

**GUIDELINES FOR SETTING UP A REPRESENTATIVE OFFICE/
REGIONAL OFFICE
(31.03.2021)**

1. Definition

A Representative Office / Regional Office is an office established in Malaysia by a foreign company / organisation to perform permissible activities for its head office / principal. The Representative Office / Regional Office serves as temporary establishment to assess business viability prior incorporating permanent business entity in Malaysia. The Representative Office / Regional Office is not required to be incorporated under the Companies Act 2016. The setting up of a Representative Office / Regional Office requires the approval by the Government of Malaysia.

1.1 Representative Office

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

1.2 Regional Office

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

2. Permissible Activities for Representative Office / Regional Office

The approved Representative Office / Regional office is allowed to engage and perform the following activities for its head office or principal:

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

3. Non-Permissible Activities for Representative Office / Regional Office

The approved Representative Office / Regional Office is not allowed to conduct the following activities:

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

4. **Eligibility Criteria**

- The operational expenditure of the Representative Office / Regional Office must be at least RM300,000.00 per annum. Nevertheless, upon approval, the condition imposed will be based on the operational expenditure as proposed by the Representative Office / Regional Office.
- The Representative Office / Regional Office should be financed by funds emanating from sources outside Malaysia.

5. **Duration of Establishment**

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

Minimum of two (2) years and extended period may be considered subject to additional commitment on operating expenditure and based on the merits of each case.

- Government and Trade Association

Duration is based on the contractual agreement or other equivalent document or maximum of five (5) years and renewed based on the merits of each case.

6. **Expatriate Posts**

A Representative Office / Regional Office is eligible to apply for expatriate post. The expatriates will only be considered for managerial and technical posts and the number of posts allowed depending on the functions and activities of the Representative Office / Regional Office.

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

Employment pass for the approved expatriate is valid for one (1) year and requires renewal on annual basis.

7. Procedure for Application:

- 7.1 Application (excluding banking and financial services) with complete information should be made online through MIDA e-TRANS portal at URL <https://investmalaysia.mida.gov.my>
- 7.2 Application with incomplete information will not be accepted and will be returned to the company.
- 7.3 For application related to **banking and financial services**, please contact **Bank Negara Malaysia** at the following address:

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

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