- ii. Provisions relating to the facilitation of effective collective bargaining between the trade union and the employer and subsequent conclusion of a collective agreement;
- iii. Provisions relating to prevention and settlement of trade disputes including referral to the Minister of Human Resources and Industrial Court for a decision;
- iv. Provisions relating to industrial action such as pickets, strikes and lockouts;
- v. Provisions relating to the representations for claims for reinstatement by workmen;
- vi. Provisions relating to the operation of the Industrial Court; and
- vii. Provisions relating to the investigative powers of the officers of the Department of Industrial Relations, Malaysia

In addition, the Department also provides advisory services on all issues and questions relating to employment relations vide its branch offices located throughout the country.

### **6.3 Relations in Non-Unionised Establishments**

In a non-unionised establishment, the normal practice for settling disputes is for the employee to try to obtain redress from his supervisor, foreman or employer directly. An employee can also lodge a complaint with the Ministry of Human Resources which will then conduct an investigation.

# CHAPTER 5: BANKING, FINANCE AND EXCHANGE ADMINISTRATION

## 1. THE FINANCIAL SYSTEM IN MALAYSIA

The Malaysian financial system comprises of a diversified range of institutions to serve the increasingly more varied and complex needs of the domestic economy. The financial system consists of the conventional financial system and the Islamic financial system which co-exists and operates in parallel.

### 1.1 The Central Bank

The principal objective of Bank Negara Malaysia (the Bank), the Central Bank of Malaysia, is to promote monetary stability and financial stability conducive to the sustainable growth of the Malaysian economy. Its primary functions as set out in the newly enacted Central Bank of Malaysia Act, 2009 are to:

- formulate and conduct monetary policy in Malaysia;
- issue currency in Malaysia;
- regulate and supervise financial institutions which are subject to the laws enforced by the Bank;
- provide oversight over money and foreign exchange markets;
- exercise oversight over payment systems;
- promote a sound, progressive and inclusive financial system;
- hold and manage the foreign reserves of Malaysia;
- manage the country's foreign exchange administration regime ; and
- act as adviser, to the Government, particularly on macroeconomics policies.

To achieve its mandates, the Bank is vested with powers under various laws to regulate and supervise the banking institutions and other non-bank financial intermediaries. The Bank also administers the country's foreign exchange regulations.

### 1.2 Financial Institutions

The following table provides an overview of the number of financial institutions under the purview of Bank Negara Malaysia:

	Total	Malaysian- Controlled Institution	Foreign- Controlled Institution
Commercial Banks	27	8	19
Islamic Banks	16	10	6
International Islamic Banks	2	0	2
Investment Banks	11	11	0
Insurers	33	13	20
Takaful Operators (Islamic Insurers)	11	8	3

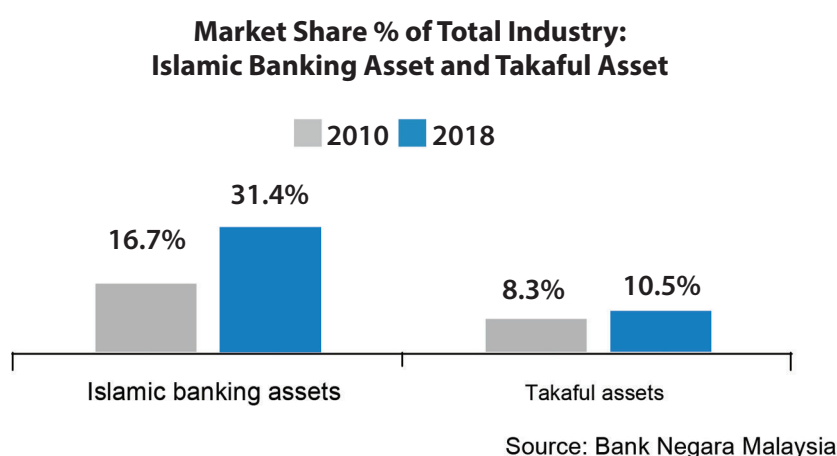
	Total	Malaysian-Controlled Institution	Foreign- Controlled Institution
Reinsurers	7	2	5
Retakaful Operators (Islamic Reinsurers)	4	1	3
Development Financial Institutions	6	6	0

The banking system, comprising commercial banks, investment banks, and Islamic banks, is the primary mobiliser of funds and the main source of financing which supports economic activities in Malaysia. Banking institutions, operate through a network of more than 2,400 branches and 7,190 agent across the country. There are also 17 representative offices of foreign banks in Malaysia which do not conduct banking business but undertake research, liaison services and exchange of information. Six Malaysian banking groups have presence in 23 countries through branches, representative offices, subsidiaries, equity participation and joint ventures worldwide, including in all ASEAN countries.

The non-bank financial institutions, namely development financial institutions, insurance companies and takaful operators, complement the banking institutions in mobilising savings and meeting the financial needs of the economy. The insurance and reinsurance companies conduct life and general insurance business and similarly takaful and retakaful operators engage in the general and family takaful business. The insurance companies and takaful operators which operate through a network of more than 600 offices and 170,000 registered agents nationwide provide avenues for risk management and financial planning solutions for businesses and individuals.

### 1.2.1 Islamic Financial Industry

Islamic finance in Malaysia continues to demonstrate robust growth, supported by comprehensive regulatory, legal and Shariah governance frameworks, diverse industry players and professional ancillary service providers as well as high quality talent.



The Islamic banking industry accounts for 31.4% (RM916.7 billion) of the total banking asset as at end-2018, further expanding its role as a major component of the overall financial system in Malaysia since the implementation of the Financial Sector Blueprint 2011-2020. A wide range of competitive and innovative products offered by over 40 financial institutions (these include Islamic banks, Islamic window of conventional and investment banks, international Islamic

banks and Development Financial Institutions) with aim to deliver a positive and sustainable impact on the community, economy and environment.

As for the takaful sector, the total takaful assets constitute 10.5% (RM31.4 billion) of market share of total insurance and takaful sector as at end-2018. The penetration rate for the family takaful market is recorded at 15.2%, signifying a growing public acceptance of the benefits provided by takaful scheme.

To support further development of the Islamic finance in Malaysia, investment accounts were introduced pursuant to the Islamic Financial Services Act 2013 (IFSA) to provide customers the opportunity to invest and share profit from Shariah-compliant investment activities. Investment accounts also provides additional avenue for businesses to access financing. Presently, 9 Islamic banks are offering investment accounts.

At the global front, Malaysia remains as a leading global hub for Islamic finance marketplace. It is home to the world's largest sukuk market with a 50% share of global sukuk outstanding, amounting to USD215.2 billion as at end-2018. Additionally, Malaysia further achieved a major milestone in sukuk innovation with the inaugural issuance of world's first green SRI sukuk in 2017.

In terms of Islamic wealth management, Malaysia is the top domicile for Islamic funds, accounting for 37.2% of global market share with assets under management (AuM) of USD27.3 billion as at end-2018. Malaysia also ranked first globally in terms of number of funds, accounted for 28.2% of global share with a total of 409 funds registered. Presently, there are 53 fund managers offering Shariah-compliant fund offerings in Malaysia.

### **1.2.2 Development Financial Institutions**

The Development Financial Institutions (DFIs) in Malaysia are specialised financial institutions established by the Government with a specific mandate to develop and promote key sectors that are considered of strategic importance to the overall socio-economic development objectives of the country. These strategic sectors include the agricultural, SMEs, infrastructure, maritime and export-oriented sectors, as well as capital-intensive and high-technology industries.

As specialised institutions, DFIs provide a range of specialised financial products and services to suit the specific needs of the targeted strategic sectors. Ancillary services in the form of consultation and advisory services are also provided by DFIs to nurture and develop the identified sectors. DFIs therefore complement the banking institutions and act as a strategic conduit to bridge the gaps in the supply of financial products and services to the identified strategic areas for the purpose of long-term economic development.

In 2002, the Development Financial Institutions Act, 2002 (the DFIA) was enacted to promote the financial and operational soundness of the DFIs through sustainable practices and the requisite regulatory and supervisory framework, and that the institutions perform their mandated roles prudently, efficiently and effectively. With the enactment of the DFIA, the Bank was appointed as the central regulatory and supervisory body for DFIs. As part of the regulatory and supervisory framework, the Bank monitors the activities and financial performance of DFIs to ensure that they perform their mandated roles in a prudent manner and are supported by strong corporate governance and best practices.

Six (6) DFIs are prescribed under subsection 2(1) of the DFIA:

Small Medium Enterprise Development Bank Malaysia Berhad or SME Bank, which provides financing and advisory services to small and medium sized enterprises involved in manufacturing, services and construction sectors;



Bank Pembangunan Malaysia Berhad, which provides medium- and long-term financing for infrastructure projects, maritime, capital- intensive and high-technology industries in the manufacturing sector and other selected sectors in line with the national development policy;

Bank Kerjasama Rakyat Malaysia Berhad, a cooperative bank that encourages savings and provides financial services to members and non-members;

Export-Import Bank of Malaysia Berhad or EXIM Bank, which provides credit facilities to finance and support the exports and imports of goods and overseas projects as well as to provide export credit insurance services and guarantee facilities;

Bank Simpanan Nasional focuses on retail banking and personal finance especially for small savers, and supports the financial inclusion agenda by providing microfinance and agent banking services; and

Bank Pertanian Malaysia Berhad or Agrobank, which accepts savings deposits and provides financing and advisory services to support the development of the agricultural sector and communities.

### **1.3 Malaysia International Islamic Financial Centre**

In August 2006, the Malaysia International Islamic Financial Centre (MIFC) initiative was launched to position Malaysia as the international hub of Islamic Finance and to strengthen the country's role as an intellectual epicentre for Islamic finance.

The MIFC initiative comprises a community network of financial and market regulatory bodies, Government ministries and agencies, financial institutions, human capital development institutions and professional services companies that participate in the field of Islamic finance. The MIFC initiative is supported by international legal, regulatory and Shariah best practices that enable industry practitioners to conduct international business in Islamic finance through out Malaysia, while enjoying attractive incentives in a business friendly environment.

In evolving Malaysia as an Islamic finance market place, Malaysia aims to be an open marketplace that is linked to a network of other financial hubs. As a destination for financial investment, Malaysia offers a platform and a gateway for global Shariah-compliant investment opportunities via the MIFC initiative. Malaysia offers a business connection to each segment of our Shariah-compliant financial industry with attractive value-propositions and opportunities for global institutions, talents, investors and issuers.

Malaysia is well positioned to act as a gateway to facilitate and enhance greater international linkages and market integration in Islamic finance between the Asian region and the rest of the world. Situated centrally in the Asian time zone, Malaysia presents itself as a meeting platform for those with surplus funds and those who seek to raise funds from any part of the world.

Malaysia invites global experts, leading players, investors and issuers alike to shape the future of Islamic finance together through the MIFC initiative, leveraging on and benefiting from Malaysia's more than 30 years of experience in Islamic finance, in an environment of innovation and thought leadership.

For more information on the MIFC initiative, please visit [www.mifc.com](http://www.mifc.com).



## 2. EXPORT CREDIT REFINANCING

The Export Credit Refinancing (ECR) Scheme provides short-term Pre and Post-shipment financing to Direct or Indirect exporters. The facility offers for Ringgit and USD financing via Islamic and Conventional platform. It is available to a Manufacturer or Trading Company which incorporated in Malaysia involved directly or indirectly in export activity and international trade with ECR credit line duly established with participating financial institution (ECR Bank) via two types of facilities:-

- (i) Pre-shipment ECR; and
- (ii) Post-shipment ECR.

The Pre-shipment ECR facility is a financing advance by EXIM Bank to facilitate the export of Malaysian products and trade prior to shipment and to encourage the backward linkages between the exporters and local suppliers in export oriented industries.

The Post-shipment ECR facility is a financing advance to exporters to finance the export or trade after shipment.

### 2.1 Method of Financing

Under Pre-shipment ECR facility, there are two (2) methods of financing extended to direct/indirect exporter:-

- (i) Order-based method:-

For a direct exporter the Pre-shipment ECR financing is advanced against evidence of an export order whilst for indirect exporter is an advanced against an ECR Domestic Letter of Credit (DLC), ECR Domestic Purchase Order (DPO) or Local Purchase Order (LPO) issued in exporters favour.

- (ii) Certificate of Performance (CP) method:-

For direct / indirect exporter the Pre-shipment is made against CP issued by EXIM Bank. The limit of financing is based on CP limit for a validity period of one (1) year.

Under Post-shipment ECR facility, method of financing used is Bill Discounting, whereby financing is extended against presentation of export documents to ECR Bank.

### 2.2 Period and Margin of Financing

The maximum period of financing under Pre-shipment and Post-Shipment is 4 months (120 days) and 6 months (183 days) respectively.

For Pre-shipment Order-based method, the eligible amount of financing for Direct Exporter is up to ninety five (95) percent of the value of the export order or ninety five (95) percent of ECR DLC, ECR DPO or LPO for Indirect Exporter.

For Pre-shipment CP-based method, the CP limit would be the amount eligible for financing.

The CP limit is segregated into three periods where each period comprises of 4 months.

Under Post-shipment, the amount of financing is one hundred percent (100%) of the export invoice value and rounded downward to the nearest thousand.

## 2.3 Payment

For direct exporter, the payment of Pre-shipment financing shall be from export proceeds received from the overseas buyers/ post-shipment proceeds received from the ECR banks. Indirect exporter,

The payment of Pre-shipment financing should be made from local sales proceeds received from the ECR users, Free Trade Zone (FTZ) / Licensed Manufacturer Warehouse (LMW) companies.

The Post-shipment financing, the payment shall be liquidated upon receipt of export proceeds or on maturity of the Post-shipment bill whichever is earlier.

For more information on Export Credit Refinancing (ECR), please visit [www.exim.com.my](http://www.exim.com.my)

## 3. THE SECURITIES MARKET IN MALAYSIA

### 3.1 Securities Commission Malaysia

The Securities Commission Malaysia (SC) is responsible for the regulation and development of the Malaysian capital market. As a self-funding regulatory agency, it has investigative and enforcement powers.

Tasked to advance an innovative, competitive and vibrant capital market, the SC continues to pursue inclusive and sustainable growth. It is committed to develop a capital market and regulatory institution that are accessible, agile and accountable.

#### Developing the Malaysian Capital Market

In 2018, Malaysia's capital market stood at RM3.1 trillion, equivalent to 2.2 times the size of the domestic economy. Malaysia is a global leader in the Islamic market with RM1.9 trillion in Shariah-compliant equity and sukuk outstanding, and continues to be the world's largest sukuk market.

Building on our strength in the Islamic capital market, the SC has led efforts to establish Malaysia as a regional centre for sustainable finance. Following the internationally recognized issuance of the world's first green sukuk in 2017, the SC has established a RM6 million Green SRI Sukuk Grant Scheme in 2018 to incentivize issuances of green sustainable and responsible investment (SRI) Sukuk. As at end 2018, a total of five green SRI sukuk have been issued, supporting RM2.4 billion in funds raised.

#### Supporting the Real Economy

The Malaysian capital market provides financing for the real economy. In 2018, total funds raised through bond, sukuk and equity issuances amounted to RM114.6 billion. Alternative fundraising channels for micro, small and medium enterprises such as equity crowdfunding and peer-to-peer financing stood at RM261.5 million raised by 693 issuers.

The SC is focused on building an enabling ecosystem which provides accessibility, while ensuring investor protection and intermediation efficiency. Its core mandates to regulate and ensure market growth is carried out with the objective of protecting investors, including initiatives to raise financial and investment literacies

For more information on the SC, please visit [www.sc.com.my](http://www.sc.com.my).

### 3.2 Bursa Malaysia

Since its establishment in 1976, Bursa Malaysia has grown to become one of the largest bourses in ASEAN, with more than 900 listed companies raising capital across 50 economic activities. As an inclusive marketplace, Bursa Malaysia provides easy access to many investment products and services, connecting domestic and foreign market participants to all types of opportunities to help them expand or invest with impact. Its diverse product range includes equities, derivatives, futures and options, offshore and Islamic assets, as well as exchange-related services such as listing, trading, clearing, settlement and depository. In addition, Bursa Malaysia offers other investment choices which include Exchange Traded Bonds and Sukuks (ETBS) and collective investment schemes such as Exchange Traded Funds (ETFs), Real Estate Investment Trusts (REITs) and Business Trusts.

As one of ASEAN's preferred investment destination, Bursa Malaysia offers efficient access to issuers in fulfilling their capital raising needs. Companies are listed either on the Main Market for large-cap established companies, or on the ACE Market for emerging companies of all sizes. In 2017, a new market called LEAP was introduced to provide the small and medium sized enterprises an avenue to raise funds and visibility in the capital market. LEAP is the first of its kind in ASEAN, putting Malaysia ahead of the curve in the region in terms of capital market innovation. Today, Bursa Malaysia is proud to be home to regional companies and some of the largest companies in natural resource-based sectors.

Bursa Malaysia adopts the FTSE Bursa Malaysia KLCI as its main index. For the past 10 years (2009-2019), the benchmark index FBMKLCI has increased by 25% while the total market capitalisation of all listed companies on Bursa Malaysia has grown by 71%. The Malaysian equity market has continued to record growth despite the increased volatility and challenges in the global equity markets. The Average Daily Value of shares traded had also charted an increase of 33% over the same period. Interest of foreign investors in the Malaysian market remained stable with the percentage of foreign ownership consistently recorded above 20%.

Since Bursa Malaysia's transformation into a public listed company on 18 March 2005, the exchange has achieved several notable milestones. Today, Bursa Malaysia is globally-recognised as the best, most innovative exchange in Shariah investment – a distinction earned from pioneering various innovations in Islamic finance, such as Bursa Malaysia-i – the world's first end-to-end Shariah investing platform, and Bursa Suq-Al-Sila' – the world's first end-to-end Shariah-compliant commodity-trading platform. Bursa Malaysia is also the world's biggest palm oil futures trading hub. Its Crude Palm Oil Futures (FCPO) contract has long been recognised and referenced as the global price benchmark for the palm oil industry.

In the space of corporate governance and sustainability, Bursa Malaysia is making a name for itself at the forefront of the region as a responsible exchange, strong advocate of corporate governance and champion of the sustainability agenda. In 2014, it introduced the FTSE4Good Bursa Malaysia Index to measure the performance of companies demonstrating good environmental, social and governance (ESG) practices, and further strengthened its commitment to promote sustainable strategies among issuers and the marketplace in 2015 when it joined the United Nations Sustainable Stock Exchanges (SSE) initiative.

As Bursa Malaysia advances towards fulfilling its vision to be ASEAN's leading, responsible and globally-connected marketplace, it will continue to remain focused on initiatives to widen its reach and offerings and foster a conducive capital market ecosystem that provides ample opportunities for all market participants to grow.

For more information on Bursa Malaysia, visit [www.bursamalaysia.com](http://www.bursamalaysia.com).

## **i. Market Participants**

### **a) Stockbroking Companies**

As at 31 December 2019, there are 29 stock broking companies, of which 9 are categorised as Investment Banks. These stock broking companies offer services in the dealing of securities listed on Bursa Malaysia Securities. Investment banks hold a merchant banking licence issued by Bank Negara Malaysia under the Financial Services Act 2013 (FSA) and Islamic Financial Services Act 2013 (IFSA) as well as a Capital Markets Services licence issued by the Securities Commission under the Capital Markets & Services Act 2007. As such, investment banks are able to offer a full scope of integrated capital market and financial services which include corporate finance, debt securities trading and dealing in securities. There remains one stock broking company that still holds the universal broker status (a universal broker is able to offer integrated capital market services).

### **b) Trading Participants**

A Trading Participant is a company that carries on the business of dealing in derivatives and is admitted as a Trading Participant under the Rules of Bursa Malaysia Derivatives. They conduct business as a futures broker licensed by the Securities Commission under the Capital Markets & Services Act 2007. As at 31 December 2019, there are 17 Trading Participants licensed to conduct derivatives trading.

## **ii. Investor Protection**

Bursa Malaysia places utmost importance on investor protection and market integrity to ensure a well-functioning and sustainable capital market. It achieves this by maintaining a comprehensive and robust regulatory framework to govern the market and its participants in a fair, orderly and efficient manner.

To this end, Bursa Malaysia has in place clear, comprehensive and accessible rules which are reviewed from time to time to ensure that they remain relevant, effective and benchmarked against international standards of market regulation. This is aimed at ensuring the rules provide adequate levels of investor protection, but, at the same time, do not result in burdensome compliance costs nor impede ease of doing business and growth.

In undertaking its regulatory functions, Bursa Malaysia also places significant focus on ensuring adequate transparency in the marketplace as well as improving the governance and conduct of listed companies and intermediaries. It continues to elevate the standards of disclosures as well as corporate governance and sustainability practices through, amongst others, its supervisory approach and outreach education programme. In addition, vigilant monitoring and pro-active measures undertaken by Bursa Malaysia's Regulation to ensure timely detection and management of irregular or unwarranted corporate and trading activities.

These have contributed to a well-regulated market underpinned by adequate levels of investor protection where the culture of self-regulation and quality of practices by market participants continue to strengthen, and the market continues to operate in a fair and orderly manner.

The strength of market regulation has gained international recognition and some of the notable achievements include the following:

- In the corporate governance space, Malaysia rose strongly from 7th to 4th place in the CG Watch 2018, a regional corporate governance ranking maintained by the Asian Corporate Governance Association.
- Malaysia was ranked 2nd among 190 countries for Protecting Minority Investors based on the World Bank Ranking & Ease of Doing Business Score as at May 2019.

### **iii. Risk Management**

Bursa Malaysia has established a centralised risk management function integrated with a compliance function to provide a holistic and integrated enterprise-wide view of the risk and compliance management within the Group.

Bursa Malaysia adopts the Guidelines on Financial Market Infrastructures and the Malaysian Code on Corporate Governance issued by the Securities Commission of Malaysia; best practices such as ISO 31000:2018 Risk Management - Principles and Guidelines; and Principles for Financial Market Infrastructures (PFMI) frameworks issued by the Committee on Payments and Markets Infrastructures (CPMI) and International Organisation of Securities Commissions (IOSCO) to manage the risks of its business and operations.

One of the key features of Bursa Malaysia's enterprise risk management framework is the implementation of the three lines of defence comprising established and clear functional responsibilities and accountabilities for the management of risk. This is to ensure there is clear delineation of the risk management and compliance responsibilities under each line of defence to ensure there are adequate levels of checks and balances as well as greater independence.

Bursa Malaysia's risk management framework is embedded in the Enterprise Risk Management Principles and Framework (ERMPF) document which is applicable to all the business entities within Bursa Malaysia. The ERMPF is reviewed at least once a year to ensure relevance. With the establishment of the risk management framework, the accountability, authority and responsibilities of the relevant parties in Bursa Malaysia for managing risk, including implementing and maintaining the risk management process as well as ensuring the adequacy, effectiveness and efficiency of any controls have been clearly outlined. Within the framework, there is an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls at the divisional and enterprise levels. The analysis and evaluation of Bursa Malaysia's risks are guided by the approved risk parameters.

## **4. LABUAN FINANCIAL SERVICES**

### **4.1 Labuan Financial Services Authority (Labuan FSA)**

Labuan Financial Services Authority (Labuan FSA) is the statutory body responsible for the development and administration of the Labuan International Business and Financial Centre (Labuan IBFC). The key role of Labuan FSA is to license and regulate the licensed entities operating within Labuan IBFC and to ensure all such entities remain in compliance with internal and international best standards adopted by the jurisdiction. This is to safeguard investors' interests as well as to maintain the soundness of the regulatory environment in Labuan IBFC. As the regulatory authority for the Labuan IBFC, Labuan FSA is committed to maintain the position of Labuan IBFC as a well regulated and reputable international financial centre in Asia Pacific while the promotion of the IBFC is undertaken by the marketing arm of Labuan FSA, the Labuan IBFC Incorporated Sdn. Bhd. (Labuan IBFC Inc). Labuan IBFC Inc. has a team of resources and specialists to assist investors regarding the jurisdiction and its vast range of financial services solutions, both conventional and Islamic.

## 4.2 Doing Business in the Labuan IBFC

Labuan IBFC is strategically located in the centre of Asia Pacific and positioned as the gateway for investments into and out of the region, presents investors an ideal balance of fiscal neutrality and certainly in a mid-shore jurisdiction. Well supported by a robust and comprehensive legal framework, Labuan IBFC provides clear legal provisions and complemented by a wide range of business and investment structures for cross border transactions, business dealings and wealth management needs.

The various Labuan company structures as well as comprehensive conventional and Islamic products and services catering to the diverse needs of investors contributed in making Labuan an attractive international business centre and a platform for residents and non-residents to invest abroad. The efficient delivery system as well as its customer oriented client charter further facilitates business needs of the investors.

Entities incorporated / registered in Labuan IBFC enjoy many advantages, from low operational costs to facilitative tax incentives and access to extensive double tax treaty agreements through the Malaysian double tax treaty network. Under the Labuan taxation system, a Labuan entity carrying on Labuan trading activity may:

- i. elect to pay tax each year at the rate of 3% of its audited net profits or pay a fixed tax of RM20,000. There is currently no tax imposed on a Labuan entity conducting non-trading activities;
- ii. a Labuan entity carrying on a Labuan business activity could also make an irrevocable election to pay tax under the Income Tax Act 1967. This would give Labuan entity more flexibility to structure their business transactions effectively, and create a more favourable tax conditions for the investors operating in or through the Labuan IBFC; and
- iii. A Labuan entity could also pay Business Zakat in lieu of tax. The Government has also granted various tax exemptions to further entice investors and professional services to establish their presence in Labuan IBFC.

## 4.3 Business Activities of Labuan IBFC

Labuan IBFC offers a comprehensive financial solution in both conventional and Shariah-based principles products and services including banking, insurance and insurance-related products, trust company business and capital market activities.

In addition, the IBFC has continued to offer other niche products covering the wealth management (foundations), reinsurance / retakaful, leasing and trading. A wide range of cost-effective business structures such as the Labuan Holding Company, Labuan Protected Cell Companies, Labuan Limited Liability Partnership and Special Trust are also available.

The Labuan International Commodity Trading Company (LITC) introduced in 2011 under the Global Incentive for Trading Programme provides incentives to international trading companies to set up LITC in Labuan and to trade on physical and related derivative instruments such as petroleum / petroleum related products, refined natural gas, agriculture products, refined raw materials, chemicals and base minerals.

The Labuan International Financial Exchange (LFX) complements the traditional banking facilities through its offer of full-fledge capital raising services with unlimited access to international markets through the activities of listing, trading and settlement of financial instruments or facilities.

For more information on Labuan IBFC, please visit [www.labuanibfc.com](http://www.labuanibfc.com).



## 5. FOREIGN EXCHANGE ADMINISTRATION RULES

Malaysia continues to maintain a progressive foreign exchange administration (FEA) regime. FEA rules are part of the broader prudential toolkit used by Bank Negara Malaysia (BNM) to ensure financial stability, specifically to safeguard the balance of payment position and the value of the Malaysian Ringgit. At the same time, FEA rules also aim to facilitate cross-border activities by entities in Malaysia in order to strengthen Malaysia's competitiveness given the high degree of openness of the economy in terms of trade, investment and financial flows.

### 5.1 Rules applicable to Non-Residents

#### 5.1.1 Investments in Malaysia

The Malaysian markets are easily accessible by global investors, with free mobility of inflows and outflows of capital investments in Malaysia.

- Non-residents are free to invest in any form of ringgit assets either as direct or portfolio investments;
- The investments can be funded through conversion of foreign currency into ringgit with licensed onshore banks<sup>1</sup> (excluding licensed international Islamic banks) or appointed overseas offices<sup>2</sup> of the licensed onshore banks; and.
- Non-residents are free to repatriate divestment proceeds, profits, dividends or any income arising from investments in Malaysia provided that the funds are repatriated in foreign currency

#### 5.1.2 Accessibility to domestic financing

##### i. Borrowing in foreign currency

- Non-resident are free to borrow any amount of foreign currency from licensed onshore banks. Proceeds of the borrowing can be utilised offshore or onshore; and
- Non-residents are also free to issue foreign-currency denominated sukuk/bonds in Malaysia for use onshore or abroad.

##### ii. Borrowing in ringgit

- Non-financial institution non-residents are free to borrow any amount in ringgit from licensed onshore banks (excluding licensed international Islamic bank), resident companies and resident individuals to finance activities in the real sector in Malaysia;
- Non-financial institution non-residents are free to borrow in ringgit for margin financing from resident entities with a stockbroking license issued under the Capital Market and Services Act 2007 to finance purchases of securities and financial instruments traded on Bursa Malaysia; and
- Upon approval from BNM, non-residents may raise ringgit financing in Malaysia through the issuance of ringgit-denominated sukuk/bonds<sup>3</sup>. The proceeds may be used onshore or offshore, subject to consideration on case-to-case basis.

<sup>1</sup> Licensed onshore bank means a licensed bank and a licensed investment bank under the Financial Services Act 2013 and under the Islamic Financial Services Act 2013

<sup>2</sup> List of appointed overseas office can be found at [http://www.bnm.gov.my/documents/aoo/list\\_of\\_aoo\\_country\\_20190419.pdf](http://www.bnm.gov.my/documents/aoo/list_of_aoo_country_20190419.pdf)

<sup>3</sup> Further information on issuances of ringgit and foreign currency-denominated suku/bonds can be found at <http://www.bnm.gov.my/microsite/fxadmin/notices/Jointinfoonote.pdf>

### 5.1.3 Settlement for trade in goods and services

Non-residents may undertake settlements for international trade in goods and services with residents in foreign currency or ringgit via licensed onshore banks or appointed overseas office.

### 5.1.4 Hedging

Non-residents are free to hedge their ringgit exposures for current and financial account transactions with licensed onshore banks (excluding licensed international Islamic banks) and appointed overseas offices.

### 5.1.5 Ringgit and foreign currency accounts

There are no restrictions for non-residents to open:

- foreign currency accounts with any licensed onshore banks to facilitate investments and business operations in Malaysia. Funds in these accounts are free to be remitted abroad; and
- Ringgit accounts with any financial institution. The accounts can be funded with ringgit from the sale of foreign currency on spot<sup>4</sup> basis or any income earned from their investments in Malaysia including interest, rental, profits, dividend or proceeds from divestments of their ringgit assets. Fund in these accounts can be remitted abroad once converted into foreign currency with the licensed onshore banks.

## 5.2 Rules applicable to Residents

### 5.2.1 Investment in foreign currency assets

Residents without domestic ringgit borrowing are free to undertake investment abroad of any amount.

Resident entities with domestic ringgit borrowing are free to undertake investment in foreign currency asset onshore or abroad up to a prudential limit of RM50 million equivalent in aggregate per calendar year on a corporate group basis using foreign currency funds sourced from the conversion of ringgit, Trade Foreign Currency Account, foreign currency borrowing obtained from licensed onshore bank for purposes other than direct investment abroad or through the swapping of financial assets

### 5.2.2 Borrowing onshore and offshore

#### i. Borrowing in foreign currency

- Resident entities are free to borrow any amount of foreign currency borrowing from:
  - Licensed onshore banks;
  - Resident and non-resident companies within its corporate group;-
  - Resident and non-resident direct shareholders; and
  - Another resident through the issuance of foreign currency debt securities.
- Foreign currency borrowing by resident entities from non-resident financial institutions and non-resident entities which are not part of their corporate group of entities, is subject to a prudential limit of RM100 million equivalent in aggregate on a corporate group basis.

<sup>4</sup> Spot means the buying and selling of any currency for delivery within two business days



## **ii. Borrowing in ringgit**

Resident entities are free to obtain ringgit borrowing of:

- Any amount from non-resident companies within its corporate group of companies and non-resident direct shareholder to finance activities in the real sector in Malaysia; or
- Up to RM1 million in aggregate from any non-resident or other than non- resident financial institutions for use in Malaysia.

Resident individuals are free to obtain ringgit borrowing of any amount from non- resident immediate family members and up to RM1 million in aggregate from any non- resident other than non-resident financial institutions for use in Malaysia.

### **5.2.3 Import and export of goods and services**

All proceeds from the export of goods must be received and repatriated to Malaysia in full as per the sales contract which must not exceed six months from the date of export. Settlement with the non-residents can be undertaken in ringgit or foreign currency.

### **5.2.4 Hedging**

Residents are allowed to sell ringgit against foreign currency on forward basis with licensed onshore banks (excluding licensed International Islamic banks) to hedge their foreign currency exposures up to twelve (12) months of their foreign currency obligations.

### **5.2.5 Foreign currency accounts**

Residents are free to open foreign currency accounts with licensed onshore banks and non-resident financial institutions.

For more information on the foreign exchange administration rules of Malaysia, please visit <http://www.bnm.gov.my/fxadmin>

## CHAPTER 6: FINANCIAL ASSISTANCE

### 1. FINANCIAL ASSISTANCE FOR SMALL AND MEDIUM ENTERPRISES (SMES)

The Government provides an enabling environment for the growth and development of globally competitive and resilient SMEs. Initiatives and programmes by the Government are directed toward addressing constraints and enhancing capabilities of SMEs in areas such as financial accessibility, advisory services, marketing, technology and ICT.

Financial assistance in the form of grants and soft loans is provided by the Ministry of International Trade and Industry (MITI) and its agencies. Apart from the Government, funds are also channelled through commercial financial institutions.

Agencies that are responsible for the administration of these financial assistance schemes are as follows:

#### 1.1 SME Corporation Malaysia

##### **Business Scale-Up Programme (Biz-Up Programme)**

Business Scale-Up Programme (Biz-Up Programme) is an integrated assistance programme aimed to enhance the capabilities of small and medium enterprises (SMEs) through business advisory services and financial support. This programme supports a wide range of capacity building initiatives in assisting SMEs to grow and expand their businesses locally and globally.

These programmes take an integrated approach through the following four (4) components:

- Assessment on the company to identify business performance and requirements;
- Capacity building or skills enhancement to cover entrepreneurship training, awareness on branding and certification etc.;
- Business advisory services by Business Counsellors; and
- Advisory services for access to financing from various financial institutions.

##### **Qualifying Criteria:**

- SME Status Certification
- Fulfil SME definition
- Annual sales turnover exceeds RM300,000 per year
- At least 60% local equity
- Valid Business Premises Licenses from Local Authorities
- At least six (6) months in operations
- Has undergone or willing to undergo SCORE / M-CORE assessment
- Limited to SMEs in sectors related to:
  - Industry 4.0 / Automation / Digitalisation
  - Logistics
  - Retail / Wholesale
  - Smart Cities
  - Agarwood / Swiftlets

**Two (2) types of financing offered:****1. Matching Grant** (Offered by SME Corp. Malaysia)

- Scope of Financing:
- Machines / Sensors / Retrofitting
- CRM / Automation Systems / Front-end & Back-end Systems
- Warehousing Systems
- e-Commerce
- Premises renovation (for certification requirements only)
- Advertising and Promotion
- Packaging and Product Packaging

**2. Soft Loan** (Offered by SME Bank)

## Scope of Financing:

- Purchase of Machinery & Equipment (including Main Softwares for Services sector & Commercial Vehicles)
- Working Capital (for Purchase of stock of goods & raw materials, Packaging & packaging materials and Renovation)

**Administrative Fee:**

RM3,000.00 to be paid by company upon acceptance of offer

**Application opening dates**

15 March 2020 - 30 April 2020

1 July 2020 - 31 July 2020

1 October 2020 - 31 October 2020

**For enquiry on Biz-Up, please contact:**

SME Corporation Malaysia  
Level 4, SME 1, Block B  
Platinum Sentral  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

Tel: 03-2775 6000

Fax: 03-2775 6001

E-mail: [info@smecorp.gov.my](mailto:info@smecorp.gov.my)

Info Line: 1-300-30-6000

**1.2 Malaysian Industrial Development Finance Berhad (MIDF)****Soft Loan Scheme for Services Capacity Development (SLSCD)**

The SLSCD was launched in April 2009 to assist companies and enterprises to undertake upgrading and modernisation for diversifying into higher value-added activities and improving the productivity and efficiency of service delivery. It addresses the impact of liberalisation on local services providers by providing financial assistance to the services sectors to build up its capacity in order to withstand competition due to the opening up of markets as well as to strengthen international competitiveness.

**Eligible Sectors:**

- All Services sector (excluding financial, insurance, utilities and construction sectors)

**Eligibility:**

- Companies registered under the Companies Act 1965, Companies Act 2016 or enterprises registered under the Registration of Business Ordinance 1956 or professionals registered under the Certificate of Practice by Professional Regulatory Bodies;
- At least 60% equity held by Malaysians;
- Possesses a valid premises licence;
- In operation for at least two (2) years; and
- Annual turnover exceeding RM200,000 and full-time employees exceeding 5.

**Eligible Items:**

Expenditures to be incurred for upgrading and modernization including the purchase of the following:

- Equipment
- Hardware and software as well as related development costs for the purposes of diversifying into higher value added activities and improving productivity and efficiency of service delivery.

**Financing Amount:**

- Minimum: RM50,000
- Maximum: RM5.0 million per application

**Percentage of Financing:**

- Up to 90% of the expenditure

**Tenure:**

- Up to a maximum of seven (7) years including a grace period of up to 24 months

**Interest Rate:**

- 4% per annum on yearly rest (for Small and Medium Enterprises)
- 5% per annum on yearly rest (for Non-Small and Medium Enterprises)

Definition of SMEs in Services Sector as Endorsed by National SME Development Council (NSDC): Sales turnover not exceeding RM20 million or full-time employees not exceeding 75 workers

Applications should be submitted to MIDF.

**Soft Loan Scheme for Services Sector (SLSSS)**

- New start-up companies / enterprises – creation of new services entrepreneurs.
- Expansion/upgrading/modernization/diversification for existing services providers into higher value-added activities and improving productivity and efficiency in service delivery.

**Eligible Sector:**

- All Services sector (excluding financial, insurance, utilities and construction sectors)

**Eligibility:**

- Companies incorporated under the Companies Act 1965, Companies Act 2016 or enterprises registered under the registration of Businesses Ordinance 1956 or services providers registered under the Certificate of Practice by any Professional Regulatory Bodies;

- At least 60% equity held by Malaysians; and,
- Possesses a valid premises licence.

**Sectors:**

- Services (excluding financial, insurance, utilities and construction sectors).

**Eligible Items:**

- Fixed Assets
  - Land & buildings / ready-built premises (including renovation).
  - Machinery / equipment / motor vehicles / hardware & software and other fixed assets.
- Working Capital
  - Working capital such as for purchases of raw materials and consumables and receivables financing
  - Working capital for advertising and promotional costs such as media advertising, e-commerce website development and printing of promotional materials.

**Financing Amount:**

- Minimum: RM100,000
- Maximum: RM5 million

**Percentage of Financing:**

- Fixed Assets
  - Land & buildings - up to 100% of the costs of land / building construction / ready-built premises and renovation.
  - Machinery / equipment / motor vehicles / hardware & software and other fixed assets - up to 80% of the costs of new fixed assets.
  - Machinery / equipment / motor vehicles which are not more than 5 years old-up to 60% of the costs of used/reconditioned fixed assets.
- Working Capital
  - Up to 100% for Purchase Revolving Credit
  - Up to 80% for Sales Revolving Credit
- Term Loan Working Capital
  - Up to 50% of advertising and promotional costs.

**Tenure:**

- Land & Buildings – up to 15 years including grace period of up to 2 years.
- Machinery / Equipment / Motor Vehicles / Other Fixed Assets – up to 6 years including grace period of up to 1 year.
- Hardware & Software – up to 4 years including grace period of up to 1 year.
- Working Capital
  - Sales Revolving Credit & Purchase Revolving Credit – up to 150 days.
- Advertising and Promotional – Up to 3 years including Grace Period of up to 1 year.

Applications should be submitted to MIDF.

## 2. MAJLIS AMANAH RAKYAT (MARA) BUSINESS FINANCING SCHEME FOR PROFESSIONALS

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MARA is the agency that administers a scheme known as Skim Pembiayaan Mudah Jaya (SPiM). Under this scheme, Bumiputera entrepreneurs who would like to start up business or to expand their ventures capital to upgrade business or/and who are members of professional bodies are eligible to apply for assistance. This scheme covers business sectors that are not in conflict with Islamic concepts.

The applicant must fulfil the requirements as listed below:

- Malaysian citizens; Malays or Bumiputera
- Aged between 18 years to 60 years
- At least 6 month experience in business undertaken for enterprise and 1 year experience for sdn. Bhd.
  - Have knowledge in business undertaken
- Possess licence/permit/consent letter from relevant authorities
- Capital contribution: 10% of total project cost must be borne by the applicant
- Conduct business full-time
- Project/business carried on is not contrary to Islamic law
- For Sdn. Bhd. – must have a minimum paid-up capital equivalent to 10% of the total funding
- Applicants should under go psychometric tests
- Rate of profit: 4%
- Submit sufficient collateral/guarantor
  - (i) Guarantor
    - Aged not more than 55 years old
    - Has fixed monthly income and can cover 3% from the total application amount; or
  - (ii) Collateral
    - Forced sale value should be at least 10% from the total application amount; or
  - (iii) Combination of (i) and (ii)
- Maximum amount of financing;
  - (i) Up to RM250,000.00 (enterprise or sole proprietor)
  - (ii) Up to RM500,000.00 (Sdn. Bhd.)
- Recognised professional qualification and a member of relevant professional bodies
- Minimum of four (4) years working experience in related field
- If businesses are in the form of partnerships between Bumiputera and non-Bumiputera, the Bumiputera partner should have certain equity such as:
  - (i) Not less than 80% for accounting, legal and medical services
  - (ii) Not less than 60% for engineering, quantity surveying and architectural services

Applications should be submitted to MARA via MARA District Office

### 3. SMALL BUSINESS FINANCING (SBF) AND i-ENTERPRISE PREMISE FINANCING (i-EPF)

- **SMALL BUSINESS FINANCING (SBF)**
- **i-PEMBIAYAAN PREMIS PERNIAGAAN (i3P)**

#### **SMALL BUSINESS FINANCING (SBF)**

Assisting micro entrepreneurs on their working capital needs with the objective of improving products marketability and/or business operations.

#### **Purpose of Financing:**

Financing of working capital (fixed/revolving).

#### **Financing Limit:**

Minimum	:RM100,000.00
Maximum	:RM750,000.00

#### **Margin of Financing:**

Up to 100% inclusive of Legal and Stamp Duty fees.

#### **Tenure:**

Minimum	5 years
Maximum	7 years

#### **Profit Rate:**

7.5% per annum

#### **Eligibility Criteria:**

- The business is owner operated.
- Registered under the Companies Commission of Malaysia Act 2016 or Co-operative Act 1993.
- The company is in operations for at least 2 years with profitable account for the recent year.
- Minimum turnover (annual sales) of RM250,000.00.
- Applicants must be a Micro Enterprise Company with minimum of 51% Bumiputera equity ownership with good credit records.
- Must not have any adverse track record with any Financial Institutions ("FI") under CCRIS and CTOS.
- Chief Executive Officer / Managing Director must be a Bumiputera.
- Fulfill other criteria set by SME Bank.

#### **i-PEMBIAYAAN PREMIS PERNIAGAAN (i3P)**

Assisting Bumiputera/Non-Bumiputera SME companies to purchase or refinance business premises and at the same time securing working capital for business growth.

#### **Purpose of Financing:**

- To finance completed or under construction premises for business operations or investment.

- (b) To refinance completed premises for business operations or investment.
- (c) To finance working capital (Fixed/Revolving).

#### **Eligibility Criteria:**

- (a) Business entities under the SME categories (Private Limited Co, Limited Liability Partnership, Partnership, Sole-Proprietor and Registered Cooperatives).
- (b) In operation for at least two (2) years.
- (c) The company recorded profit for the latest year out of the last two (2) years.

#### **Margin of Financing:**

- Up to 200%

#### **Tenure:**

- Premises - up to 30 years.
- Working Capital – up to 10 years.

#### **Profit Rate:**

- Premises – Minimum BFR + 0.5% per annum.
- Working Capital – Minimum BFR + 1.50% per annum.

## **4. MARKET DEVELOPMENT GRANT**

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### **4.1 What is MDG?**

The Market Development Grant (MDG) is an export facilitation in the form of a reimbursable grant. MDG was introduced in 2002 with the objective to facilitate Malaysian exporters' core expenses in promoting Malaysian made products or services globally. The maximum ceiling amount for Malaysian SMEs, Professional Service Providers, Trade and Industry Associations, Chambers of Commerce, Professional Bodies and Co-operatives increase from RM200,000 to **RM300,000 per life time**.

The Malaysian SMEs, Professional Service Providers, Trade and Industry Associations, Chambers of Commerce, Professional Bodies and Co-operatives that has fully utilised RM200,000 also eligible to claim for additional **RM100,000** for participation in export promotion activities.

**[Note that all MDG reimbursements are subject to the availability of government funds.]**

### **4.2 Why is MDG offered?**

The purpose of MDG is to assist Malaysian Small and Medium Enterprises (SMEs), Professional Service Providers, Trade & Industry Associations, Chambers of Commerce, Co-operatives and Professional Bodies in increasing global sales by undertaking eligible export promotion activities.

### **4.3 Who is eligible for MDG?**

Businesses and organisations that fall under the following four groups will be considered for MDG:

#### **4.3.1 Small and medium enterprises (smes)**

- Incorporated under the Companies Act 1965 or Companies Act 2016.
- With at least 60% equity owned by Malaysians.
- Manufactures products that are made in Malaysia or provide services for export that originated from Malaysia, and
- Meet the following defining criteria:



Type of Business	*Annual Sales or	*Number of Full-Time Employees
<b>Manufacturing:</b> (including agro-based products)	not exceeding RM50 million <b>or</b>	not exceeding 200
<b>Trading:</b>	not exceeding RM20 million <b>or</b>	not exceeding 75
<b>Services:</b> (excluding real estate)	not exceeding RM20 million <b>or</b>	not exceeding 75

\* Annual Sales is based on the latest Audited Financial Statement

\* Number of Full Time Employees is according to the latest EPF Statement

#### 4.3.2 Professional service providers (sole proprietor or partnership)

- Incorporated under the Registration of Business Act (1956) or registered under the respective statutory bodies for professional services providers.
- With at least 60% equity owned by Malaysians.
- Exporting Malaysian services and fulfill one of the following criteria:

Annual Sales or	*Number of Full Time Employees
not exceeding RM20 million <b>or</b>	not exceeding 75

\* Annual Sales is based on the latest Financial Statement

\* Number of Full Time Employees is according to the latest EPF Statement

#### 4.3.3 Trade & industry associations, chambers of commerce or professional bodies

- Registered with the Registrar of Society (ROS) or Associated Professional Authority.

#### 4.3.4 CO-OPERATIVES

- Incorporated under Co-operative Societies Act 1993.
- At least 60% equity owned by Malaysian.
- The main business activity of the co-operative is for exporting.
- Exporting products Made in Malaysia or Malaysian services.

### 4.4 Who is not eligible for MDG?

**4.4.1** The following businesses will not be deemed as SMEs and also do not qualify for Government assistance:

- Public-listed companies (PLC) in the main board such as Bursa Malaysia or main bourses in other countries.
- Subsidiaries of the following entities:
  - Public-listed companies (PLC) in the main board.
  - Large firms, Multinational Corporations (MNCs), Government-Linked Companies (GLCs) or have any government equity (federal or state) in its shareholding, Syarikat Menteri Kewangan Diperbadankan (MKDs) and State-Owned Enterprises.

**4.4.2** Companies who are inactive in business (dormant) or less than one (1) year in operation.

**4.4.3** Companies who are fully subsidised or sponsored by any third party for example, Ministries or Government Agencies or Trade and Industry Associations or Chambers of Commerce or Professional bodies and others. Companies who received a partial subsidy from a third party can still be considered for MDG reimbursements for airfare, accommodation or participation fee depending on what expenses were subsidised.

#### 4.5 What requirements must I meet to be considered for MDG?

\*\* Meet eligibility requirements as stated under Item 4.3. above.

- MUST be REGISTERED with MATRADE. Log on to <http://www.matrade.gov.my/en/online-applications/register-as-matrade-member>. Registration is free.
- Fill all required information. Please ensure that information on your company is up-to-date. Existing MDG recipients who have not fully utilised their entire RM300,000 grant, must also update their company information before reimbursements of eligible export promotion expenses can be processed. You may check the particulars of your company at <http://www.matrade.gov.my/en/malaysian-exporters/online-services/myexport>.

#### 4.6 How do I submit my new application and request for reimbursement of expenses?

All COMPLETED applications MUST be SUBMITTED ONLINE through MATRADE's website at [www.matrade.gov.my/mdg/](http://www.matrade.gov.my/mdg/).

Submissions for reimbursements must be:

##### 4.6.1 Within 30 calendar days from the last date of the promotion activity for:

- International Trade Fairs or Exhibitions held locally or overseas;
- Trade & Investment Missions (TIM) or Export Acceleration Missions (EAM);
- International Conferences held overseas.

##### 4.6.2 Within 30 calendar days from the first day of listing in Supermarkets, Hypermarkets, Retail Centres or Boutique Outlets located overseas.

MATRADE appreciates on-time submissions that meet all documentation requirements. Delays in processing occur when you submit incomplete documents. As MDG is an audited activity and is subject to strict timelines, **late applications cannot be considered.**

#### 4.7 What activities & expenses are eligible for grant funding?

##### 4.7.1 Participation in international trade fairs or exhibitions

ACTIVITY	*GRANT AMOUNT	DESCRIPTION	EXPENSES
a) International Trade Fairs or Exhibitions held in Malaysia	RM5,000	<u>Eligible Events:</u> Business to Business (B2B) events.	<ul style="list-style-type: none"><li>• Participation fee or Booth rental</li><li>• Booth construction or Enhancement</li><li>• Air fare</li><li>• Public land transportation - bus, taxi or train from Malaysia to an ASEAN country destination only. (Does not include ground/intercity transportation within that ASEAN country destination).</li><li>• Accommodation</li></ul>
b) International Trade Fairs or Exhibitions held overseas	RM25,000	<u>Events <b>Not</b> Eligible:</u> Business to Consumer (B2C) or festival fairs or similar events.	

*\*The maximum amount claimable per company per participation or the actual eligible expenses incurred, whichever is lower.*

## Additional Information on International Trade Fairs or Exhibitions held in Malaysia

### DESCRIPTION

Companies would be eligible for reimbursement of expenses for participating in an **international trade fair** or exhibition **held in Malaysia, with the endorsement by MATRADE. The organiser should submit the application of endorsement to Malaysian Export Exhibition Centre (MEEC) Unit.**

However, the international trade fairs or exhibitions held in Malaysia **must meet the definition** of an international standard trade event, in order to qualify for MDG reimbursements.

- i. An international standard trade fair or exhibition held in Malaysia is defined as an event where:
  - a. Gross space occupied must be at least 1,000 square meters; **and**
  - b. Event traffic of at least 10% foreign visitors; **or**
  - c. 20% net space are rented to foreign exhibitors; **or**
  - d. Event attracts at least 20% foreign exhibitors.
- ii. Companies must ensure that MATRADE receives a copy of an **External Auditor-Certified Trade Fair or Exhibition Report** confirming compliance to item (i) of the above, together with:
  - a. **A cover letter with an authorised signature, a correspondence email and contact number**
  - b. **Show directory**
  - c. **Companies Act 2016: Sekyen 263 (4) - Pembaharuan Kelulusan Juruaudit**
  - d. **Auditor certificate (practising certificate)**
- iii. The Audited Trade Fair or Exhibition **Report must be submitted within 30 calendar days** from the last date of the trade fair or exhibition (format as in **ANNEX 2** page 17).  
The trade fair or exhibition organiser is encouraged to submit:
  - a. list of foreign buyers
  - b. total sales generated
- iv. Companies should **deal directly** with the organisers of trade fairs or exhibitions in Malaysia to ensure the organiser submits a copy of the Audited Trade Fair or Exhibition Report to MATRADE.

#### 4.7.1 participation in trade & investment missions (tim) or export acceleration missions (eam)

ACTIVITY	DESCRIPTION	*GRANT AMOUNT	EXPENSES
a) Trade & Investment Missions (TIM) or Export Acceleration Missions (EAM)	i) Organised by MATRADE	RM10,000	<ul style="list-style-type: none"> <li>• Participation fee</li> <li>• Air fare</li> <li>• Public land transportation - bus, taxi or train from Malaysia to an ASEAN country destination only.</li> <li>• (Does not include ground/intercity transportation within that ASEAN country destination).</li> <li>• Accommodation</li> </ul>
	ii) Organised by other entities (registered in Malaysia): <ul style="list-style-type: none"> <li>• Ministry or Government Agency or State Government</li> <li>• Chambers of Commerce or Business Council</li> <li>• Trade &amp; Industry</li> <li>• Association</li> <li>• Professional Body</li> <li>• Co-operative</li> </ul>	RM2,000	<ul style="list-style-type: none"> <li>• Participation fee</li> <li>• Air fare</li> <li>• Public land transportation (Malaysia to ASEAN countries)</li> <li>• Accommodation</li> </ul>
	iii) Joint collaboration programme with <b>MATRADE (subject to prior approval from MATRADE)</b> . Collaborators may include: The collaborator: <ol style="list-style-type: none"> <li>1. Ministry or Government Agency or State Government</li> <li>Chambers of Commerce or Business Council</li> <li>Trade &amp; Industry Association</li> <li>Professional Body</li> <li>Co-operative</li> </ol>	RM10,000	<ul style="list-style-type: none"> <li>• Participation fee (Maximum participation fee is RM2,000)</li> <li>• Air fare</li> <li>• Public land transportation (Malaysia to ASEAN countries)</li> <li>• Accommodation</li> </ul>

\*The maximum amount claimable per company per participation or the actual eligible expenses incurred, whichever is lower.

**Additional Information for organisers (item ii) and joint collaborators (item iii) above for Trade & Investment Missions (TIM) or Export Acceleration Missions (EAM)**

**i. Joint Collaboration Programme with MATRADE**

- The interested party in a joint collaboration programme with MATRADE must get a prior **approval** from MATRADE by submitting **Form A** (Joint Collaboration Form) as in **ANNEX 4** page 22 to MATRADE three (3) months **BEFORE** the start of the planned programme. **Form A can be downloaded at [www.matrade.gov.my](http://www.matrade.gov.my)**

**ii. Submission of Report**

- MATRADE must receive the **full report** of the mission (TIM or EAM) from the organiser or joint collaborator **within 14 working days** from the last date of the mission. This is to ensure that MDG claims will be processed in a timely manner. The format for the full mission report is as in **ANNEX 3** page 19.
- MATRADE **will not** be able to process any claims for reimbursements if they do not contain complete documentation. Having incomplete documentation creates delays and backlogs, as these applications will **have to be totally dropped out of the processing cue**.

**4.7.3 PARTICIPATION IN INTERNATIONAL CONFERENCES HELD OVERSEAS**

ACTIVITY	DESCRIPTION	*GRANT AMOUNT	EXPENSES
International Conferences held Overseas	<p>The activity must be related to the promotion of exports. [As a speaker or participant].</p> <p>(Does not apply to workshop, seminar or training for the purpose of acquiring skills, upgrading knowledge or human capital development).</p>	RM2,500	<ul style="list-style-type: none"> <li>Participation fee</li> <li>Air fare</li> <li>Public land transportation - bus, taxi or train from Malaysia to an ASEAN country destination only. (Does not include ground/intercity transportation within that ASEAN country destination).</li> <li>Accommodation</li> </ul>

*\*The maximum amount claimable per company per participation or the actual eligible expenses incurred, whichever is lower.*

**4.7.4 LISTING FEES FOR MADE IN MALAYSIA PRODUCTS IN SUPERMARKETS OR HYPERMARKETS OR RETAIL CENTRES OR BOUTIQUE OUTLETS LOCATED OVERSEAS**

ACTIVITY	DESCRIPTION	*GRANT AMOUNT	EXPENSES
Listing fees for Made in Malaysia products in Supermarkets or Hypermarkets or Retail Centres or Boutique Outlets Located Overseas	Limited to <b>one</b> Supermarket or Hypermarket or Retail Centre or Boutique Outlet located per country.	RM20,000	Listing fees

*\*The maximum amount claimable per company per participation or the actual eligible expenses incurred, whichever is lower.*

This guideline is applicable for export promotion activities **undertaken from 1 January 2020** and is subject to change from time to time.

If the **documentation** or claim is found to be **false**, the applicant, company or both, will be **blacklisted** and will be required to reimburse in full to MATRADE all monies received from MDG.

### **CONTACT INFORMATION**

All enquiries and submission of the report are to be directed to:

#### **Market Development Unit (MDU)**

8th Floor, East Wing  
Menara MATRADE  
Jalan Sultan Haji Ahmad Shah  
50480 Kuala Lumpur

Tel: 03-6207 7593

Fax: 03-6203 7252

Website : [www.matrade.gov.my](http://www.matrade.gov.my)

Email : [mdg@matrade.gov.my](mailto:mdg@matrade.gov.my)

## CHAPTER 7: INTELLECTUAL PROPERTY PROTECTION

### 1. INTELLECTUAL PROPERTY PROTECTION

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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. Intellectual property protection in Malaysia comprises of patents, trade marks, industrial designs, copyright, geographical indications and layout designs of integrated circuits. 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 Trade-Related Aspects of Intellectual Property Rights (TRIPS) signed under the auspices of the World Trade Organisation (WTO). Malaysia provides adequate protection to both local and foreign investors. Malaysia's intellectual property laws are in conformance with international standards and have been reviewed by the TRIPS Council periodically.

#### 1.1 Patents

The Patents Act, 1983 and the Patents Regulations, 1986 govern patent protection in Malaysia. An applicant may file a patent application directly if he 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.

Similar to legislations in other countries, an invention is patentable if it is new, involves an inventive step and is industrially applicable. In accordance with TRIPS, the Patents Act stipulates a protection period of 20 years from the date of filing of an application. Under the Act, the utility innovation certificate provides for an initial duration of ten years protection from the date of filing of the application and renewable for further two consecutive terms of five years each subject to use. 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. However, exception to patent such as compulsory licence and parallel import are also included.

#### 1.2 Trade Marks

Trade mark protection is governed by the Trade Marks Act, 1976 and the Trade Marks Regulations, 1997.

The Act provides protection for registered trade marks and service marks in Malaysia. Once registered, no person or enterprise other than its proprietor or authorised users may use them. Infringement action can be initiated against abusers. The period of protection is ten years, renewable for a period of every ten years thereafter. The proprietor of the trade mark or service mark has the right to deal or assign as well as to license its use.

As with patents, while local applicants may file applications on their own, foreign applicants will have to do so through registered trade mark agents.

#### 1.3 Industrial Designs

Industrial design protection in Malaysia is governed by the Industrial Designs Act, 1996 and Industrial Designs Regulations, 1999. The Act provides the rights of registered industrial designs as that of a personal property capable of assignment and transmission by operation of the law.

To be eligible for registration, industrial designs must be new and do not include a method of construction or design that is dictated solely by function. In addition, the design of the article must not be dependent upon the appearance of another article of which it forms an integral part.

Local applicants can file registrations individually or through a registered industrial designs agent. However, foreign applicants will need to seek the services of a registered industrial designs agent. Registered industrial designs are protected for an initial period of five years which may be extended for another four 5-year terms, providing a total protection period of 25 years.

Malaysia has amended the Industrial Designs Act 1996 which entered into force on 1 July 2013. The amendments include worldwide novelty, increase term of protection, introduce IP Journal System and provision on monetization and securitization of industrial designs.

## **1.4 Copyright**

The Copyright Act, 1987 provides comprehensive protection for copyright works. The Act outlines the nature of works eligible for copyright (which includes computer programs), the scope of protection, and the manner in which the protection is accorded. . Copyright subsists in every work eligible for copyright protection of which the author is a qualified person.

Copyright protection for literary, musical or artistic works is for the duration of the life of the author and 50 years after his death. In sound recordings, broadcasts and films, copyright protection is for 50 years after the works are first published or made.

The Act also provides protection for the performer's rights in a live performance which shall continue to subsist for 50 years from the beginning of the calendar year following the year in which the live performance was given or was fixed in a sound recording.

A unique feature of the Act is the inclusion of provisions for its enforcement. The amendment of the Copyright Act, 1987, which was enforced on 1 October 2003 confers power of arrest (including arrest without warrant) to enforcement officers of the Ministry of Domestic Trade, Cooperative and Consumerism (MDTCC) (formerly known as Ministry of Domestic Trade and Consumer Affairs (KPDNHEP ). This special team of officers of the MDTCC is appointed to enforce the Act and is empowered to enter premises suspected of having infringing copies and to search and seize infringing copies and contrivances.

The Copyright (Amendment) Act 2012 entered into force on 1 March 2012. The Act was amended to be in line with technological development and to adhere to the international IP conventions/treaties relating to copyright and related rights. Among major amendments are the introduction of copyright voluntary notification system, regulating the collective management organisation (CMO) and expansion of the Copyright Tribunal's function. Beginning from 1 June 2012, copyright owner may apply for voluntary notification at the Intellectual Property Corporation of Malaysia (MyIPO) and CMO can be registered at MyIPO.

Malaysia accedes to the WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT) on 27 September 2012 which was enforced on 27 December 2012.



## **1.5 Layout Design of Integrated Circuit**

The Layout Designs of Integrated Circuits Act, 2000 provides for the protection of layout designs of integrated circuits based on originality, creator's own invention and the fact that the creation is freely created. There is no registration for the layout design of an integrated circuit.

The duration of protection is ten (10) years from the date of its commercial exploitation or 15 years from the date of creation if not commercially exploited. The Act also allows for action to be taken by the owner if such rights recognised under the Act have been infringed. The right can also be transferred either partly or wholly by way of assignment, licence, wills or through the enforcement of law.

The Act is implemented in compliance with the TRIPS Agreement to provide a guarantee to investors in Malaysia's electronics industry and to ensure the growth of technology in the country.

## **1.6 Geographical Indications**

The Geographical Indications Act 2000 provides protection to goods following the name of the place where goods are produced, where a given quality, reputation or other characteristic of the goods is essentially attributable to their geographical origin. This protection is applicable to goods such as natural or agricultural products or any product of handicraft or industry. Geographical indications which are contrary to public order or morality shall not be protected under the Act.

Local applicants can file registrations individually or through a registered geographical indication agent. However, foreign applicants will need to seek the services of a registered geographical indication agent. The period of protection is ten (10) years and renewable for a period of ten (10) years thereafter.

MyIPO also provides online search and filing services for patents, trademarks, industrial designs and geographical indications and online search for notification of copyright works.

For further information on intellectual property protection, please visit [www.myipo.gov.my](http://www.myipo.gov.my)

## CHAPTER 8: ENVIRONMENTAL MANAGEMENT

To promote environmentally sound and sustainable development, the Malaysian government has established the legal and institutional framework for environmental protection. Investors are encouraged to consider the environmental factors during the early stages of their project planning. Aspects of pollution control include possible modifications in the process line to minimise waste generation, seeing pollution prevention as part of the production process, and focusing on recycling options.

### 1. POLICY

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The National Policy on the Environment aims at continued economic, social, and cultural progress of Malaysia and enhancement of the quality of life of its people, through environmentally sound and sustainable development.

The Policy aims at achieving:

- A clean, safe, healthy and productive environment for present and future generations
- The conservation of the country's unique and diverse cultural and natural heritage with effective participation by all sectors of society
- A sustainable lifestyle and pattern of consumption and production

Malaysia's national environmental policy emphasises:

- Exercising respect and care for the environment in accordance with the highest moral and ethical standards
- Conserving the natural ecosystems to ensure the integrity of biodiversity and life support systems
- Ensuring continuous improvement in the productivity and quality of the environment while pursuing economic growth and human development objectives
- Managing natural resource utilisation to sustain the resource base and prevent degradation of the environment
- Integrating environmental dimensions in the planning and implementation of the policies, objectives and mandates of all sectors to protect the environment
- Strengthening the role of the private sector in environmental protection and management
- Ensuring the highest commitment to environmental protection and accountability by all decision-makers in the public and private sectors, resource users, non-governmental organisations and the general public in formulating, planning and implementing their activities
- Participating actively and effectively in regional and global efforts towards environmental conservation and enhancement

### 2. ENVIRONMENTAL REQUIREMENTS

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The Environmental Quality Act, 1974, and its accompanying regulations call for environmental impact assessment, project siting evaluation, pollution control assessment, monitoring and self-enforcement. Industrial activities are required to obtain the following approvals from the Director-General of Environmental Quality prior to project implementation:

- i. Environmental impact assessment for Prescribed Activities
- ii. Site suitability evaluation
- iii. Written notification or permission to construct
- iv. Written approval for installation of incinerator, fuel burning equipment and chimney
- v. Licence to occupy and operate prescribed premises and prescribed conveyances.

## **2.1 Environmental Impact Assessment for Prescribed Activities**

An investor should first of all check whether an environmental impact assessment (EIA) is required for his proposed industrial activities. The following are activities prescribed under the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order, 1987, which require an EIA before project approval:

### **(i) Agriculture**

- a. Land development schemes covering an area of 500 hectares or more to bring forest and into agricultural production.
- b. Agricultural programmes necessitating the resettlement of 100 families or more.
- c. Development of agricultural estates covering an area of 500 hectares or more involving changes in types of agricultural use.

### **(ii) Airport**

- a. Construction of airports (having an airstrip of 2,500 metres or longer).
- b. Airstrip development in state and national parks.

### **(iii) Drainage and Irrigation**

- a. Construction of dams and man-made lakes and artificial enlargement of lakes with surface areas of 200 hectares or more.
- b. Drainage of wetland, wild-life habitat or of virgin forest covering an area of 100 hectares or more.
- c. Irrigation schemes covering an area of 5,000 hectares or more.

### **(iv) Land Reclamation**

Coastal reclamation involving an area of 50 hectares or more.

### **(v) Fisheries**

- a. Construction of fishing harbours.
- b. Harbour expansion involving an increase of 50 per cent or more in fish landing capacity per annum.
- c. Land-based aquaculture projects accompanied by clearing of mangrove swamp forests covering an area of 50 hectares or more.

### **(vi) Forestry**

- a. Conversion of hill forest land to other land use covering an area of 50 hectares or more.
- b. Logging or conversion of forest land to other land use within the catchment area of reservoirs used for municipal water supply, irrigation or hydro-power generation or in areas adjacent to state and national parks and national marine parks.

- c. Logging covering an area of 500 hectares or more.
- d. Conversion of mangrove swamps for industrial, housing or agricultural use covering an area of 50 hectares or more.
- e. Clearing of mangrove swamps on islands adjacent to national marine parks.

**(vii) Housing**

Housing development covering an area of 50 hectares or more.

**(viii) Industry**

a.	Chemicals	Where production capacity of each product or of combined products is greater than 100 tonnes per day	
b.	Petrochemicals	All sizes.	
c.	Non-ferrous	Primary smelting:	
		Aluminium Copper Others	<ul style="list-style-type: none"> <li>- all sizes</li> <li>- all sizes</li> <li>- producing 50 tonnes per day and above of product</li> </ul>
d.	Non-metallic	Cement  Lime	<ul style="list-style-type: none"> <li>- for clinker throughput of 30 tonnes per hour and above</li> <li>- 100 tonnes per day and above burnt lime rotary kiln or</li> <li>- 50 tonnes per day and above vertical kiln</li> </ul>
e.	Iron and Steel	Require iron ore as raw materials for production greater than 100 tonnes per day; or	
		Using scrap iron as raw materials for production greater than 200 tonnes per day	
f.	Shipyards	Dead Weight Tonnage greater than 5,000 tonnes	
g.	Pulp and Paper	Production capacity greater than 50 tonnes per day	

**(ix) Infrastructure**

- a. Construction of hospitals with outfall into beachfronts used for recreational purposes.
- b. Industrial estate development for medium and heavy industries covering an area of 50 hectares or more.
- c. Construction of expressways.
- d. Construction of national highways.
- e. Construction of new townships.

**(x) Ports**

- a. Construction of ports.
- b. Port expansion involving an increase of 50 per cent or more in handling capacity per annum.

**(xi) Mining**

- a. Mining of minerals in new areas where the mining lease covers a total area in excess of 250 hectares.
- b. Ore processing, including concentrating for aluminium, copper, gold or tantalum.
- c. Sand dredging involving an area of 50 hectares or more.

**(xii) Petroleum**

- a. Oil and gas fields development.
- b. Construction of off-shore and on-shore pipelines in excess of 50 kilometres in length.
- c. Construction of oil and gas separation, processing, handling, and storage facilities.
- d. Construction of oil refineries.
- e. Construction of product depots for the storage of petrol, gas or diesel (excluding service stations) which are located within three kilometres of any commercial, industrial or residential areas and which have a combined storage capacity of 60,000 barrels or more.

**(xiii) Power Generation and Transmission**

- a. Construction of steam generated power stations burning fossil fuels and having a capacity of more than 10 megawatts.
- b. Dams and hydro-electric power schemes with either or both of the following:
  - dams over 15 metres high and ancillary structures covering a total area in excess of 40 hectares;
  - reservoirs with a surface area in excess of 400 hectares.
- c. Construction of combined cycle power stations.
- d. Construction of nuclear-fueled power stations.

**(xiv) Quarries**

Proposed quarrying of aggregate, limestone, silica, quartzite, sandstone, marble and decorative building stone within 3 kilometres of any existing residential, commercial or industrial areas, or any area for which a license, permit or approval has been granted for residential, commercial or industrial development.

**(xv) Railways**

- a. Construction of new routes.
- b. Construction of branch lines.

**(xvi) Transportation**

Construction of Mass Rapid Transport projects.

**(xvii) Resort and Recreational Development**

- a. Construction of coastal resort facilities or hotels with more than 80 rooms.
- b. Hill station resort or hotel development covering an area of 50 hectares or more.
- c. Development of tourist or recreational facilities in national parks.
- d. Development of tourist or recreational facilities on islands in surrounding waters which are gazetted as national marine parks.

#### **(xviii) Waste Treatment and Disposal**

- a. Toxic and Hazardous Waste
  - Construction of incineration plant
  - Construction of recovery plant (off-site)
  - Construction of wastewater treatment plant (off-site)
  - Construction of secure landfill facility
  - Construction of storage facility (off-site)
- b. Municipal Solid Waste
  - Construction of incineration plant
  - Construction of composting plant
  - Construction of recovery/recycling plant
  - Construction of municipal solid waste landfill facility
- c. Municipal Sewage
  - Construction of wastewater treatment plant
  - Construction of marine outfall

#### **(xix) Water Supply**

- a. Construction of dams or impounding reservoirs with a surface area of 200 hectares or more
- b. Groundwater development for industrial, agricultural or urban water supply of greater than 4,500 cubic metres per day

### **2.2 Who Can Conduct EIA Study**

An EIA study has to be conducted by competent individuals who are registered with the Department of Environment (DOE) under the EIA Consultant Registration Scheme. The list of registered EIA consultants and details on the registration scheme are available at the DOE website, [www.doe.gov.my](http://www.doe.gov.my)

### **2.3 Site Suitability Evaluation**

One of the most important factors in obtaining environmental approval is the site suitability of the proposed project. Site suitability is evaluated based on the compatibility of the project with respect to the gazetted structure or local plans, surrounding land-use, provision of set-backs or buffer zones, the capacity of the area to receive additional pollution load, and waste disposal requirements.

Site suitability evaluation (SSE) has become the main process in ensuring site suitability for all development projects that are referred to DOE. As such, SSE has to be undertaken first for both prescribed and non-prescribed activities. For prescribed activities, SSE must be done before the EIA is conducted to ensure the site selected is suitable for the proposed activity and compatible with its surrounding land-use. This also helps the project proponent to save costs conducting EIA if the site is deemed unsuitable.

### **2.4 Written Notification or Permission to Construct**

Any person intending to carry out activities as listed below must provide prior written notification to the Director-General of Environmental Quality:

- i. Carry out any work on any premises or construct any building that may discharge or release industrial effluent or mixed effluent, or make or cause or permit a material change in the quantity or quality of discharge from an existing source, onto or into any soil, or into inland waters or Malaysian waters, other than premises as specified in the First Schedule under Environmental Quality (Industrial Effluent) Regulations, 2009.
- ii. Discharge or release or permit the discharge of sewage onto or into any soil, or into any inland waters or Malaysian waters, other than any housing or commercial development or both having a population equivalent of less than one hundred and fifty (150) as specified under Environmental Quality (Sewage) Regulations, 2009.
- iii. Carry out on any land any facility or building that may result in a new source of leachate discharge or release as specified under Environmental Quality (Control of Pollution from Solid Waste Transfer Station and Landfill) Regulations, 2009.

Any person intending to construct on any land or any building; or carrying out work that would cause the land or building to become prescribed premises (crude palm oil mills, raw natural rubber processing mills, and treatment and disposal facilities of scheduled wastes), as stipulated under Section 19 of the Environmental Quality Act, 1974 must obtain prior written permission from the Director-General of Environmental Quality.

Such application has to be accompanied by a prescribed fee.

## **2.5 Written Approval for Installation of Incinerator, Fuel Burning Equipment and Chimney**

Applicants intending to carry out activities as listed below shall obtain prior written approval from the Director-General of Environmental Quality:

- i. New installation near dwelling area as detailed out in Regulation 4 and First Schedule of the Environmental Quality (Clean Air) Regulations, 1978.
- ii. Any erection (including incinerators), installation, resiting or alteration of fuel burning equipment that is rated to consume pulverised fuel or solid fuel at 30 kg or more per hour, or liquid or gaseous fuel at 15 kg or more per hour as stipulated in Regulations 36 and 38 of the Environmental Quality (Clean Air) Regulations, 1978.
- iii. Any erection, installation, resiting, or alteration of any chimney from or through which air impurities may be emitted or discharged, respectively.

*\* No fee is imposed on the application for written approval.*

## **2.6 Licence to Occupy Prescribed Premises and Prescribed Conveyances**

A licence is required to occupy and operate prescribed premises, namely as below:

- i. crude palm oil mills,
- ii. raw natural rubber processing mills, and
- iii. treatment and disposal facilities of scheduled wastes.

A licence is required to use prescribed conveyances as stipulated in the Environmental Quality (Prescribed Conveyance) (Scheduled Wastes) Order, 2005. Conveyance which is categorised as prescribed conveyance namely, any vehicle or ship of any description which is:

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

Applications for the licence shall be made after obtaining written permission and/or written approval (as mentioned in 2.3 and 2.4). Licensing fees apply for every licence issued for palm oil and raw natural rubber processing mills and facilities for the treatment and disposal of scheduled wastes, and prescribed conveyances.

## **2.7 Gaseous Emission and Effluent Standards**

Industries are required to comply with air emission, industrial effluent, sewage and leachate discharge standards which are regarded as acceptable conditions allowed in Malaysia, as stipulated in the Environmental Quality (Clean Air) Regulations, 1978, Environmental Quality (Industrial Effluents) Regulations, 2009, Environmental Quality (Sewage) Regulations, 2009 and Environmental Quality (Control of Pollution from Solid Waste Transfer Station and Landfill) Regulations, 2009.

## **2.8 Control on Ozone Depleting Substances**

Ozone depleting substances (ODS) are categorised as environmentally hazardous substances under the Environmental Quality (Refrigerant Management) Regulations, 1999 and the Environmental Quality (Halon Management) Regulations, 1999. New investments relating to the use of these substances are prohibited.

## **2.9 Scheduled Wastes Management**

Malaysia has developed a comprehensive set of legal provisions related to the management of toxic and hazardous wastes. The regulation is based on the cradle to grave principle. A facility which generates, stores, transports, treats or disposes scheduled wastes is subject to the following main regulations:

- i. Environmental Quality (Scheduled Wastes) Regulations, 2005 (Amendment) 2007;
- ii. Environmental Quality (Prescribed Conveyance) (Scheduled Wastes) Order, 2005;
- iii. Environmental Quality (Prescribed Premises) (Scheduled Wastes Treatment and Disposal Facilities) (Amendment) Order, 2006;
- iv. Environmental Quality (Prescribed Premises) (Scheduled Waste Treatment and Disposal Facilities) (Amendment) Regulations, 2006;
- v. Customs (Prohibition of Exports) Order, 2008; and
- vi. Customs (Prohibition of Imports) Order, 2008.

### **2.9.1 A Summary of Environmental Requirements on Scheduled Wastes**

Environmental Quality (Scheduled Wastes) Regulations, 2005 replaced the Environmental Quality (Scheduled Wastes) Regulations, 1989. Under these regulations, 77 types of scheduled wastes listed in the First Schedule are divided into 5 categories, namely:

- i. SW 1 Metal and metal-bearing wastes (10 types of scheduled wastes);
- ii. SW 2 Wastes containing principally inorganic constituents which may contain metals and organic materials (7 types of scheduled wastes);
- iii. SW 3 Wastes containing principally organic constituents which may contain metals and inorganic materials (27 types of scheduled wastes);
- iv. SW 4 Wastes which may contain either inorganic or organic constituents (32 types of scheduled wastes); and
- v. SW 5 Other wastes (1 type of scheduled waste).



Scheduled wastes can be stored, recovered or treated within the premises of the waste generators. Such activities do not require licensing by the Department of Environment. A waste generator may store scheduled wastes generated by him for 180 days or less after its generation provided that the quantity of scheduled wastes accumulated on site shall not exceed 20 metric tonnes. However, waste generators may apply to the Director General in writing to store more than 20 metric tonnes of scheduled wastes. The containers that are used to store scheduled wastes shall be clearly labeled with the date when the scheduled wastes are first generated as well as the name, address and telephone number of the waste generator.

Land farming, incineration, disposal and off-site facilities for recovery, storage and treatment can only be carried out at prescribed premises licensed by the Department of Environment. However, with the signing of the concession agreement between the Government of Malaysia and Kualiti Alam Sdn. Bhd on 18 December 1995 (15 years concession period), all off-site treatment and disposal (incineration, wastewater treatment, storage and secure landfill) of scheduled wastes is not allowed.

On-site incineration of scheduled wastes is not encouraged. If it is deemed necessary, application for the installation of such incinerator must strictly adhere to the Guidelines On the Installation of On-site Incinerator for the Disposal of Scheduled Wastes in Malaysia" (published by the Department of Environment), including carrying out a detailed environmental impact assessment and display of the EIA report for public comments.

Waste generators may apply for special management of scheduled wastes to have the scheduled wastes generated from their particular facility or process excluded from being treated, disposed of or recovered in premises or facilities other than at the prescribed premises or on-site treatment or recovery facilities, as stipulated under Regulation 7(1), Environmental Quality (Scheduled Wastes) Regulations, 2005.

Further details and updates on environmental management requirements can be obtained from the Department of Environment or visit [www.doe.gov.my](http://www.doe.gov.my)

## CHAPTER 9: INFRASTRUCTURE SUPPORT

### 1. FREE ZONES

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A Free Zone is an area in any part of Malaysia declared by the Minister of Finance under the provision of Section 3(1) of the Free Zones Act, 1990 to be a Free Commercial Zone or Free Industrial Zone. It is mainly designed to promote entreport trade and specially established for manufacturing companies that produce or assemble products mainly for export.

The activities and industries therein are subject to minimal customs formalities as it is deemed under Section 2 (1A) of the Customs Act, 1967 to be a place outside the Principal Custom Area except in respect of Prohibition of Imports and Exports under Section 31 of the Customs Act, 1967.

#### 1.1 Free Commercial Zones (FCZs)

A Free Commercial Zone is a Free Zone allocated for carrying out of commercial activities which include trading (except retail trading), breaking bulk, grading, repacking, relabeling, transshipment and transit.

To-date there are 20 FCZs located at North, South and West Port of Port Klang, Port Klang Free Zone, Pulau Indah MILS Logistic Hub, Butterworth, Bayan Lepas, KLIA, Rantau Panjang, Pengkalan Kubor, Stulang Laut, Johor Port and Port of Tanjung Pelepas.

#### 1.2 Free Industrial Zones (FIZs)

Other than minimal customs formalities, FIZs enable export-oriented manufacturing companies to enjoy duty free import of raw materials, component parts, machinery and equipment required directly in the manufacturing process, as well as minimal formalities in exporting their finished products.

To-date there are 22 FIZs located at Pasir Gudang, Tanjung Pelepas, Batu Berendam I, Batu Berendam II, Tanjung Kling, Telok Panglima Garang, Pulau Indah (PKFZ), Sungai Way I, Sungai Way II, Ulu Kelang, Jelapang II, Kinta, Bayan Lepas I, II, III, IV, Seberang Perai and Sama Jaya.

### 2. ELECTRICITY SUPPLY

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Electricity supply in Peninsular Malaysia is provided by Tenaga Nasional Berhad (TNB), which is the largest electricity utility in Malaysia. Its activities represent the entire electricity production and supply value chain to the country's businesses, homes and industries.

Power generation in Peninsular Malaysia is made up of over 80 percent thermal plants comprising Coal and Gas, while the remaining are from Renewable Energy (RE) and Hydro. The RE portion in power generation is increasing, in line with the Government sustainability and environmental agenda.

Delivery of electricity in Peninsular Malaysia are via grid lines of various voltages - 500 kV, 275 kV and 132 kV while distribution voltages are at 33 kV, 11 kV and 400/230 volts.

At Kulim High Technology Park (KHTP), a ring formation electrical system, the most advanced of its kind in the region, ensures continuous uninterruptible power supply. This guaranteed, stable power supply meets the strict tolerances required by high technology operations, reflecting the government's thrust to promote such industries.

### 3. WATER SUPPLY

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Water supply and services in Malaysia is under the concurrent jurisdiction of the Federal Government and State Governments. In order to increase the country's water services quality particularly protecting consumers' rights, two Federal legislative framework, namely the National Water Services Industry Act 2006 (Act 655) and the Suruhanjaya Perkhidmatan Air Negara 2006 Act (Act 654) have been enforced since 1 January 2008. With a well-regulated water services in place, this will help to promote efficiency and long term sustainability of the water industry to benefit the consumers, investors as well as the operators. Consumers in Malaysia enjoy a 24-hour water supply and water is reliable and safe in terms of quantity and quality. It is treated according to international standards for drinking water set out by the World Health Organisation (WHO). All domestic, commercial and industrial users are metered. Water tariff are vary from state to state.

### 4. TELECOMMUNICATION SERVICES

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Malaysia's fixed line, mobile and satellite communications infrastructure provided by its mobile and other network facilities providers support a full range of domestic and international services encompassing voice, video, data and other advanced communications services.

Currently, cellular telecommunications services cover 96% of populated areas, with more than 43 million subscribers. Fixed line and mobile telecommunications are augmented by VSAT and satellite-based land and maritime services.

There are more than 28 internet service providers (ISPs) with more than 6.4 million subscriptions. The major ISPs are Axiata (celcom), followed by TM and Maxis with a market share of 41%, 23 % and 21% respectively. The telecommunications infrastructure provides the full range of audio, data and video services with modern and fully digitalized networks deploying both wired and other extended wireless bandwidth to provide high capacity and speed for voice and data transmission. At the domestic level, the country is currently being served by an infrastructure of more than 40Gbps. In MSC Malaysia, bandwidths capacity of up to 10 GB are provided. In addition, the high speed broadband beyond 10Mbps is currently being deployed in Malaysia under HSBB project.

Malaysia is linked to the rest of the world through various fibre optics and satellite consortia such as FLAG, SEA-ME-WE, AAG, MCS, APCN, China-US, Japan-US, Measat and Intelsat. To support the increasing demand for bandwidth, medium and high-end technologies such as ADSL, VDSL2+, FTTH, HSPA and WiMAX are being extensively deployed throughout the country. In addition, the LTE technology also will be deployed soon by the identified operators.

Malaysia currently offers competitive tariffs for local, national and international connections as well as leased circuits, with the Internet dial-up and international tariffs being one of the lowest in the region.

### 5. AIR CARGO FACILITIES

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Malaysia's central position at the crossroads of South-East Asia makes her particularly attractive as a trans-shipment centre. Air cargo facilities are well developed, especially in the six international airports in Malaysia.

The highly sophisticated Kuala Lumpur International Airport (KLIA) in Sepang, Selangor, has a current capacity of 40 million passengers and more than 1.2 million tonnes of cargo per year.

However, KLIA's 10,000 hectares of land is planned to accommodate up to 60 million passengers and three million tonnes of cargo per year by the year 2020, and in the future, up to 100 million passengers and five to six million tonnes of cargo per year.

The other international airports are the Penang International Airport, Langkawi International Airport, and Senai International Airport in Peninsular Malaysia, Kota Kinabalu International Airport in Sabah, and Kuching International Airport in Sarawak.

MASKargo is the main cargo division of its parent company Malaysia Airlines (MAS) which operates scheduled, chartered air cargo services, ground handling services as well as airport to seaport cargo logistics via ground transportation.

In addition, MASKargo also offers belly space capacity on its holding company's aircrafts, MAS and its other subsidiaries via the national carrier's 100 international destinations across six continents.

MASKargo operates a state-of-the-art Advanced Cargo Centre (ACC) at the Kuala Lumpur International Airport within a Free Commercial Zone (FCZ). This centre features a secure and sophisticated security system with the latest technology including fully automated procedures, ensuring real-time data tracking and the smooth flow of communication. Among the facilities at the centre are the Animal Hotel, the one-stop Perishable Center and the world's first Priority Business Centre (PBC) for key forwarding agents.

Currently it provides scheduled freighter services from Kuala Lumpur, Penang and Kuching (Malaysia) to Sydney, Shanghai, Taipei, Bangkok, Hong Kong, Manila, Jakarta, Surabaya, Tokyo, Osaka, Frankfurt, Amsterdam, and Sharjah. Currently MASKargo operates its own freighter fleet, two Boeing B747-400F and two Airbus A330-200F.

Recently, the company has been certified with the IATA Secure Freight Programme, which aims to a secure supply chain program, strengthening cargo security. The company also has a product called I-Port, the world's first airport within a seaport trans-shipment service. This service allows fast handling of sea and air cargo shipment through KLIA from Port Klang. In addition, MASKargo also provides airport-to-airport trucking services in the country.

Air cargo services in Malaysia are complemented by Transmile Air which serves six domestic destinations in Sabah, Sarawak and peninsular Malaysia and 2 scheduled and international destinations namely, Hong Kong and Singapore. The domestic flights to Labuan and Bintulu in East Malaysia cater mainly to the oil and gas industry which requires special handling facilities. In addition to scheduled services, Transmile Air also provides air charter services to the ASEAN and Asia Pacific region and it has the capability to fly to India, the Middle East and China.

For further information on MASKargo, please visit the company's website at [www.maskargo.com](http://www.maskargo.com)

## **6. SEA PORTS**

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Ports in Malaysia can be classified as federal ports and state ports. All federal ports are under the jurisdiction of the Ministry of Transport. At present there are seven major federal ports, namely, Port Klang, Penang Port, Johor Port, Port of Tanjung Pelepas, Kuantan Port, Kemaman Port, and Bintulu Port. All these federal ports are equipped with modern facilities. Bintulu Port is the only port which handles liquefied natural gas.

In tandem with the expansion of the economy and trade, ports in the country registered impressive growth in recent years. Two of the ports; Port Klang and the Port of Tanjung Pelepas, are ranked among the top 20 container ports in the world.

The government's policy on ports focuses on:

- a. Being supply-driven, i.e., the provision of ample capacity in ports to ensure that there is zero waiting time for ships.
- b. Enhancing the utilisation of ports through:
  - improving efficiency and productivity of port operations
  - port privatisation
  - development and improvement of ancillary services
  - development and improvement of land-side transportation
- c. Load centering, Port Klang has been made the national load centre and the transshipment centre. Whereas the Port of Tanjung Pelepas has been recognised as a regional transshipment hub.

## **7. CARGO TRANSPORTATION**

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Various companies provide comprehensive containerised cargo transportation services in Malaysia. These include container haulage, freight forwarding, warehousing, bunkering, distribution related services, port and customs clearance, container repair, leasing and maintenance.

Consignees and clients in Malaysia enjoy speedy, efficient and reliable cargo transportation through a network of local branches and offices. Most companies also offer a good international network of agents.

### **7.1 Container Haulage**

The Malaysian government regulates inland container haulage through the Land Public Transport Commission (SPAD).

Sixty two hauliers cater to varied cargo needs through a diversified fleet of trailers and prime movers which also include modified vehicles. Some equipped with modern tracking systems to enable contact with haulage vehicles on the road.

Numerous other medium and small-sized operators truck conventional cargoes to destinations in the country. Meanwhile, a block rail feeder service operates to specific destinations and a freight liner service takes care of container deliveries to outstation clients.

This multi-modal (road and rail) transportation system assures prompt delivery of cargo.

### **7.2 Freight Forwarding**

Hundreds of freight forwarding agents stationed throughout Malaysia offer nationwide freight forwarding services, while cargo bound for international destinations can be forwarded through various international freight forwarders.

Freight forwarders can also provide assistance to manufacturers in the processing of applications for required permits, licences and duty/tax exemption for the clearance of goods from the Customs authorities.

## 8. HIGHWAYS

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The Malaysian Highway Authority supervises and executes the design, construction, regulation, operation and maintenance of inter-urban highways in Malaysia. These comfortable expressways link all major townships and potential development areas, and have catalysed industrial growth by enabling efficient transportation.

The country's successful privatisation programme coupled with its strong economic growth has also induced more highway development projects in the last few years.

Today, the North-South Expressway together with the Penang Bridge, the Kuala Lumpur-Karak Highway and East Coast Highway form the backbone of Malaysia's road infrastructure, contributing to the country's rapid socio-economic development.

## 9. RAILWAY SERVICES

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Keretapi Tanah Melayu Bhd (KTMB), which operates in Peninsular Malaysia, is a corporation wholly-owned by the Malaysian government. As the single largest transport organisation in the country, KTMB has the capacity to transport several classifications of goods, ranging from grains to machinery.

Its network runs the length and breadth of Peninsular Malaysia from the northern terminal in Padang Besar to Pasir Gudang, Johor in the south. The same northerly line serves wharves and port facilities in Penang.

## 10. MSC MALAYSIA

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MSC Malaysia was established by the Malaysian government to accelerate the growth of the nation's Digital Economy, the MSC Malaysia status provides eligible ICT-related businesses, both local and foreign, with a wide range of incentives, rights and privileges to promote continued growth. Since its inception in 1996, the MSC Malaysia programme has managed to drive the nation's Digital Economy to new heights.

With over 2,000 companies and counting, the MSC Malaysia status is a designation that is highly sought after by many IT establishments in the country. Being recognised as a MSC Malaysia Status Company provides a company access to exclusive incentives that can give them the edge necessary in the hyper-competitive IT industry.

### 10.1 Eligibility Criteria

1. A company incorporated in Malaysia;
2. Proposing to carry out one or more of the MSC Malaysia Promoted Activities and has not issued any invoice for such proposed activities in Malaysia on the date of application;
  - I. An applicant with at least 60% Malaysian equity ownership may be eligible if it has issued invoice for such proposed activities in Malaysia not more than 12 months prior to the date of application.
  - II. Such applicant will need to maintain at least 60% Malaysian equity ownership during the exemption period.
3. NOT enjoying any income tax exemption in respect of any activity granted by the Government of Malaysia on the date of application.

## 10.2 MSC Malaysia Promoted Activities

Provision of services in relation to any of the following:

1. Big Data Analytics (BDA);
2. Artificial Intelligence (AI);
3. Financial Technology (FinTech);
4. Internet of Things (IOT);
5. Cybersecurity (technology/software/design and support)
6. Data centre and cloud (technology/software/design and support)
7. Blockchain;
8. Creative Media Technology;
9. Sharing Economy Platform;
10. User Interface and User Experience (UI/UX);
11. Integrated Circuit (IC) design and Embedded software;
12. 3D printing (technology/software/design and support);
13. Robotics (technology/software/design);
14. Autonomous (technology/software/design and support);
15. Systems/network architecture design and support; or
16. Global Business Services or Knowledge Process Outsourcing excluding non-technical and/or low value call center; data entry; and recruitment process outsourcing.

Non - Qualifying Promoted Activities:

1. Trading
2. Manufacturing
3. Provision of telecommunication services

## 10.3 MSC MALAYSIA CYBERCITIES AND CYBERCENTRES

MSC Malaysia Cybercities and Cybercentres are designated MSC Malaysia areas with conducive business environment that provides the ecosystem to attract ICT investors and promote the growth of local ICT companies, in which companies from the same sector are placed together to spur rapid growth.

These companies are housed within a conducive ecosystem to grow their businesses within the framework of Malaysia's developed Digital Economy vision. An environment fostering healthy competition will encourage innovation and development while increasing competencies on national and regional levels.

As of July 2019, there are 61 MSC Malaysia Cybercities & Cybercentres as per below list:



## KLANG VALLEY

1. CYBERJAYA
2. TECHNOLOGY PARK MALAYSIA
3. UPM-MTDC
4. KLCC
5. KL TOWER
6. KL SENTRAL
7. i-CITY
8. TM CYBERCENTRE COMPLEX
9. MID VALLEY CITY
10. BANDAR UTAMA
11. BANGSAR SOUTH CITY
12. GTOWER
13. SYMPHONY HOUSE
14. QUILL 9
15. THE INTERMARK
16. WISMA HAMZAH KWONG HING
17. JAYA 33
18. PUCHONG FINANCIAL AND CORPORATE CENTRE
19. MENARA WORLDWIDE
20. MENARA BINJAI
21. PERSOFT TOWER
22. MENARA OBYU
23. MENARA MAYBANK
24. UOA DAMANSARA
25. CAPSQUARE TOWER
26. SUNWAY RESORT CITY
27. DAMANSARA UPTOWN
28. ONE CITY
29. LINDE ROC
30. iHUBSENTULPARK
31. MENARA LGB
32. PUTRAJAYA
33. LUXOR TECH CENTRE
34. THE PARADIGM
35. OASIS DAMANSARA
36. MENARA MESINIAGA
37. UOA BUSINESS PARK
38. ICON CITY
39. PLAZA HAP SENG
40. NEO DAMANSARA
41. APM TECHNOLOGY CENTRE
42. MENARA KEN TTDI
43. WISMA E&C
44. DAMANSARA CITY
45. JKG TOWER
46. NUCLEUS TOWER
47. DATARAN MAYBANK

## PENANG

1. PCC1
2. SPANSION
3. ONE PRECINCT
4. ALBUKHARY BUILDING
5. MENARA ZURICH
6. GBS@MAYANG

## JOHOR

1. MENARA MSC CYBERPORT
2. ISKANDAR MALAYSIA STUDIO
3. MEDINI

## MELAKA

MELAKA INTERNATIONAL CENTRE

## KEDAH

KULIM HI-TECH PARK

## PERAK

MERU RAYA

## PAHANG

PUTRA SQUARE

## SARAWAK

TOWN SQUARE BINTULU



# CHAPTER 10: INTERNATIONAL TRADE AGREEMENTS

## 1. GENERAL AGREEMENT ON TRADE IN SERVICES (GATS)

The General Agreement on Trade in Services (GATS) which came into effect in 1995 is the first set of multilateral trade agreement covering international trade in services. The GATS is intended to contribute to trade expansion under conditions of transparency and progressive liberalisation and as a means of promoting the economic growth of all trading partners and the development of developing countries

GATS has three main parts: the main text with general principles and obligations; annexes with rules for specific sectors; and Member countries' specific commitments to provide access to their markets.

Key basic principles of GATS are:

- All services are covered by the GATS (except for services supplied in the exercise of governmental authority);
- Most favoured nation (MFN) treatment applies to all services under the GATS except for member country specific exemptions;
- National treatment applies in the areas where commitments are made;
- Ensuring increased transparency and predictability of relevant rules and regulations;
- Providing a common framework of disciplines governing international transactions; and
- Promoting progressive liberalization through further negotiations (successive rounds of negotiations)

The agreement applies four modes of supply through which services may be exchanged:

Mode 1: Cross-border supply is defined as covering services which flow from the territory of one country into the territory of another country (e.g. banking or design service transmitted via telecommunications).

Mode 2: Consumption abroad refers to situations where consumers make use of a service in another country (e.g. tourism).

Mode 3: Commercial presence refers to a situation where a company from one country sets up subsidiaries or branches to provide services in another country (e.g. a bank from one country setting up operations in another country).

Mode 4: Presence of natural persons consists of individuals travelling from their own country to supply services in another (e.g. accountants, doctors, trainers, construction workers).

## 2. TRADE IN SERVICES AGREEMENTS AND ARRANGEMENT UNDER ASEAN

### 2.1 ASEAN Framework Agreement on Services (AFAS)

- The ASEAN Framework Agreement on Services (AFAS) provides the legal framework for ASEAN Member States to progressively liberalise the services sectors, recognising that intra-ASEAN services liberalisation will strengthen the trade and investment flows in the services sector and eventually contribute to the overall economic integration in the region. The AFAS was signed by the ASEAN Economic Ministers on 15 December 1995 in Bangkok, Thailand.
- Through the ASEAN Economic Community Blueprint (AEC Blueprint) adopted by the Leaders at the 13th ASEAN Summit on 20 November 2007 in Singapore, ASEAN has formalised and stepped up its effort to further liberalise towards the goal of free flow of services, according to the targets and thresholds laid out under the AEC Blueprint as well as additional parameters set forth by the Ministers.
- The key objectives of the AFAS are to:
  - i. enhance cooperation in services amongst Member States to improve efficiency and competitiveness, diversify production capacity and supply and distribution of services of their service suppliers within and outside ASEAN;
  - ii. eliminate substantially restrictions to trade in services amongst Member States; and
  - iii. liberalise trade in services by expanding the depth and scope of liberalisation beyond those undertaken by Member States under the GATS with the aim of realising a freer trade area in services.
- Liberalisation of AFAS under the ASEAN Economic Ministers (AEM) has concluded 10 (ten) Packages of Commitments. The final 10th AFAS Package was signed on 11 November 2018 in Singapore.
- In the 10th AFAS Package, Malaysia has made improvements to 47 sector/subsectors especially to Mode 3 (commercial presence) with foreign equity between 30 % and up to 100% and committed to 114 sectors/subsectors for liberalisation. The liberalisation offered by Malaysia under the 10th AFAS Package includes the following:
  - 1. BUSINESS SERVICES;
    - Professional Services;
    - Computer and Related Services;
    - Research and Development Services;
    - Real Estate Services;
    - Rental/Leasing Services without Operator;
    - Other Business Services;
  - 2. COMMUNICATIONS SERVICES
    - Courier services;
    - Telecommunication Services;
  - 3. CONSTRUCTION AND RELATED ENGINEERING SERVICES;

4. DISTRIBUTION SERVICES;
  - Commission agents' services;
  - Wholesale trade services;
  - Retailing Services;
  - Franchising;
5. EDUCATION SERVICES;
  - Primary education services and General secondary education services (Covering international schools);
  - Technical and vocational secondary education services (Covering private education services);
  - Adult education services;
6. ENVIRONMENTAL SERVICES;
  - Sewage Services;
  - Refuse disposal services;
  - Sanitation and similar services;
  - Protection of Ambient Air Climate;
  - Noise Abatement Services;
  - Nature and Landscape protection Services covering only contaminated soil clean-up and remediation;
7. HEALTHCARE SERVICES;
  - Specialised medical services;
  - Dental Services;
  - Veterinary services;
  - Specialised Nursing Services;
  - Private hospital services;
  - Other human health services;
8. TOURISM AND TRAVEL RELATED SERVICES;
  - Hotel and restaurant services;
  - Food serving services;
  - Travel Agencies and Tour Operators Services;
  - Tourist Guide Services;
9. RECREATIONAL, CULTURAL AND SPORTING SERVICES;
  - Printed news supply services;
  - Theme Park;
  - Library Services;
  - Sports events management services;
10. TRANSPORT SERVICES;
  - Maritime Transport Services;
  - Supporting services for maritime transport;
  - Rail Transport Services;
  - Road transport services;
  - Maritime Cargo Handling Services;
  - Private bonded warehousing services;
  - Maritime Freight Forwarding Services;
  - Freight Brokerage Services;
  - Maritime agency services;
11. OTHER SERVICES;
  - Skills training services;

## **2.2 Movement of Natural Persons (MNP)**

- Movement of Natural Persons is an integral part of every Package of Commitments made under the AFAS, until the AEM signed a stand-alone ASEAN Agreement on Movement of Natural Persons (ASEAN MNP Agreement) on 19 November 2012 in Phnom Penh, Cambodia and has entered into force on 14 June 2016.
- The key objectives of the ASEAN MNP Agreement are to:
  - i. provide within the scope of this Agreement the rights and obligations additional to those set out in the AFAS and its Implementing Protocols in relation to the movement of natural persons between Member States;
  - ii. facilitate the movement of natural persons engaged in the conduct of trade in goods, trade in services and investment between Member States;
  - iii. establish streamlined and transparent procedures for applications for immigration formalities for the temporary entry or temporary stay of natural persons to whom this Agreement applies; and
  - iv. protect the integrity of Member States' borders and protect the domestic labour force and permanent employment in the territories of Member States.
- The ASEAN MNP Agreement aims to facilitate the movement of Business Visitors (BV), Intra-Corporate Transferees (ICT) and Contractual Service Suppliers (CSS) as defined in the Agreement, and as committed by each ASEAN Member States in their respective Schedules of Commitments. However, the ASEAN MNP Agreement does not cover permanent entry and unskilled labour. Pursuant to Article 7 of this Agreement, initial discussion to review the Schedules of Commitments under this Agreement has commenced.

## **2.3 Mutual Recognition Arrangement (MRA)**

- Mutual Recognition Arrangements (MRAs) forms another important area of ASEAN cooperation on trade in services. MRAs are enabling tools to allow mutual recognition of qualifications (authorisation, licensing, or certification) of professional services suppliers by signatory ASEAN Member States to facilitate mobility of professional services providers in the region.
- At present, ASEAN has concluded 7 (seven) MRAs in professional services signed by the AEM which are in various stages of implementation and follow-up initiatives. The 7 MRAs are:
  - MRA on Engineering Services signed on 9 December 2005 in Kuala Lumpur, Malaysia;
  - MRA on Nursing Services signed on 8 December 2006 in Cebu, the Philippines;
  - MRA on Architectural Services and Framework Arrangement for the Mutual Recognition of Surveying Qualification both signed on 19 November 2007 in Singapore;
  - MRA on Medical Practitioner and MRA on Dental Practitioner both signed on 26 February 2009 in Cha-am, Thailand; and
  - MRA Framework on Accountancy Services signed on 26 February 2016 in Cha-am, Thailand, subsequently amended as MRA on Accountancy Services signed on 13 November 2014 in Nay Pyi Taw, Myanmar.
- There is also MRA on Tourism Professionals signed by the ASEAN Tourism Ministers on 9 November 2012 in Bangkok, Thailand.

## **2.4 ASEAN Qualification Reference Framework (AQRF)**

- The ASEAN Qualifications Reference Framework (AQRF) is a common reference framework that enables comparisons of education qualifications across participating ASEAN Member States. AQRF consists of 8 levels of complexity of learning outcome based on knowledge and skills and application and responsibility. AQRF invites voluntary engagement from countries and does not require changes to national qualification systems.
- Under the ASEAN Economic Community Blueprint 2025, it is aspired that the arrangements of MRAs, AQRF and MNP aim to facilitate the temporary cross-border movement of natural persons and business visitors engaged in the conduct of the trade in goods, trade in services and investment.

## **2.5 ASEAN Trade in Services Agreement (ATISA)**

- In line with the AEC Blueprint 2025, which sets out the objective to further broaden and deepen services integration within ASEAN and to enhance ASEAN Member States competitiveness in services, the negotiation on ASEAN Trade in Services Agreement (ATISA) has concluded in November 2018.
- The trade in services sector will be further integrated through the implementation of the ATISA and continuing efforts to:
  - Review existing flexibilities, limitations, thresholds and carve-outs, as appropriate;
  - Enhance mechanisms to attract foreign direct investment (FDI) in the services sectors, including but not limited to foreign equity participation to support global value chain (GVC) activities;
  - Explore alternative approaches for further liberalisation of services;
  - Establish possible disciplines on domestic regulations to ensure competitiveness of the services sector, taking into consideration other non-economic or development or regulatory objectives;
  - Consider the development of sectoral annexes; and
  - Enhance technical cooperation in the services sector for human resource development (HRD), joint promotion activities to attract FDI in the services sector, and the exchange of best practices.
- The key objectives of the ATISA are to:
  - i. strengthen economic linkages and provide greater opportunities for economic development;
  - ii. increase trade and investment in the area of services and create larger markets and greater economies of scale;
  - iii. reduce barriers to trade and investment in services and create a predictable business environment;
  - iv. strengthen economic relations between Member States through: promoting and facilitating utilisation of the greater opportunities provided by the Agreement; promoting regulatory cooperation developing cooperation in the field of human resource development; and increasing the participation of small and medium enterprises in trade and investment activities; and
  - v. narrow development gaps between Member States to achieve more equitable, balanced and sustainable socio-economic development.

### 3. FREE TRADE AGREEMENTS (FTAS)

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International trade is an important contributor to Malaysia's economic growth and development. Malaysia's trade policy is to pursue efforts towards creating a more liberalizing and fair global trading environment. While Malaysia continues to accord high priority to the rule-based multilateral trading system under the World Trade Organisation (WTO), Malaysia is also pursuing regional and bilateral trading arrangements to complement the multilateral approach to trade liberalisation.

Malaysia's objectives in negotiating FTAs are to:

- seek better market access by getting preferential treatment ;
- further facilitate and promote trade, investment and economic development;
- enhance the competitiveness of Malaysian exporters; and
- build capacity in specific targeted areas through technical cooperation and collaboration.

Malaysia has concluded and implemented seven (7) bilateral FTAs with the following countries:

- Japan
- Pakistan
- New Zealand
- Chile
- Australia
- India
- Turkey

Malaysia has also concluded and signed a major FTA involving 12 Pacific Rim nations: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Viet Nam known as the Trans-Pacific Partnership Agreement (TPPA) on 4 February 2016, but has not yet entered into force due to the withdrawal of the US on 23 January 2017, when the United States President Donald Trump signed a Presidential Memorandum to withdraw the US from TPP.

In pursuant to this, the TPP Ministers from the remaining 11 member countries convened a meeting on 21 May 2017 on the sideline of the APEC MRT Meeting in Hanoi, Vietnam and affirmed the economic and strategic importance of TPP, particularly as a vehicle for regional economic integration. The TPP was then renamed to the Comprehensive and Progressive Partnership Agreement (CPTTP) and signed on 8 March 2018.

At the regional level, Malaysia and its ASEAN partners have established the ASEAN Free Trade Area. ASEAN has also FTAs with China, Japan, Korea and India, as well as Australia and New Zealand. Currently, ASEAN is now negotiating a FTA that includes Australia, China, India, Japan, Korea and New Zealand which is known as the Regional Closer Economic Partnership Agreement (RCEP).

*Note:*

*Update and detailed information on commitments can be obtained from MITI's website: [www.miti.gov.my](http://www.miti.gov.my)*

## SUMMARY OF COMMITMENTS OF BILATERAL FREE TRADE AGREEMENTS BETWEEN MALAYSIA WITH TRADING PARTNERS

COMPARISON MATRIX OF SERVICES COMMITMENTS		
	MJEPA (Malaysia-Japan)	MPCEPA (Malaysia-Pakistan)
Malaysia's commitments	<ul style="list-style-type: none"> <li>Professional services: <ul style="list-style-type: none"> <li>Legal</li> <li>Accounting, bookkeeping services</li> <li>Taxation</li> <li>Architectural services</li> <li>Engineering services</li> <li>Integrated engineering services</li> <li>Medical specialty services</li> </ul> </li> <li>Computer related services</li> <li>Research and development services</li> <li>Rental/leasing services</li> <li>Private hospital services</li> <li>Other business services <ul style="list-style-type: none"> <li>advertising services</li> <li>market research services</li> </ul> </li> <li>Communication Services <ul style="list-style-type: none"> <li>Courier</li> <li>Basic telecommunications</li> <li>Telegraph</li> <li>Value added</li> <li>Audio visual</li> <li>Radio and television</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Professional services <ul style="list-style-type: none"> <li>Legal</li> <li>Accounting, bookkeeping services</li> <li>Taxation services</li> <li>Architectural services</li> <li>Engineering services</li> <li>Integrated engineering services</li> <li>Urban sector planning</li> <li>Landscaping services</li> <li>Medical specialty services</li> </ul> </li> <li>Computer related services</li> <li>Database services</li> <li>Research and development services</li> <li>Rental and leasing services without operators</li> <li>Other Business Services e.g. advertising services, management consulting services, market research, translation and interpretation services</li> <li>Communication services <ul style="list-style-type: none"> <li>Basic telecommunication</li> </ul> </li> </ul>

COMPARISON MATRIX OF SERVICES COMMITMENTS BY BILATERAL FTA PARTNERS		
	MJEPA (Malaysia-Japan)	MPCEPA (Malaysia-Pakistan)
	<ul style="list-style-type: none"> <li>• Education Services</li> <li>• Financial Services</li> <li>• Construction and related engineering services</li> <li>• Tourism and related services</li> </ul>	<ul style="list-style-type: none"> <li>- Data and message transmission services</li> <li>- Audio visual</li> <li>• Construction and related engineering services</li> </ul>

## SUMMARY OF COMMITMENTS OF BILATERAL FREE TRADE AGREEMENTS BETWEEN MALAYSIA AND TRADING PARTNERS

COMPARISON MATRIX OF SERVICES COMMITMENTS		
	MNZFTA (Malaysia-New Zealand)	MICECA (Malaysia-India)
Malaysia's commitments	<ul style="list-style-type: none"> <li>• Professional services <ul style="list-style-type: none"> <li>- Legal</li> <li>- Accounting, bookkeeping services</li> <li>- Architectural services</li> <li>- Engineering services</li> <li>- Integrated engineering services</li> <li>- Urban planning services</li> <li>- Landscaping services</li> </ul> </li> <li>• Computer related services</li> <li>• Research and development services</li> <li>• Rental/leasing services without operators</li> <li>• Other business services e.g. advertising services,</li> </ul>	<ul style="list-style-type: none"> <li>• Professional services <ul style="list-style-type: none"> <li>- Legal</li> <li>- Accounting, bookkeeping services</li> <li>- Architectural services</li> <li>- Engineering services</li> <li>- Integrated engineering services</li> <li>- Urban planning services</li> <li>- Landscaping services</li> <li>- Special medical services</li> </ul> </li> <li>• Computer related services</li> <li>• Research and development services</li> <li>• Rental/leasing services without operators</li> <li>• Other business services e.g. advertising services,</li> </ul>



COMPARISON MATRIX OF SERVICES COMMITMENTS		
	MNZFTA (Malaysia-New Zealand)	MICECA (Malaysia-India)
	<p>management consulting services, human resource management consulting services, public relation services</p> <ul style="list-style-type: none"> <li>• Communication Services <ul style="list-style-type: none"> <li>- Basic telecommunications</li> <li>- Data and message transmission services</li> <li>- Audio Visual</li> </ul> </li> <li>• Construction and related engineering services</li> <li>• Education services</li> </ul>	<p>management consulting services, human resource management consulting services</p> <ul style="list-style-type: none"> <li>• Communication services <ul style="list-style-type: none"> <li>- Basic telecommunications</li> <li>- Data and message transmission services</li> <li>- Audio visual</li> </ul> </li> <li>• Construction and related engineering services</li> </ul>

#### SUMMARY OF COMMITMENTS OF BILATERAL FREE TRADE AGREEMENTS BETWEEN MALAYSIA AND TRADING PARTNERS

COMPARISON MATRIX OF SERVICES COMMITMENTS		
	MJEPA (Malaysia-Japan)	MPCEPA (Malaysia-Pakistan)
Malaysia's commitments	<ul style="list-style-type: none"> <li>• Recreational, culture and sporting services</li> <li>• Transport services</li> <li>• Skill training services</li> </ul>	<ul style="list-style-type: none"> <li>• Distribution services <ul style="list-style-type: none"> <li>- Wholesale services</li> <li>- Retailing services</li> <li>- Franchising services</li> </ul> </li> <li>• Educational services</li> <li>• Financial services including insurance</li> <li>• Health and social services</li> <li>• Tourism and travel related services</li> <li>• Recreational, cultural and sporting services</li> <li>• Transport services</li> <li>• Other services e.g. skills training services</li> </ul>

COMPARISON MATRIX OF SERVICES COMMITMENTS		
	MJEPA (Malaysia-Japan)	MPCEPA (Malaysia-Pakistan)
FTA partner's commitments	<p><b><u>Japan</u></b></p> <ul style="list-style-type: none"> <li>Professional services: <ul style="list-style-type: none"> <li>Legal</li> <li>Accounting, bookkeeping services</li> <li>Taxation</li> <li>Architectural services</li> <li>Engineering services</li> <li>Civil engineering consulting services</li> <li>Urban planning and landscape architecture services</li> <li>Medical and dental services</li> <li>Veterinary services</li> <li>Services supplied by midwives, nurses and paramedical personnel</li> </ul> </li> <li>Computer related services (excluding air transport service: computer reservation system)</li> <li>Research and development services</li> <li>Real estate services</li> <li>Rental/leasing services without operators</li> </ul>	<p><b><u>Pakistan</u></b></p> <ul style="list-style-type: none"> <li>Professional services: <ul style="list-style-type: none"> <li>Legal</li> <li>Accounting, bookkeeping services</li> <li>Architectural services</li> <li>Engineering services for building infrastructure</li> <li>Integrated engineering services</li> </ul> </li> <li>Computer and related service</li> <li>Research and development</li> <li>Rental/leasing services without operators</li> <li>Other business services e.g. service incidental to agriculture and forestry (excluding fishing and hunting), mining.</li> <li>Communication services</li> <li>Construction and related engineering services</li> <li>Distribution services <ul style="list-style-type: none"> <li>Wholesale trade service</li> <li>Retailing service</li> <li>Franchising</li> </ul> </li> <li>Educational services</li> </ul>

#### SUMMARY OF COMMITMENTS OF BILATERAL FREE TRADE AGREEMENTS BETWEEN MALAYSIA AND TRADING PARTNERS

COMPARISON MATRIX OF SERVICES COMMITMENTS		
	MNZFTA (Malaysia-New Zealand)	MICECA (Malaysia-India)
Malaysia's commitments	<ul style="list-style-type: none"> <li>Environmental services</li> <li>Financial services including insurance</li> <li>Healthcare services <ul style="list-style-type: none"> <li>Medical speciality services</li> <li>Veterinary services</li> <li>Private hospital services</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Distribution services <ul style="list-style-type: none"> <li>Wholesale services</li> <li>Retailing services</li> <li>Franchising services</li> </ul> </li> <li>Education services</li> <li>Environmental services</li> </ul>

COMPARISON MATRIX OF SERVICES COMMITMENTS		
	MNZFTA (Malaysia-New Zealand)	MICECA (Malaysia-India)
	<ul style="list-style-type: none"> <li>• Tourism and travel related services</li> <li>• Recreational, cultural and sporting services</li> <li>• Transport services</li> <li>• Other services e.g. skills training services</li> </ul>	<ul style="list-style-type: none"> <li>• Health related and social services</li> <li>• Tourism and travel related services</li> <li>• Recreational, cultural and sporting services</li> <li>• Transport services</li> <li>• Other services e.g. skills training services</li> </ul>
FTA partner's commitments	<ul style="list-style-type: none"> <li>• Professional services: <ul style="list-style-type: none"> <li>- Legal</li> <li>- Accounting, bookkeeping services</li> <li>- Taxation</li> <li>- Architectural services</li> <li>- Engineering services</li> <li>- Integrated engineering services</li> <li>- Consultancy related to urban planning &amp; landscape architecture</li> <li>- Veterinary services</li> </ul> </li> <li>• Computer related services</li> <li>• Real estate services</li> <li>• Rental/leasing of equipment without crew</li> <li>• Other business services e.g. advertising service, management consulting service, service related to Management consulting, service incidental to agriculture, hunting and forestry, animal husbandry, mining</li> </ul>	<ul style="list-style-type: none"> <li>• Professional services: <ul style="list-style-type: none"> <li>- Accounting, bookkeeping services</li> <li>- Architectural services</li> <li>- Engineering services</li> <li>- Integrated engineering services</li> <li>- Urban planning &amp; landscape architecture</li> <li>- Medical and dental services</li> <li>- Veterinary services</li> <li>- Services supplied by midwives, nurses and paramedical personnel</li> </ul> </li> <li>• Computer related services</li> <li>• Research and development</li> <li>• Real estate services</li> <li>• Other business services e.g. management consulting service, service incidental to fishing, maintenance and repair of equipment, building cleaning services</li> <li>• Telecommunication services</li> <li>• Construction and related engineering services</li> </ul>

#### SUMMARY OF COMMITMENTS OF BILATERAL FREE TRADE AGREEMENTS BETWEEN MALAYSIA AND TRADING PARTNERS

COMPARISON MATRIX OF SERVICES COMMITMENTS		
	MJEPA (Malaysia-Japan)	MPCEPA (Malaysia-Pakistan)
FTA partner's commitments	<ul style="list-style-type: none"> <li>• Other business services e.g. advertising services, management consulting services and technical and testing and analysis for manufactured good</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental services</li> <li>• Financial services</li> <li>• Health and related social services</li> <li>• Tourism and travel related services</li> </ul>

COMPARISON MATRIX OF SERVICES COMMITMENTS		
	MJEPA (Malaysia-Japan)	MPCEPA (Malaysia-Pakistan)
	<ul style="list-style-type: none"> <li>and services incidental to agricultural, hunting, forestry and mining</li> <li>• Communication service:               <ul style="list-style-type: none"> <li>- Courier services</li> <li>- Telecommunication services</li> <li>- Audio visual services</li> </ul> </li> <li>• Construction and related engineering services</li> <li>• Educational services</li> <li>• Environmental services</li> <li>• Financial services</li> <li>• Health related and social services</li> <li>• Tourism related services</li> <li>• Recreational, cultural and sporting services</li> <li>• Transport services</li> </ul>	<ul style="list-style-type: none"> <li>• Recreational, cultural and sporting service</li> <li>• Transport services</li> </ul>

#### SUMMARY OF COMMITMENTS OF BILATERAL FREE TRADE AGREEMENTS BETWEEN MALAYSIA AND TRADING PARTNERS

COMPARISON MATRIX OF SERVICES COMMITMENTS		
	MNZFTA (Malaysia-New Zealand)	MICECA (Malaysia-India)
FTA partner's commitments	<ul style="list-style-type: none"> <li>• Communication services               <ul style="list-style-type: none"> <li>- Telecommunication services</li> <li>- Audio visual services</li> <li>- Construction and related engineering services</li> </ul> </li> <li>• Distribution services               <ul style="list-style-type: none"> <li>- Commission agent services</li> <li>- Wholesale trade</li> <li>- Retail trade</li> </ul> </li> <li>• Education services</li> <li>• Environmental services</li> </ul>	<ul style="list-style-type: none"> <li>• Distribution services (excluding live animals)</li> <li>• Education services</li> <li>• Environmental services</li> <li>• Health related and social services</li> <li>• Tourism and travel related services</li> <li>• Transport services</li> </ul>
	<ul style="list-style-type: none"> <li>• Financial services</li> <li>• Tourism and travel related services</li> <li>• Transport services</li> <li>• Other services</li> </ul>	

## SUMMARY OF COMMITMENTS OF ASEAN FREE TRADE AGREEMENTS

COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
<b>Malaysia's Commitments</b>	<ul style="list-style-type: none"> <li>• Professional Services</li> <li>- Legal Services</li> <li>- Accounting, Auditing and Bookkeeping Services</li> <li>- Taxation Services</li> <li>- Architectural Services</li> <li>- Engineering Services</li> <li>- Integrated Engineering Services</li> <li>- Urban Planning Services</li> <li>- Landscaping Services</li> <li>- Specialised Medical Services</li> <li>• Computer and Related Services</li> <li>- Consultancy Services</li> <li>- Software Implementation Services</li> <li>- Data Processing Services</li> <li>- Database Services</li> </ul>	<ul style="list-style-type: none"> <li>• Professional Services</li> <li>- Legal Services</li> <li>- Accounting, Auditing and Bookkeeping Services</li> <li>- Taxation Services</li> <li>- Architectural Services</li> <li>- Engineering Services</li> <li>- Integrated Engineering Services</li> <li>- Landscaping Services</li> <li>• Computer and Related Services</li> <li>- Consultancy Services</li> <li>- Software Implementation Services</li> <li>- Data Processing Services</li> <li>- Database Services</li> </ul>	<ul style="list-style-type: none"> <li>• Professional Services</li> <li>- Legal Services</li> <li>- Accounting, Auditing and Bookkeeping Services</li> <li>- Taxation Services</li> <li>- Architectural Services</li> <li>- Engineering Services</li> <li>- Integrated Engineering Services</li> <li>- Urban Planning Services</li> <li>- Landscaping Services</li> <li>• Computer and Related Services</li> <li>- Consultancy Services</li> <li>- Software Implementation Services</li> <li>- Data Processing Services</li> <li>- Database Services</li> </ul>	<ul style="list-style-type: none"> <li>• Professional Services</li> <li>- Accounting, Auditing and Bookkeeping Services</li> <li>- Architectural Services</li> <li>- Engineering Services</li> <li>- Integrated Engineering Services</li> <li>- Urban Planning Services</li> <li>• Computer and Related Services</li> <li>- Consultancy Services</li> <li>- Computer Software Development Services</li> <li>- Data Processing Services</li> <li>- Database Services</li> <li>- Maintenance and Repair Services of Computers</li> <li>- Other Computer Services</li> </ul>

COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
<b>Malaysia's Commitments</b>	<ul style="list-style-type: none"> <li>• Research and Development Services</li> <li>- Research and Experimental Development Services on Social Sciences and Humanities</li> <li>• Rental/Leasing Services without Operators</li> <li>- Relating to Ships</li> <li>- Relating to Aircraft</li> <li>- Relating to Construction and Mining Equipment and Industrial Plant and Equipment</li> <li>• Other Business Services</li> <li>- Advertising Services</li> <li>- Market Research and Public Opinion Polling Services</li> <li>- Other Management Consulting Services</li> <li>- Management Consulting Services</li> <li>- Technical Testing and Analysis Services</li> <li>- Services Incidental to Agriculture and Fishing</li> <li>- Services Incidental to Manufacturing</li> <li>- Student Placement Services</li> </ul>	<ul style="list-style-type: none"> <li>• Research and Development Services</li> <li>- Research and Experimental Development Services on Social Sciences and Humanities</li> <li>• Rental/Leasing Services without Operators</li> <li>- Relating to Ships</li> <li>- Relating to Aircraft</li> <li>- Leasing or Rental Services Relating to Construction and Mining Equipment and Industrial Plant and Equipment</li> <li>• Other Services</li> <li>- Advertising Services</li> <li>- Market Research and Public Opinion Polling Services</li> <li>- Management Consulting Services</li> <li>- Technical Testing and Analysis Services</li> <li>- Services Incidental to Agriculture and Fishing</li> <li>- Services Incidental to Manufacturing</li> <li>- Translation and Interpretation Services</li> <li>- Student Placement Services</li> </ul>	<ul style="list-style-type: none"> <li>- Computer Software Development Services</li> <li>• Research and Development Services</li> <li>- Research and Experimental Development Services on Social Sciences and Humanities</li> <li>• Rental/Leasing Services without Operators</li> <li>- Relating to Ships</li> <li>- Relating to Aircraft</li> <li>- Leasing or Rental Services Relating to Construction and Mining Equipment and Industrial Plant and Equipment</li> <li>• Other Business Services</li> <li>- Advertising Services</li> <li>- Management Consulting Services</li> <li>- Services Incidental to Agriculture and Fishing</li> <li>- Services Incidental to Manufacturing</li> <li>- Technical Testing and Analysis Services</li> <li>- Convention Centre</li> <li>- Translation and Interpretation Services</li> </ul>	<ul style="list-style-type: none"> <li>• Research and Development Services</li> <li>- Research and Development Services on Natural Sciences and Engineering</li> <li>- Research and Development Services on Medical Sciences and Pharmacy</li> <li>- Interdisciplinary Research and Development Services</li> <li>• Rental/Leasing Services without Operators</li> <li>- Relating to Aircraft</li> <li>• Other Business Services</li> <li>- Market Research and Public Opinion Polling Services</li> <li>- Technical Testing and Analysis Services</li> <li>- Technical Inspection Services</li> <li>- Operational Headquarters Services</li> <li>• Telecommunication Services</li> <li>- Basic Telecommunications</li> <li>- Value-Added Services</li> </ul>

COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
<b>Malaysia's Commitments</b>	<ul style="list-style-type: none"> <li>- Translation and Interpretation Services</li> <li>- Convention and Exhibition Management Services</li> <li>- Operational Headquarters Services</li> <li>• Telecommunication Services</li> <li>- Basic Telecommunications</li> <li>- Value-Added Services</li> <li>- Audiovisual Services</li> <li>• Construction and Related Engineering Services</li> <li>• Education Services</li> <li>- Other Higher Education Services</li> <li>- Other Education Services</li> <li>• Financial Services, including Insurance</li> <li>• Health Related and Social Services</li> <li>- Private Hospital Services</li> <li>• Tourism and Travel Related Services</li> <li>- Hotel, Tourist Resort and Restaurant Services</li> <li>- Travel Agencies and Tour Operators Services</li> <li>- Convention Centre</li> </ul>	<ul style="list-style-type: none"> <li>- Operational Headquarters Services</li> <li>- Consulting Services</li> <li>• Telecommunication Services</li> <li>- Basic Telecommunications</li> <li>- Other</li> <li>• Construction and Related Engineering Services</li> <li>• Distribution Services</li> <li>- Wholesale and Retail Trade Businesses</li> <li>• Healthcare Services</li> <li>- Medical Specialty Services</li> <li>- Private Hospital Services</li> <li>• Education Services</li> <li>- Other Higher Education Services</li> <li>• Tourism and Travel Related Services</li> <li>- Hotel, Tourist Resort and Restaurant Services</li> <li>- Travel Agencies and Tour Operators Services</li> <li>- Convention Centre</li> </ul>	<ul style="list-style-type: none"> <li>- Student Placement Services</li> <li>- Market Research and Public Opinion Polling Services</li> <li>- Operational Headquarters Services</li> <li>• Telecommunication Services</li> <li>- Basic Telecommunications</li> <li>- Other Telecommunications Services</li> <li>- Data and Message Transmission Services</li> <li>- Voice Telephone Service</li> <li>- Mobile Telephone Service</li> <li>- Telegraph Services</li> <li>- Telex Services</li> <li>- Mobile Data Services</li> <li>- Audiovisual Services</li> <li>• Construction and Related Engineering Services</li> </ul>	<ul style="list-style-type: none"> <li>• Audiovisual Services</li> <li>- Motion Picture or Video Tape Distribution Services</li> <li>• Construction and Related Engineering Services</li> <li>• Education Services</li> <li>- Other Higher Education Services</li> <li>• Tourism and Travel Related Services</li> <li>- Hotel, Tourist Resort and Restaurant Services</li> <li>- Restaurant</li> <li>- Travel Agencies and Tour Operators Services</li> <li>- Convention Centre</li> <li>- Theme Park</li> <li>• Transport Services</li> <li><u>International Maritime Transport Services</u></li> <li>- Passenger Transportation</li> <li>- Freight Transportation</li> <li>- Maritime Freight Forwarding Services</li> </ul>

COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
<b>Malaysia's Commitments</b>	<ul style="list-style-type: none"> <li>- Travel Agencies and Tour Operators Services</li> <li>- Tourist Guide Services</li> <li>• Recreational, Cultural and Sporting Services</li> <li>- Other Entertainment Services</li> <li>- Theme Parks</li> <li>- Sports Events Management Services</li> <li>- Other Entertainment Services</li> <li>- Theme Parks</li> <li>- Sports Events Management Services</li> <li>• Transport Services</li> <li><u>Maritime Transport Services</u> <ul style="list-style-type: none"> <li>- International Maritime Transport Services</li> <li>- Passenger Transportation</li> <li>- Freight Transportation</li> <li>- Rental/Leasing Services of Seagoing Vessels with Operator for International Shipping</li> <li>- Rental/Leasing Services of Seagoing Vessels without Operator for International Shipping</li> <li>- Maritime Agency Services</li> <li>- Vessels Salvage and Refloating Services</li> <li>- Maritime Freight Forwarding Services</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Recreational, Cultural and Sporting Services</li> <li>- Other Entertainment Services</li> <li>- Theme Parks</li> <li>- Sports Events Management Services</li> <li>• Transport Services</li> <li><u>Maritime Transport Services</u> <ul style="list-style-type: none"> <li>- Passenger Transportation</li> <li>- Freight Transportation</li> <li>- Rental of Cargo Vessels with Crew for International Shipping</li> <li>- Rental of Cargo Vessels Without Crew for International Shipping</li> </ul> </li> <li><u>Supporting Services for Maritime Transport</u> <ul style="list-style-type: none"> <li>- Vessel Salvage and Refloating Services</li> <li>- Maritime Agency Services</li> <li>- Maintenance and Repair Vessels</li> </ul> </li> <li><u>Services Auxiliary to All Modes of Transport</u> <ul style="list-style-type: none"> <li>• Other Services</li> <li>- Skills Training Services</li> <li>• Financial Services, including Insurance</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Education Services</li> <li>- Primary Education Services</li> <li>- General Secondary Education Services</li> <li>- Other Education Services</li> <li>- Technical and Vocational Secondary Education Services</li> <li>- Other Higher Education Services</li> <li>• Financial Services, including Insurance</li> <li>• Healthcare Services</li> <li>- Medical Specialty Services</li> <li>- Veterinary Services</li> <li>- Private Hospital Services</li> <li>• Tourism and Travel Related Services</li> <li>- Hotel, Tourist Resort and Restaurant Services</li> <li>- Travel Agencies and Tour Operators Services</li> </ul>	<ul style="list-style-type: none"> <li>- Maritime Agency Services</li> <li>- Maintenance and Repairs of Sea-Going Vessels</li> <li><u>Road Transport Services</u> <ul style="list-style-type: none"> <li>- Class C Freight Transportation</li> </ul> </li> </ul>



COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
<b>Malaysia's Commitments</b>	<ul style="list-style-type: none"> <li>• Other Services</li> <li>- Skills Training Services</li> </ul>		<ul style="list-style-type: none"> <li>• Recreational, Cultural and Sporting Services</li> <li>- Other Entertainment Services</li> <li>- Theme Park</li> <li>- Sports Events Management Services</li> <li>• Transport Services</li> <li>- International Maritime Transportation Services</li> <li>- Maritime Agency Services</li> <li>- Vessel Salvage and Refloating Services</li> <li>• Other Services</li> <li>- Skills Training Services</li> </ul>	
<b>ASEAN FTA Partner's Commitments</b>	<b>China</b> <ul style="list-style-type: none"> <li>• Professional Services</li> <li>- Legal Services</li> <li>- Accounting, Auditing and Bookkeeping Services</li> <li>- Taxation Services</li> <li>- Architectural Services</li> <li>- Engineering Services</li> <li>- Integrated Engineering Services</li> <li>- Urban Planning Services</li> <li>- Medical and Dental Services</li> </ul>	<b>Korea</b> <ul style="list-style-type: none"> <li>• Professional Services</li> <li>- Legal Services</li> <li>- Accounting, Auditing and Bookkeeping Services</li> <li>- Taxation Services</li> <li>- Architectural Services</li> <li>- Engineering Services</li> <li>- Integrated Engineering Services</li> <li>- Urban Planning and Landscape Architectural Services</li> <li>- Veterinary Services</li> </ul>	<b>Australia</b> <ul style="list-style-type: none"> <li>• Professional Services</li> <li>- Legal Services</li> <li>- Accounting, Auditing and Bookkeeping Services</li> <li>- Taxation Services</li> <li>- Architectural Services</li> <li>- Engineering Services</li> <li>- Integrated Engineering Services</li> <li>- Urban Planning and Landscape Architectural Services</li> <li>- Dental Services</li> </ul>	<b>India</b> <ul style="list-style-type: none"> <li>• Professional Services</li> <li>- Accounting and Bookkeeping Services</li> <li>- Architectural Services</li> <li>- Engineering Services</li> <li>- Integrated Engineering Services</li> <li>- Urban Planning Services</li> <li>- Medical and Dental Services</li> <li>- Services Provided by Midwives, Nurses, Physiotherapists and Para-Medical Personnel</li> </ul>

COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
<b>ASEAN FTA Partner's Commitments</b>	<ul style="list-style-type: none"> <li>• Computer and Related Services</li> <li>- Consultancy Services</li> <li>- Software Implementation Services</li> <li>- Data Processing Services</li> <li>- Input Preparation Services</li> <li>- Data Processing and Tabulation Services</li> <li>- Time-Sharing Services</li> <li>• Real Estate Service</li> <li>- Real Estate Services Involving Own or Leased Property</li> <li>- Real Estate Services On a Fee or Contact Basis</li> <li>• Other Business Services</li> <li>- Advertising Services</li> <li>- Market Research Services</li> <li>- Management Consulting Services</li> <li>- Services Related to Management Consulting</li> <li>- Project Management Services</li> <li>- Technical Testing and Analysis Services</li> <li>- Services Incidental to Agriculture, Forestry, Hunting and Fishing</li> </ul>	<ul style="list-style-type: none"> <li>• Computer and Related Services</li> <li>- Consultancy Services</li> <li>- Software Implementation Services</li> <li>- Data Processing Services</li> <li>- Database Services</li> <li>- Other</li> <li>• Research and Development Services</li> <li>- Research and Development Services on Natural Sciences</li> <li>- Research and Development Services on Social Sciences and Humanities</li> <li>- Interdisciplinary Research and Development Services</li> <li>• Real Estate Services</li> <li>- Brokerage Services</li> <li>- Appraisal Services</li> <li>• Rental/Leasing Services without Operators</li> <li>- Relating to Ships</li> <li>- Relating to Aircraft</li> <li>- Relating to Other Transport Equipment</li> <li>- Relating to Other Machinery and Equipment</li> <li>- Other</li> </ul>	<ul style="list-style-type: none"> <li>- Veterinary Services</li> <li>- Services Supplied by Registered Nurses and Registered Midwives</li> <li>• Computer and Related Services</li> <li>• Research and Development Services</li> <li>- Research and Experimental on Social Sciences and Humanities</li> <li>• Real Estate Service</li> <li>- Involving Own or Leased Property</li> <li>- On a Fee or Contact Basis</li> <li>• Rental/Leasing Services without Operators</li> <li>- Relating to Ships</li> <li>- Relating to Aircraft</li> <li>- Relating to Other Transport Equipment</li> <li>- Relating to Other Machinery and Equipment</li> <li>• Other Business Services</li> <li>- Advertising Services</li> <li>- Market Research and Public Opinion Polling Services</li> <li>- Management Consulting Services</li> </ul>	<ul style="list-style-type: none"> <li>• Computer and Related Services</li> <li>• Research and Development Services</li> <li>- Research and Development Services on Natural Sciences</li> <li>• Other Business Services</li> <li>- Management Consulting Services</li> <li>- Technical Testing and Analysis Services</li> <li>- Convention Services</li> <li>• Telecommunication Services</li> <li>- Voice Telephone Service</li> <li>- Packet-Switched Data Transmission Services</li> <li>- Circuit-Switched Data Transmission Services</li> <li>- Telex Services</li> <li>- Telegraph Services</li> <li>- Facsimile Services</li> <li>- Private Leased Circuit Services</li> <li>- Other</li> <li>- Electronic Mail</li> <li>- Voice Mail</li> <li>- Online Information and Database Retrieval</li> <li>- Enhanced/Value-Added Facsimile Services</li> </ul>

COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
<b>ASEAN FTA Partner's Commitments</b>	<ul style="list-style-type: none"> <li>- Placement and Supply Services of Personnel</li> <li>- Off-Shore Oil-Field Services Geological, Geophysical and Other Scientific Prospecting Services</li> <li>- Subsurface Surveying Services</li> <li>- On-Shore Oil-Field Services</li> <li>- Building-Cleaning Services</li> <li>- Photographic Services</li> <li>- Packaging Services</li> <li>- Printing of Packaging Materials, on a Fee or Contract Basis</li> <li>- Convention Services</li> <li>- Translation and Interpretation Services</li> <li>- Maintenance and Repair Services</li> <li>- Maintenance and Repair Services of Office Machinery and Equipment</li> <li>- Rental and Leasing Services</li> <li>• Communication Services</li> <li>- Courier Services</li> <li>• Distribution Services</li> <li>- Commission Agents' Services</li> <li>- Wholesale Trade Services</li> </ul>	<ul style="list-style-type: none"> <li>• Other Business Services</li> <li>- Advertising Services</li> <li>- Market Research and Public Opinion Polling Services</li> <li>- Management Consulting Services</li> <li>- Project Management Services and Other Management Services</li> <li>- Composition and Purity Testing and Analysis Services</li> <li>- Testing and Analysis Services of Physical Properties</li> <li>- Technical Inspection Services</li> <li>- Testing and Analysis Services of Integrated Mechanical and Electrical Systems</li> <li>- Consulting Services Related to Agriculture and Animal Husbandry</li> <li>- Poultry Differentiation Service</li> <li>- Services Incidental to Forestry</li> <li>- Consulting Services Related to Fishing</li> <li>- Services Incidental to Mining</li> </ul>	<ul style="list-style-type: none"> <li>- Services Related to Management Consulting</li> <li>- Services Incidental to Agriculture, Hunting and Forestry</li> <li>- Services Incidental to Fishing</li> <li>- Services Incidental to Mining and Site Preparation Work for Mining</li> <li>- Services Incidental to Energy Distribution</li> <li>- Placement and Supply Services of Personnel</li> <li>- Investigation and Security</li> <li>- Related Scientific and Technical Consulting Services</li> <li>- Building-Cleaning Services</li> <li>- Photographic Services</li> <li>- Convention Services</li> <li>- Telephone Answering Services</li> <li>- Duplicating Services</li> <li>- Translation and Interpretation Services</li> <li>- Mailing List Compilation and Mailing Services</li> <li>- Interior Design</li> <li>- Specialised Consultancy Services</li> </ul>	<ul style="list-style-type: none"> <li>- Online Information and/or Data Processing</li> <li>• Audiovisual Services</li> <li>- Motion Picture or Video Tape Distribution Services</li> <li>• Construction and Related Engineering Services</li> <li>• Financial Services</li> <li>• Health-Related and Social Services</li> <li>- Hospital Services</li> <li>• Tourism and Travel Related Services</li> <li>- Hotels and Other Lodging Services</li> <li>- Travel Agency and Tour Operator Services</li> <li>• Transport Services Maritime Transportation Services</li> <li>- International Transport (Freight and Passengers)</li> </ul>

COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
<b>ASEAN FTA Partner's Commitments</b>	<ul style="list-style-type: none"> <li>- Retailing Services</li> <li>- Franchising</li> <li>- Wholesale or Retail Trade Services Away from a Fixed Location</li> <li>• Educational Services</li> <li>- Primary Education Services</li> <li>- Secondary Education Services</li> <li>- Higher Education Services</li> <li>- Adult Education Services</li> <li>- Other Education Services</li> <li>• Environmental Services</li> <li>- Sewage Services</li> <li>- Solid Waste Disposal</li> <li>- Cleaning Services of Exhaust Gases</li> <li>- Noise Abatement Services</li> <li>- Nature and Landscape Protection Services</li> <li>- Other Environmental Protection Services</li> <li>- Sanitation Services</li> <li>• Financial Services</li> </ul>	<ul style="list-style-type: none"> <li>- Services Incidental to Manufacturing</li> <li>- Placement Services of Personnel</li> <li>- Geological, Geophysical and Other Scientific Prospecting Services</li> <li>- Subsurface Surveying Services</li> <li>- Surface Surveying Services</li> <li>- Map-Making Services</li> <li>- Maintenance and Repair of Equipment</li> <li>- Building-Cleaning Services</li> <li>- Photographic Services</li> <li>- Packaging Services</li> <li>- Printing</li> <li>- Publishing</li> <li>- Convention Agency Services</li> <li>- Stenography Services</li> <li>- Translation and Interpretation Services</li> <li>- Specialty Design Services</li> <li>• Communication Services</li> <li>- Courier Services</li> <li>• Telecommunication Services</li> <li>- Voice Telephone Service</li> </ul>	<ul style="list-style-type: none"> <li>• Telecommunication Services</li> <li>- Voice Telephone Service</li> <li>- Packet-Switched Data Transmission Services</li> <li>- Circuit-Switched Data Transmission Services</li> <li>- Telex Services</li> <li>- Telegraph Services</li> <li>- Facsimile Services</li> <li>- Private Leased Circuit Services</li> <li>- Digital Cellular Services</li> <li>- Paging Services</li> <li>- Personal Communications Services</li> <li>- Trunked Radio System Services</li> <li>- Mobile Services</li> <li>- Electronic Mail</li> <li>- Voice Mail</li> <li>- Online Information and Database Retrieval</li> <li>- Electronic Data Interchange</li> <li>- Enhanced/Value-Added Facsimile Services</li> <li>- Code and Protocol Conversion</li> <li>• Construction and Related Engineering Services</li> </ul>	

COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
<b>ASEAN FTA Partner's Commitments</b>	<ul style="list-style-type: none"> <li>• Tourism and Travel Related Services</li> <li>- Hotels and Restaurants</li> <li>- Travel Agency and Tour Operator</li> <li>• Recreational, Cultural and Sporting Services</li> <li>- Sporting and Other Recreational Services</li> <li>• Transport Services Maritime Transportation Services</li> <li>- International Transport (Freight and Passengers)</li> <li>• Transport Services Maritime Transportation Services</li> <li>- International Transport (Freight and Passengers)</li> <li>- Maritime Cargo Handling Services</li> <li>- Customs Clearance Services</li> <li>- Container Station and Depot Services</li> <li>- Maritime Agency Services</li> <li><u>Internal Waterways Transport</u></li> <li>- Freight Transport</li> </ul>	<ul style="list-style-type: none"> <li>- Packet-Switched Data Transmission Services</li> <li>- Circuit-Switched Data Transmission Services</li> <li>- Telex Services</li> <li>- Telegraph Services</li> <li>- Facsimile Services</li> <li>- Private Leased Circuit Services</li> <li>- Digital Cellular Services</li> <li>- Paging Services</li> <li>- Personal Communications Services</li> <li>- Trunked Radio System Services</li> <li>- Mobile Data Services</li> <li>- Internet Access Services</li> <li>- Voice Over Internet Protocol Services</li> <li>- Electronic Mail</li> <li>- Voice Mail</li> <li>- Online Information and Database Retrieval</li> <li>- Electronic Data Interchange</li> <li>- Enhanced/Value-Added Facsimile Services</li> <li>- Code and Protocol Conversion</li> <li>- Online Information and/or Data Processing</li> <li>- Other</li> </ul>	<ul style="list-style-type: none"> <li>• Distribution Services</li> <li>- Commission Agents' Services</li> <li>- Wholesale Trade Services</li> <li>- Retailing Services</li> <li>- Franchising</li> <li>• Education Services</li> <li>- Secondary Education Services</li> <li>- Higher Education Services</li> <li>- Other Education Services</li> <li>• Environmental Services</li> <li>- Wastewater Management</li> <li>- Waste Management</li> <li>- Protection of Ambient Air and Climate</li> <li>- Remediation and Cleanup of Soil and Water</li> <li>- Noise and Vibration Abatement</li> <li>- Protection of Biodiversity and Landscape</li> <li>- Other Environmental and Ancillary Services</li> <li>• Financial Services</li> <li>• Health-Related and Social Services</li> <li>- Other Human Health Services</li> </ul>	

COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
<b>ASEAN FTA Partner's Commitments</b>	<u>Air Transport Services</u> - Aircraft Repair and Maintenance Services - Computer Reservations System Services  <u>Rail Transport Services</u> - Freight Transportation by Rail  <u>Road Transport Services</u> - Freight Transportation by Road in Trucks or Cars - Passenger Transportation  <u>Services Auxiliary to All Modes of Transport</u> - Storage and Warehouse Services - Freight Forwarding Agency Services	<ul style="list-style-type: none"> <li>• Audiovisual Services</li> <li>- Motion Picture and Video Tape Production and Distribution Services</li> <li>- Record Production and Distribution Services</li> <li>• Construction Services</li> <li>• Distribution Services</li> <li>- Commission Agents' Services</li> <li>- Wholesale Trade Services</li> <li>- Retailing Services</li> <li>- Franchising</li> <li>• Education Services</li> <li>- Higher Education Services</li> <li>- Adult Education Services</li> <li>• Environmental Services</li> <li>- Sewage Services</li> <li>- Refuse Disposal Services</li> <li>- Cleaning Services of Exhaust Gases and Noise Abatement Services</li> <li>- Environment Testing and Assessment Services</li> <li>- Soil Remediation and Groundwater Purification</li> </ul>	<ul style="list-style-type: none"> <li>• Tourism and Travel Related Services</li> <li>- Hotels and Restaurants</li> <li>- Travel Agencies and Tour Operator Services</li> <li>- Tourist Guide Services</li> <li>• Recreational, Cultural and Sporting Services</li> <li>- News Agency Services</li> <li>- Sporting and Other Recreational Services</li> <li>• Transport Services</li> </ul> <u>Maritime Transportation Services</u> - International Transport (Freight and Passengers) - Maritime Auxiliary Services - Maritime Cargo Handling Services - Storage and Warehousing Services - Maritime Freight Forwarding Services - Customs Clearance Services - Pre-Shipment Inspection - Maritime Agency Services	

COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
<b>ASEAN FTA Partner's Commitments</b>		<ul style="list-style-type: none"> <li>- Environment Consulting Services</li> <li>• Financial Services</li> <li>• Tourism and Travel Related Services</li> <li>- Hotel and Restaurants</li> <li>- Travel Agencies and Tour Operators Services</li> <li>- Tourist Guides Services</li> <li>• Recreational, Cultural and Sporting Services</li> <li>- Entertainment Services</li> <li>• Transport Services</li> </ul> <u>Maritime Transportation Services</u> <ul style="list-style-type: none"> <li>- International Transport</li> <li>- Maritime Auxiliary Services</li> <li>- Maritime Cargo Handling Services</li> <li>- Storage and Warehousing Services in Ports</li> <li>- Customs Clearance Services</li> <li>- Maritime Agency Services</li> <li>- Container Station Services</li> <li>- Maritime Freight Forwarding Services</li> </ul>	<u>Air Transport Services</u> <ul style="list-style-type: none"> <li>- Maintenance and Repair of Aircraft</li> <li>- Computer Reservations Systems</li> </ul> <u>Rail Transport Services</u> <ul style="list-style-type: none"> <li>- Freight Transportation</li> <li>- Pushing and Towing Services</li> <li>- Supporting Services for Rail Transport Services</li> </ul> <u>Road Transport Services</u> <ul style="list-style-type: none"> <li>- Passenger Transportation</li> <li>- Freight Transportation</li> <li>- Rental of Commercial Vehicles with Operator</li> </ul> <u>Pipeline Transport</u> <ul style="list-style-type: none"> <li>- Transportation of Fuels</li> <li>- Transportation of Other Goods</li> </ul> <u>Services Auxiliary to All Modes of Transport</u> <ul style="list-style-type: none"> <li>- Cargo-Handling Services</li> <li>- Storage and Warehouse Services</li> <li>- Freight Transport Agency Services</li> <li>- Other Supporting and Auxiliary Transport Services</li> </ul>	

COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
<b>ASEAN FTA Partner's Commitments</b>		<ul style="list-style-type: none"> <li>- Shipping Brokerage Services</li> <li>- Maintenance and Repair of Vessels</li> <li>- Rental of Vessels with Crew</li> <li>- Pushing and Towing Services</li> <li>- Tally, Measuring and Survey Services</li> </ul> <u>Air Transport Services</u> <ul style="list-style-type: none"> <li>- Computer Reservations System Services</li> <li>- Selling and Marketing of Air Transport Services</li> <li>- Maintenance and Repair of Aircraft</li> </ul> <u>Rail Transport Services</u> <ul style="list-style-type: none"> <li>- Passenger Transportation</li> <li>- Freight Transportation</li> </ul> <u>Road Transport Services</u> <ul style="list-style-type: none"> <li>- Transportation of Containerized Freight</li> </ul> <u>Pipeline Transport</u> <ul style="list-style-type: none"> <li>- Only the transportation of oil products</li> </ul> <u>Services Auxiliary to All Modes of Transport</u> <ul style="list-style-type: none"> <li>- Storage and Warehouse Services</li> </ul>	<b>New Zealand</b> <ul style="list-style-type: none"> <li>• Professional Services</li> <li>- Legal Services</li> <li>- Accounting, Auditing and Bookkeeping Services</li> <li>- Taxation Services</li> <li>- Architectural Services</li> <li>- Engineering Services</li> <li>- Integrated Engineering Services</li> <li>- Consultancy Related to Urban Planning and Landscape Architecture</li> <li>- Veterinary Services</li> <li>• Computer and Related Services</li> <li>- Consultancy Services</li> <li>- Software Implementation Services</li> <li>- Data Processing Services</li> <li>- Database Services</li> <li>- Maintenance and Repair of Office Machinery and Equipment</li> <li>- Other Computer Services</li> <li>• Real Estate Service</li> <li>- Involving Own or Leased Property</li> <li>- On a Fee or Contact Basis</li> </ul>	



COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
<b>ASEAN FTA Partner's Commitments</b>		<u>Other Transport Services</u> - Freight Forwarding for Rail Transport  • Other Services Not Included Elsewhere - Hairdressing and Other Beauty Services	• Rental/Leasing Services without Crew - Transport and Non-Transport  • Other Business Services - Advertising Services - Management Consulting Services - Services Related to Management Consulting - Services Incidental to Agriculture, Hunting and Forestry - Services Incidental to Animal Husbandry - Placement and Supply Services of Personnel - Cleaning of Buildings and Similar Activities - Photographic Services - Convention Services - Credit Reporting Services - Collection Agency Services - Translation Services - Interior Design Services - Telephone Answering Services - Duplicating Services - Other Business Services	

COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
ASEAN FTA Partner's Commitments			<ul style="list-style-type: none"> <li>• Telecommunication Services</li> <li>- Voice Telephone Service</li> <li>- Packet-Switched Data Transmission Services</li> <li>- Circuit-Switched Data Transmission Services</li> <li>- Telex Services</li> <li>- Telegraph Services</li> <li>- Facsimile Services</li> <li>- Private Leased Circuit Services</li> <li>- Other Paging Services</li> <li>- Teleconferencing Services</li> <li>- Personal Communications Services</li>   <li>- Trunked Radio System Services</li> <li>- Mobile Data Services</li> <li>- Electronic Mail</li> <li>- Voice Mail</li> <li>- Online Information and Database Retrieval</li> <li>- Electronic Data Interchange</li> <li>- Enhanced/Value-Added Facsimile Services</li> <li>- Code and Protocol Conversion</li> <li>- Online Information and/or Data Processing</li> </ul>	

COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
ASEAN FTA Partner's Commitments			<ul style="list-style-type: none"> <li>• Audiovisual Services</li> <li>• Construction and Related Engineering Services</li> <li>• Distribution Services               <ul style="list-style-type: none"> <li>- Commission Agents' Services</li> <li>- Wholesale Trade Services</li> <li>- Retail Trade</li> </ul> </li> <li>• Education Services               <ul style="list-style-type: none"> <li>- Primary, Secondary and Tertiary Education in Private Institutions</li> <li>- Other Education Services</li> </ul> </li> <li>• Environmental Services               <ul style="list-style-type: none"> <li>- Wastewater Management</li> <li>- Waste Management</li> <li>- Sanitation and Similar Services</li> <li>- Protection of Ambient Air and Climate</li> <li>- Remediation and Cleanup of Soil and Water</li> <li>- Noise and Vibration Abatement</li> <li>- Protection of Biodiversity and Landscape</li> <li>- Other Environmental and Ancillary Services</li> </ul> </li> </ul>	

COMPARISON MATRIX OF SERVICES COMMITMENTS				
	ACFTA (ASEAN-China Free Trade Area)	AKFTA (ASEAN-Korea Free Trade Area)	AANZFTA (ASEAN-Australia New Zealand Free Trade Area)	AIFTA (ASEAN-India Free Trade Area)
ASEAN FTA Partner's Commitments			<ul style="list-style-type: none"> <li>• Financial Services</li> <li>• Tourism and Travel Related Services               <ul style="list-style-type: none"> <li>- Hotels and Restaurants</li> <li>- Travel Agencies and Tour Operator Services</li> </ul> </li> <li>• Transport Services</li> </ul> <p><u>Maritime Transportation Services</u></p> <ul style="list-style-type: none"> <li>- International Transport (Freight and Passengers)</li> <li>- Maritime Auxiliary Services</li> <li>- Maritime Freight Forwarding Services</li> </ul> <p><u>Air Transport Services</u></p> <ul style="list-style-type: none"> <li>- Selling and Marketing of Air Transport Services</li> <li>- Computer Reservation System Services</li> </ul> <p><u>Rail Transport Services</u></p> <p><u>Commercial Road Transport Services</u></p> <p><u>Pipeline Transport</u></p>	



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2020