

# ADVERTISING SERVICES





# 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 Healthcare 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

*MIDA is the Government's principal investment promotion and development agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Headquartered in Kuala Lumpur Sentral, MIDA has 12 regional and 21 overseas offices. MIDA continues to be the strategic partner to businesses in seizing the opportunities arising from the technology revolution of this era. For more information, please visit [www.mida.gov.my](http://www.mida.gov.my) and follow us on Twitter, Instagram, Facebook, LinkedIn, TikTok and YouTube channel.*

*For the latest updates, please visit MIDA's website at [www.mida.gov.my](http://www.mida.gov.my).*

# ADVERTISING SERVICES

BOOKLET

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# ADVERTISING SERVICES

## 1. UNDERSTANDING THE SUB-SECTOR

### Advertising services

Classification:

Malaysia Standard Industrial Classification (MSIC) Code 74300

Includes:



Creating and placing advertisements in periodicals, newspapers, radio, television, and outdoor advertising (billboards, panels, bulletins and frames, window dressing, showroom design, car and bus carding, etc).

Media representation: Sale of time and space for various media soliciting advertising.



Aerial advertising

Distribution or delivery of advertising materials or samples.



Renting of spaces for advertisement.

Excludes:

<b>Business Activity</b>	<b>MSIC Code</b>
• Printing of advertising material	22210: Printing
• Market research	74130: Market research and public opinion polling
• Public relations activities	74143: Public relations consultancy services
• Direct mailing activities	74992: Bill collecting, credit rating, direct mailing, mail advertising, and similar activities
• Production of commercial messages for radio, television, and film	59110: production of commercial messages for radio, television and film

## **2. SETTING UP YOUR BUSINESS**

### **2.1 Registration with the Companies Commission of Malaysia (SSM)**

The setting up of a company providing advertising services requires the intended party to register with SSM under the Registration of Businesses Act 1956 or incorporate a company under the Companies Act 2016 (CA 2016). A foreign company shall not carry on business in Malaysia unless it incorporates a local company or registers the company with SSM in Malaysia. For a foreign company to register a company in Malaysia, the same registration procedures pertaining to the registration of a locally-incorporated company apply.

A 'Foreign Company' is defined under the Companies Act, 2016 as:

- a company, corporation, society, association or other body incorporated outside Malaysia; or
- 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.

### **2.2 Registration with Ministry of Finance (MOF)**

Any consulting firm intending to tender for Government contracts must register with MOF using the codes specified by MOF.

Conditions that must be fulfilled for registration with MOF:

- Firm with accumulated/paid-up capital as follows:
  - Sole proprietorship - minimum of RM50,000
  - Partnership - minimum of RM50,000
  - Sdn. Bhd. - minimum of RM50,000
- The firm needs to have a legitimate office address, whether leased or its own property.
- The business premise is not allowed to use the address of an online office, P.O. Box, mailing box office services, or other premises where the traceability and capacity of the firm is difficult to be determined.

- The firm must have at least three staff members under permanent employment and contributing to the Employees Provident Fund (EPF), with the following composition:
  - one professional with at least one degree in a related field;
  - one semi-professional with at least a diploma in a related field; and
  - one clerk.
- The owner of the firm must be appointed as a full-time Director, and can be appointed as part of the professional staff or the management, but is not allowed to be appointed as a worker in the firm.
- The owner of the firm must have the necessary professional qualification in the field of expertise applied for, in accordance with the provision of the relevant laws and regulations, and is required to submit his relevant CV/work experience.
- The professional staff and the semi-professional staff are required to submit their first degrees or diplomas together with their relevant CVs/work experience.
- All equity/shareholders must have at least five (5) years of working experience in the field of expertise applied for after obtaining their first degree.
- The field of expertise submitted for registration with MOF must be consistent with the practising licence issued by the respective Professional Boards.
- The consulting firm needs to have an active current account.
- For professions whose ethics of service are governed by the Professional Boards, the equity/shareholders shall be registered with their respective Professional Boards. The field of expertise to be registered with MOF will be the expertise approved by the Professional Boards.
- For professions whose ethics of service are yet to be governed by the Professional Boards, the field of expertise to be registered with MOF will be based on the academic qualification and the working experiences of the owner.
- The consulting firm is required to submit its registration certificate with the Professional Board as compliance with the provisions of the Act of the Professional Board for purposes of carrying out consultancy services.

Application must be made through [www.eperolehan.gov.my](http://www.eperolehan.gov.my).

Please refer to the above website for policy of registration, registration code, and other relevant information.

### **2.3 Business Licence**

Companies intending to set up an office are required to obtain a business premise/signboard licence from the respective local authorities, depending on the nature of the business activity.

There are 155 local authorities in Malaysia responsible for approving business premise and signboard licences. The requirements for obtaining a business premise/signboard licence may vary from one local authority to another.

Applicants are advised to contact the relevant local authority (based on the location of the business premises) regarding the specific rules and regulations pertaining to business premise/signboard registration. The fees may vary according to each of the local authorities.

Contact details for local authorities are available in the Quick Reference Booklet in this series.

### **3. EQUITY POLICY**

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To increase local participation in business, the Government encourages joint-ventures between Malaysian and foreign investors.

### **4. EMPLOYING EXPATRIATE PROFESSIONALS**

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Companies or firms providing advertising services in Malaysia may employ expatriates by submitting their applications for Employment Passes to the Immigration Department.

However, they must first apply for approval to employ expatriates from the Expatriate Committee of the Immigration Department prior to submitting the Employment Pass applications. Upon approval of the expatriate posts, companies should forward their applications for Employment Passes to the Immigration Department for endorsement.

Key posts will be considered if the foreign paid-up capital is at least RM500,000. However, this sum is only a guideline and the number of key posts considered is dependent on the company's needs, on a case-by-case basis.

Spouses and children of expatriates can apply for Dependant Passes once the expatriates have been issued with the Employment Pass. The Dependant Passes may be applied for either together with the application for the Employment Pass or after the Employment Pass has been approved. Spouses and children of expatriates who enter the country on visit (temporary employment or professional) passes will be issued visit (social) passes.

### **5. GENERAL GUIDELINES FOR ADVERTISING PRACTICE**

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The Malaysian Code of Advertising Practice (referred to as 'the Code') is a fundamental part of the system of control by which the advertising activities are regulated in Malaysia. It is administered by the Advertising Standards Malaysia<sup>1</sup>. It does not cover publicity for products which appear in media other than in space or time paid by advertisers.

Outdoor advertising guidelines and approvals are under the auspices of the respective state Government/local authorities.

Government-owned television and radio have their own Advertising Code (Kod Pengiklanan) which is under the control of the Ministry of Communications and Multimedia.

Advertisements communicated electronically, which include private-owned television and radio, online services, and audio-text hosting services otherwise referred to as premium rate services, have their own Content Code which is administered by the Malaysian Communications and Multimedia Content Forum of Malaysia.

Commercials must have at least 80 per cent local content and be made in Malaysia if they wish to qualify as a Made-in-Malaysia advertisement according to the Made-in-Malaysia (MIM) rules under National Film Development Corporation (Perbadanan Kemajuan Filem Nasional Malaysia) (FINAS).

The Film Censorship Board (Lembaga Penapisan Filem) has its own Film Censorship Guidelines (Garis Panduan Penapisan Filem).

General guidelines to be followed by the companies providing advertising services laid out by the Code are:

- (i) All advertisements should be legal, decent, honest and truthful.
- (ii) Advertisements must project the Malaysian culture and identity, reflect the multi-racial character of the population and advocate the philosophy of "RUKUN NEGARA" which reads as follows:-
  - Belief in God
  - Loyalty to King and Country
  - Upholding the Constitution
  - Rule of Law
  - Good Behaviour and Morality
- (iii) Advertisements must not identify or type-cast any particular racial group or sex with vocations, traditional values and backgrounds.
- (iv) A list of statutes affecting advertising is set out at the end of this Code.
- (v) Advertisements must comply in every respect with the Law, common or statute. Advertising should not propagate fraudulent trade practices.
- (vi) No advertising material which tends to offend the proprieties or ethics generally observed by the community or contains terms, words or subject matter not generally considered acceptable in polite conversation should be accepted.
- (vii) All advertisements should be prepared with a sense of responsibility to the consumer.
- (viii) All advertisements should conform to the principles of fair competition as generally accepted in business.
- (ix) No advertisement should bring advertising into disrepute or reduce confidence in advertising as a service to the industry and to the public.
- (x) Advertisements must be clearly distinguishable as such.

## **6. GENERAL AGREEMENT ON TRADE IN SERVICES (GATS), ASEAN FRAMEWORK AGREEMENT ON SERVICES (AFAS) AND FREE TRADE AGREEMENTS (FTAs)**

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Updates and information regarding the Schedule of Specific Commitments of GATS, AFAS, and FTAs are available from MITI's website at [www.miti.gov.my](http://www.miti.gov.my).





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