

**GUIDELINES FOR SETTING UP A
REPRESENTATIVE OFFICE (RE) / REGIONAL OFFICE (RO)
(As at 24 March 2023)**

1. Definition

A Representative Office / Regional Office (RE/RO) is an office established in Malaysia by a foreign company / organisation to perform permissible activities related to economics, trade and investment for its head office / principal. 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 (RE/RO)

An approved RE/RO 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 RE/RO**

The approved RE/RO 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. **Duration of Establishment**

- Minimum of 2 years and extended period may be considered subject to merits of each case.
- For Government agencies, the duration will be based on requirement.
- The application for extension period must be made at least **three (3) months before the expiry date**. The approval for extension shall be considered subject to the compliance of above criteria and conditions imposed.

5. Eligibility Criteria

5.1 Eligible Sectors:

- i) Manufacturing sector
- ii) Services sub-sectors promoted by MIDA and other services sub-sectors on case to case basis
- iii) Government sector and foreign organisation

5.2 Type of applicants:

- i) Foreign Government Agencies
- ii) Foreign Organisation, Universities and Institutions
- iii) Foreign Companies (Conglomerates* and Non-Conglomerates)

**A conglomerate is defined as a multi-industry company with combination of multiple business entities operating in entirely different industries under one corporate group, usually involving a parent company and many subsidiaries. Conglomerates are often large and multinational.*

- 5.3 The name of the RE/RO must be the same as to the parent's entity.
- 5.4 New applications must be submitted by the parent entity, signed by authorised signatory of the parent entity and sealed with an official stamp. Extension application may be signed by the head of RE/RO in Malaysia.
- 5.5 RE/RO is allowed to operate in commercial office premise only, cannot operate in residential.
- 5.6 RE/RO is allowed to undertake activities within the permissible activities for RE/RO.
- 5.7 The operational expenditure (OPEX) for new establishment of RE/RO and extension of RE/RO are as follows:

Type of Applicant	New	First Extension	Further Extension
Foreign Government Agencies, Foreign Organisations, Universities and Institutions	RM300,000 per annum		

Type of Applicant	New	First Extension	Further Extension
Foreign Companies (Non-Conglomerate)	RM300,000 per annum	RM600,000 per annum	Not applicable
Foreign Companies (Conglomerate)	RM300,000 per annum	RM600,000 per annum	RM1 million per annum

The OPEX will be imposed at minimum or as proposed by the applicant, **whichever is higher.**

- 5.8 Progress report / annual activities must be submitted to MIDA every 12 months and before application for extension of RE/RO is approved.
- 5.9 The approval for extension of RE/RO must be made at least **three (3) months before the expiry date.** The approval for extension of RE/RO establishment shall be considered subject to the compliance of imposed conditions.
- 5.10 Upon expiry of the RE/RO approval, the applicants are encouraged to incorporate a subsidiary in Malaysia under the Companies Act 2016.
- 5.11 All workers employed by the RE/RO must register and contribute to Social Security Organisation (SOCSO) and Employees Provident Fund (EPF).
- 5.12 The RE/RO should be financed by funds emanating from sources outside of Malaysia.

6. **Expatriate Post**

- 6.1 A RE/RO establishment will be considered for expatriate post(s) depending on the functions and activities of the approved RE/RO establishment.
- 6.2 Criteria for expatriate post(s):
- i) The expatriate will only be considered for managerial and technical post.
 - ii) The total number of employees of the RE/RO should reflect the ideal composition of 2 expatriates to 1 Malaysian.

- iii) The expatriate working with a RE is subject to the normal income tax. Meanwhile, the expatriate working with a RO is taxed based on the portion of their chargeable income attributed to the number of days that they are in Malaysia.
 - iv) The expatriate will only perform tasks in accordance to the permissible activities under a RE/RO.
 - v) The expatriate must be paid minimum basic salary of RM5,000 per month or as proposed, **whichever is higher**.
- 6.3 Employment pass for the approved expatriate is valid for one (1) year and requires renewal on annual basis.
- 6.4 The application for extension of expatriate post(s) must be made at least **three (3) months before the expiry date**. The approval for extension of expatriate post(s) shall be considered subject to the compliance of above imposed criteria and conditions.
- 6.5 Minimum academic qualification:
- Degree with at least 3 years of experience in the relevant field; or
 - Diploma with at least 5 years of experience in the relevant field; or
 - High School Certification with at least 10 years of experience in the relevant field; or
 - Academic qualifications/experience proposed by companies, whichever is higher.

7. **Procedure for Application:**

- 7.1 Eligible companies may apply for these types of applications:
- a) Application for a RE/RO and/or Expatriate Post(s);
 - b) Application for Extension of a RE/RO and/or Expatriate Post(s);
 - c) Application for additional Expatriate for RE/RO.

Applications for (a),(b) and (c) as indicated above (with complete information should be made via the Invest Malaysia at <https://investmalaysia.mida.gov.my>.

- 7.2 Application for Replacement of Expatriate for Representative Office/ Regional Office should be submitted manually using the RE/RO-3 form to :-

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

- 7.3 Application with incomplete information will not be accepted and will be returned to the company.

- 7.4 For enquiries and clarification please refer to: -

Website : www.mida.gov.my
Tel : (603) 2267 3633
Fax : (603) 2274 7970
E-mail : investment@mida.gov.my

- 7.5 For applications related to **banking and financial services**, please contact the **Central Bank of Malaysia (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

8. Supporting Documents

New RE/RO Status With/Without Expatriate Post(s)

1.	Certificate of Incorporation of Parent Company
2.	Latest Audited Financial Statement of Parent Company (2 years) – English
3.	Company Profile – English Version
For Expatriate(s)	
4.	Certified True Copy (CTC) of Certificates of Academic Qualification(s)
5.	Resume of the Expatriate(s)
6.	Certified True Copy (CTC) of Passport(s)

Extension of RE/RO Status and/or Expatriate Post(s)

1.	Certificate of Incorporation of Parent Company
2.	Latest Audited Financial Statement of Parent Company (2 years) – English
3.	Company Profile – English Version
4.	Latest Audited Operating Expenditure Performance of RERO (2 years)
5.	A copy of Last One (1) Year Activity Report
6.	A copy of Valid Tenancy Agreement
7.	Last one (1) year EPF contribution slips of Malaysian staffs (if any)
8.	Last one (1) year of SOCSO contribution for all employees
9.	Previous MIDA Approval Letter
10.	Approval letter from Department of Labour for registration under Section 60K of the Labour Act, 1955 with validity of 6 months from the approval letter
For Expatriate(s)	
11.	Certified True Copy (CTC) of Certificates of Academic Qualification(s)
12.	Resume of Expatriate(s)
13.	Certified True Copy (CTC) of Passport(s)
14.	Income Tax Return Receipt for Existing Expatriate(s)

New / Additional of Expatriate Post(s)

1.	Certified True Copy (CTC) of Passport(s)
2.	Certified True Copy (CTC) of Certificates of Academic Qualifications
3.	Resume of Expatriate(s)
4.	Previous MIDA Approval Letter

Replacement of Expatriate Post(s) (To Be Submitted Manually)

1.	Certified True Copy (CTC) of Passport(s)
2.	Certified True Copy (CTC) of Certificates of Academic Qualifications
3.	Resume of Expatriate(s)
4.	Previous MIDA Approval Letter