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DOING BUSINESS IN MALAYSIA

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Chapter 1 Malaysia – An Introduction

1.1 Overview

Malaysia is a federal constitutional monarchy in Southeast Asia. It is made up of two distinct regions – Peninsular Malaysia and East Malaysia. Malaysia consists of thirteen States and three Federal territories. Eleven States consists of Perlis, Kedah, Penang, Perak, Selangor, Negeri Sembilan, Melaka, Johor, Pahang, Terengganu, Kelantan and two Federal Territory consists of Kuala Lumpur and Putrajaya located in Peninsular Malaysia and two states consists of Sabah and Sarawak and Federal Territory of Labuan located in East Malaysia.

1.2 Geography and Climate

Malaysia (3° 8' 0" N, 101° 42' 0" E) is located in the heart of South East Asia and close to the equator and has total land size of approximately 329,847km². Peninsular Malaysia occupies only about 40% of the total land area. Malaysia has tropical rainforest climate with no distinctive seasons. Temperatures usually range from 23°C to 32°C.

1.3 Population

Malaysia is a multi-cultural population country. Malaysia has approximately 28.33million population (based on 2010 census). The population is made up of Malays, Chinese, Indian, Indigenous people and others. The Malaysian Constitution guarantees freedom of worship for other religion while making Islam the state religion.

1.4 Government and Politics

Malaysia is a federal constitutional elective monarchy country, with a legal system based on English common law. The Supreme Head of State is Yang di-Pertuan Agong, commonly referred to as the king. The Yang di-Pertuan Agong is elected to a five year term from among the nine State Ruler by the Conference of Rulers and holds office for five years.

1.5 Language and Currency

The official language for Malaysia is Bahasa Malaysia, also known as Malay Language. English is widely used for business, commerce and industry and in the tourism industry. Apart from English, Mandarin and Tamil are the next commonly spoken.

The official currency of Malaysia is Malaysia Ringgit (MYR or RM). One Malaysia Ringgit = 100 cents. Larger establishments and major hotel readily accept foreign currency. Foreign currency also can exchange at licensed money changer or banks.

1.6 Transportation and Communication

Malaysia has one of the best developed transport and communication system in South East Asia.

Airport

Presently, there are 5 international airports and 15 domestic airports in Malaysia and 19 others aerodromes. Among all the international airport, Kuala Lumpur International Airport (KLIA) is the largest airport and has been awarded one of the best airports in the world. Presently, Malaysia has two major airline operators – Malaysia Airlines System and Air Asia. Malaysia Airline having received more than 100 awards in the past 10 years and Air Asia has been awarded “World’s Best Low Cost Airline”.

Ports

Malaysia has seven federal ports are under the jurisdiction of the Ministry of Transport. At present, Port Klang, Penang Port, Johor Port, Port of Tanjung Pelepas, Kuantan Port, Kemaman Port are located in Peninsular Malaysia and Bintulu Port in Sarawak. Bintulu Port also the only port which handles liquefied natural gas.



Road and Railway

Travel and transport by land in Peninsular Malaysia is well served by an extensive motorway. The Malaysian Highway Authority supervises and executes the design, construction, regulation, operation and maintenance of highway. Expressway link all major township and potential development areas.

Keretapi Tanah Melayu Berhad (KTM), which operates the train in Peninsular Malaysia. Its network runs the length and width of Peninsular Malaysia.

The Kuala Lumpur Sentral (KL Sentral) served as transportation hub integrating all major rail transport network.

Postal Services

Pos Malaysia is the exclusive provider of mail services in Malaysia.

Telecommunication

Malaysia has five telco's and networks facilities providers support full range of services consists of voice, data and other advanced communication services. Malaysia is linked to the rest of the world through various satellite and fibre optic.

1.7 Utilities

Electricity

Malaysia enjoys ample supply of electricity throughout the country. The national utility company – Tenaga Nasional Berhad (TNB) supplies power to Peninsular Malaysia, while Sabah Electricity Sdn. Bhd. (SESB) and Sarawak Electricity Supply Corporation (SESCO) supply power to Sabah and Sarawak respectively.

Water

Malaysian enjoys a 24-hours supply of water and water is fully treated and reliable in safe in term of quantity and quality.

Chapter 2 Types of Business Organisation

2.1 Operating Structure

In Malaysia, business may be conducted in any one of the following forms:

- i. By an individual operating as a sole proprietor;
- ii. By two or more (but not more than 20) persons in partnership
- iii. By a locally incorporated company or by a foreign company registered under the provisions of the Companies Act 1965.

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 partnership, partners are both jointly and severally liable for the debts and obligations of the partnership should its assets insufficient. Formal partnership deeds may be drawn up governing the rights and obligations of each partner but this is not obligatory.

In practice, only Malaysians who are residents in Malaysia are allowed to register a sole proprietorship or partnership.

2.2 Company Structure

Companies in Malaysia are regulated by The Companies Act 2016. The Act stipulates that a person that a person must register a company with SSM prior commence of any business activity. There are three types of companies:-



- i. A company limited by shares - personal liability of its members is limited to the amount of their shares and the number of shares taken or agreed to be taken by them. Company limited by shares can be either private (Sendirian Berhad or Sdn. Bhd.) or Public (Berhad or Bhd.)
- ii. A company limited by guarantee – members guarantee to meet liability up to an amount nominated in the Constitution in the event of the company being wound up.
- iii. An unlimited company - where there is no limit to the members' liability

2.2.1 Company Limited by Shares

This is the most common company structure in Malaysia. Company having a share capital may be incorporated as a private company in accordance to the provision of the Company Act 2016.

- i. Restricts the right to transfer its shares.
- ii. Limit the number of its members to fifty (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.

A public company can be formed or alternatively, a private company can be converted into a public company subject to Section 41 (2) of the Companies Act 2016. Such company can offer shares to the public provided:-

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

A public company can apply to have its shares quoted on the Bursa Malaysia, subject to compliance with the requirements set by Bursa Malaysia.

2.2.2 Branch of Foreign Company

Foreign company shall register with SSM if they desiring to conduct business in Malaysia. Every foreign company must lodge with SSM for registration, and using prescribed form for notice of the situation of its registered office within one month.

2.2.3 Representative Office

Foreign Corporation may also apply to MIDA for setting up a representative office. In general, representative office serves as a promotional and liaison office of the parent company.

2.3 Basic Requirements and Procedures for Company Incorporation (Private Company)

Generally, principal requirements for company incorporation as follow:-

- i. Obtaining approved name by Companies Commission of Malaysia.
- ii. At least One director, who has principal or only place of residence within Malaysia.
- iii. Having minimum One or more shareholders and can be natural or corporate company.
- iv. Having Registered office in Malaysia.
- v. Constitution is optional and can be adopted anytime up to decision of the Board.
- vi. Company Secretary is optional at the point of Company Incorporation. Within 30 days after Incorporation, at least one company secretary must be appointed.



2.4 Stamp Duty

One-off stamp duty upon the incorporation of company.

2.5 Company Administration

2.5.1 Director

Company must have at least One director. Director must be natural person, 18 years of age and above. The duties and responsibilities of director are set out in the Companies Act 2016 and so modified by the Constitution of the Company.

2.5.2 Company Secretary

Company must appoint a company secretary. Company secretary must be a natural person, 18 years of age and above and a member of professional body approved under the Companies Act 2016.

2.5.3 Registered Office

A company must have a registered office. Under the Companies Act 2016, all books, registers and documents required to be kept at the registered office.

2.5.4 Auditor

Every company requires appointing an approved auditor licensed by Ministry of Finance and approved under Companies Act 2016.

2.5.5 Statutory Filing (Annual Return) and Financial Reporting

The Companies Act 2016 de-couples the filing requirement of Audited Financial Statements and Annual Returns.

The Audited Financial Statements are required to be lodged with Companies Commission of Malaysia as follows:

- (a) In the case of private company, within 30 days after the audited financial statements have been circulated to members; and
- (b) In the case of Public Companies, within 30 days after the audited financial statements have been tabled at the Annual General Meeting.

The Annual Returns are required to be lodged with Companies Commission of Malaysia within 30 days of the anniversary of a company's incorporation date.

Chapter 3 Immigration Procedure

3.1 Passport Requirement

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

3.2 Visa Requirements

There are certain countries require visa enter into Malaysia. Please refer to [APPENDIX II](#).

For national of Israel, visas and prior approval from Malaysia's Ministry of Internal Security are required.

For nationals of Republic of Serbia and the Republic of Montenegro, visas and prior approval from Malaysia's Ministry of Home Affairs are required.



Chapter 4 Labour Force

4.1 Manpower

Malaysia offers investor youth labour force which is diligent, disciplined, educated and trainable labour force. Youth who enter into the labour market would have undergone at least 11 years (min 6 years for primary school and min 5 years for secondary school).

4.2 Manpower Development

For the purpose of satisfy the country's technological and economic development needs. The national vocational Training Council (NVCT), under the Ministry of Human Resource was established in 1989. Presently, NVCT has changed its name to Department of Skills Development (DSD).

4.3 Labour Cost

With effective 1sts January 2013, Malaysia implemented minimum wages. Currently minimum wages for peninsular Malaysia is RM900 and for East Malaysia is RM800.

4.4 Employment of Expatriate

Foreigners are welcome to take up employment in Malaysia. However they are only allowed to take up employment in the area where there is shortage of trained Malaysians to do the job.

The Malaysian Government has issued the following new guidelines on the employment of expatriate to further improve Malaysia's investment environment: -

- a) Manufacturing companies with foreign paid-up capital of US\$2 million and above:
 - i. Automatic approval is given for up to 10 expatriate posts, including five key posts.
 - ii. Expatriates can be employed for up to a maximum 10 years for executive posts, and five years for non-executive posts.
- b) Manufacturing companies with foreign paid-up capital of more than US\$200,000 but less than US\$2 million:
 - i. Automatic approval is given for up to five expatriate posts, including at least one key post.
 - ii. Expatriate can be employed for up to a maximum 10 years for executive posts, and five years for non-executive posts.
- c) Manufacturing companies with foreign paid-up capital of less than US\$200,000 will be considered for both key posts and time posts based on current guidelines. They are:
 - i. Key posts can be considered where the foreign paid-up capital is at least RM500,000. This amount, however, is only a guideline and the number of key posts allowed depends on the merits of each case.
 - ii. Time posts can be considered for up to 10 years for executive posts that require professional qualifications and practical experience, and five years for non-executive posts that require technical skills and experience. For these posts, Malaysians must be trained to eventually take over the posts.

For Malaysian-owned manufacturing companies, approval for the employment of expatriates for technical posts, including R & D posts, will be given as requested.

4.5 Employment of Foreign Workers

Foreign workers can be employed in the manufacturing, construction, plantation, agriculture, services and domestic help sector. Services sector consists of fourteen sub sectors (restaurant, launderette, welfare homes, cleaning services, wholesale/ retail, goldsmith, barber, metal/ scrap/recycle activities, cargo handling, hotel, caddy in golf club, textile and spa/ reflexology).

4.6 Labour Standard

There are Acts and Ordinances are in place to maintain the industrial harmony. Please refer to [APPENDIX III](#).



Chapter 5 Taxation

5.1 Corporate Taxation

Malaysia's taxes regulated by self-assessment system for corporate and individual taxpayer, taxes are also assessed on current year basis. Taxation system consists of direct taxation and indirect taxation.

Direct taxes:-

- Income Tax;
- Real Property Gains Tax (RPGT)
- Petroleum Income Tax
- Stamp Duty

Indirect Taxes:-

- Excise Duty
- Import and Export Duty
- Sales Tax (Abolished on 31 Mar 15)
- Service Tax (Abolished on 31 Mar 15)
- GST (Effective on 1 Apr 15)

With effect from year of assessment 2017, the corporate tax for resident companies will be taxed 24% while income tax for small and medium enterprises (defined as company having paid-up capital of less than RM2.5 million) are taxed at preferential rate of 18% (YA2016: 19%) on their first RM500,000 chargeable income. For non-resident company/branch, the tax rate is at 24%. For Oil and Gas Company the tax rate is 38%.

With effective 1st April 2015, Malaysia government introduced Goods and Services Tax at rate of 6%.

Besides that, Malaysian Government also offered wide range of tax incentives to attract foreign investor. Please refer to [APPENDIX IV](#).

To encourage foreign investment, Malaysia has concluded Investment Guarantee Agreement (IGAs) with most of the countries in the world. Please refer to [APPENDIX V](#).

Malaysia has entered into Double Taxation Agreement with the countries listed in [APPENDIX VI](#).

With effect from 1 January 2014, the RPGT rates for the disposal of real property and shares in real property companies are as per [APPENDIX VII](#).

5.2 Personal Income Tax

Resident individual subject to income tax at graduated tax rates after deduction of personal relief. Please refer to [APPENDIX VII](#) for resident individual tax rates and Personal Relief [APPENDIX VIII](#). For non-resident individual, are taxed at a flat rate of 28%.

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Appendix I

Stamp Duty for Authorised Share Capital

Authorised Share Capital	Stamp Duty (RM)
Not exceeding RM400,000	1,000
RM400,001 to RM500,000	3,000
RM500,001 to RM1,000,000	5,000
RM1,000,001 to RM5,000,000	8,000
RM5,000,001 to RM10,000,000	10,000
RM10,000,001 to RM25,000,000	20,000
RM25,000,001 to RM50,000,000	40,000
RM50,000,001 to RM100,000,000	50,000
Exceeding RM100,000,000	70,000
The Maximum stamp duty payable is RM70,000	



Appendix II

Visa Requirements to Enter Malaysia

Countries That Require Visa For Stays Exceeding 3 Months			
• Albania	• Denmark	• Kuwait	• South Korea
• Algeria	• Egypt	• Lebanon	• Spain
• Argentina	• Finland	• Liechtenstein	• Sweden
• Australia	• France	• Luxembourg	• Switzerland
• Austria (Vienna)	• Germany	• Morocco	• Tunisia
• Bahrain	• Hungary	• Netherlands	• Turkey
• Belgium	• Iceland	• Poland	• Turkmenistan
• Bosnia – Herzegovina	• Ireland	• Qatar	• United Arab Emirates
• Brazil	• Italy	• Romania	• United Kingdom
• Croatia	• Japan	• St Marino	• Uruguay
• Cuba	• Jordan	• Saudi Arabia	• Yemen
• Czech Republic	• Kyrgyzstan	• Slovakia	•

Commonwealth Countries That Require Visa	
• Bangladesh	• Nigeria
• Cameroon	• Pakistan
• Ghana	• Sri Lanka
• Mozambique	

Countries that require Visa	
• Afghanistan (Visa with reference)	• Ethiopia
• Angola	• Guinea - Bissau
• Bhutan	• Hong Kong (C/I or D/I)
• Burkina Faso	• India
	• Ivory Coast (Cote d'ivoire)
• Burundi	• Liberia
• Central African Republic	• Mali
• China	• Myanmar (ordinary passport)
• Colombia	• Nepal
• Comoros	• Niger
• Congo Democratic Republic	• Rwanda
• Congo Republic	• Serbia & Montenegro
• Djibouti	• Taiwan – 15 days without visa
• Equatorial Guinea	• United Nations (Laissez Passer)
• Eritrea	• Western Sahara
	• Yugoslavlia

Nationals from other countries other than those stated above (except Israel), no visa is required for visits not exceeding one month.



Appendix III

Acts and Ordinances

- Employment Act 1955
- The Labour Ordinance, Sabah and the Labour Ordinance, Sarawak
- Employees Provident Fund Act 1991
- Employee's Social Security Act 1969
- Workmen's Compensation Act 1952
- Industrial Relations Act 1967
- Factories and Machinery Act 1957 (FMA)
- Occupational Safety and Health Act 1994 (OSHA)

Regulations under OSHA 1994 that enforced by Department of Occupational Safety and Health (DOSH)

- Employer's Safety and Health General Policy Statements (Exception) Regulation, 1955
- Control of Industrial Major Accident Hazards Regulations, 1996
- Classification, Packaging and Labelling of Hazards Chemicals Regulations, 1997
- Safety and Health Committee Regulations, 1996
- Safety and Health Officer Regulations, 1997
- Use and Standards of Exposure of Chemicals Hazardous to Health Regulations, 2000
- Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease Regulation, 2004

DOSH enforces 16 regulations under FMA 197

- Electric Passenger and Goods Lift Regulations, 1970
- Fencing of Machinery and Safety Regulations, 1970
- Notification, Certificate of Fitness and Inspection Regulations, 1970
- Person-In-Charge Regulation, 1970
- Safety, Health and Welfare Regulations, 1970
- Steam Boiler and Unfired Pressure Vessel Regulations, 1970
- Certificates of Competency-Examinations Regulations, 1970
- Administration Regulations, 1970
- Compounding of Offences Rules, 1978
- Compoundable Offences Regulations, 1978
- Lead Regulations, 1984
- Asbestos Process Regulations, 1986
- Building Operations and Works of Engineering Construction (Safety) Regulations, 1986
- Mineral Dust Regulations, 1989
- Noise Exposure Regulations, 1989
- Notification, Certificate of Fitness and Inspection (Amendment) Regulations, 2004



Appendix IV

Investment Incentives

Incentives for The Manufacturing Sector
<ul style="list-style-type: none"> • Pioneer Status • Investment Tax Allowance • Acquisition of Proprietary Rights • Double Deduction • Acquisition of Foreign Owned Company • Incentives for Capital Expenditure on Automation Expenditure • Incentives for Relocating Manufacturing Activities to Promoted Areas • Incentives for High Technology Companies • Incentives for Strategic Projects • Incentives for Small and Medium Scale Companies • Incentives to Strengthen Industrial Linkage • Incentives for the Machinery and Equipment Industry • Incentives for Production of Specialised Machinery and Equipment • Additional Incentives for the Production of Heavy Machinery • Incentives for Automotive Components Modules or Systems • Incentives for the Utilisation of Oil Palm Biomass • Reinvestment Allowance • Accelerated Capital Allowance • Accelerated Capital Allowance on Equipment to Maintain Quality of Power Supply • Accelerated Capital Allowance on Security Control Equipment • Incentives for Industrial Building System • Tax Exemption on the Value of Increased Export • Group Relief • Income tax exemption and double deduction for halal industry

Incentives for Tourism Industry
<ul style="list-style-type: none"> • Pioneer Status • Investment Tax Allowance • Enhanced Incentives for Undertaking New Investment • Incentives for Reinvestment in Hotels and Tourism Projects • Incentives for Luxury Yacht Industry • Double Deduction on Overseas Promotion • Double Deduction on Approved Trade Fairs • Tax Exemption for Tour Operators • Tax Exemption for Promoting International Conference and Trade Exhibition • Deduction on Cultural Performances • Incentive for Car Rental Operators • Promotion of car or motor races



Appendix IV

Investment Incentives – Cont'd

Incentives for Medical Device Industry

- Companies Investing in New Testing Laboratories for Testing Medical Devices
- Companies Upgrading Existing Testing Laboratories for Testing Medical Devices

Incentives for Trading Industry

- Exemption of Statutory Income
- Approved Offshore Trading Company

Incentives for Environmental Management

- Incentives for Forest Plantation Projects
- Incentives for the Storage, Treatment and Disposal of Toxic and Hazardous Wastes
- Incentives for Waste Recycling Activities
- Accelerated Capital Allowance for Environmental Management
- Incentives for Energy Conservation
- Incentives for Energy Generation Activities Using Renewable Energy Resources
- Incentives for Generation of Renewable Energy for Own Consumption
- Tax Incentive for Green Technology Project
- Tax Incentive for Green Technology Services
- Tax Incentive for Purchase of Green Technology Assets

Incentives for The Agriculture Sector

- Pioneer Status
- Investment Tax Allowance
- Incentives for Food Production
- Incentives for Reinvestment in Food Processing Activities
- Reinvestment Allowance
- Incentives for Reinvestment in Resource Based Industries
- Incentives for Modernising Chicken and Duck Rearing
- Accelerated Capital Allowance
- Agriculture Allowance
- Accelerated Agriculture Allowances for the Planting of Rubber Wood Trees
- 100% Allowances on Capital Expenditure for Approved Agricultural Projects
- Tax Exemption on the Value of Increased Exports
- Incentives for Companies providing Cold Chain Facilities and Services for Food Products
- Double Deduction for Expenses to Obtain “Halal” Certification and Quality Systems and Standards Certification
- Double Deduction on Freight Charges for Export of Rattan and Wood-based Products



Appendix IV

Investment Incentives – Cont'd

Incentives for Research & Development
<ul style="list-style-type: none"> • Contract R&D Company • R&D Company • In-House Research • Second Round Incentives • Incentives for Commercialisation of Public Sector R&D • Double Deduction for Research & Development • Incentives for Researchers to Commercialise Research Findings

Incentives for Training
<ul style="list-style-type: none"> • Incentives for Unemployed Graduate Training Scheme • Deduction for Cost of Recruitment of Workers • Deduction for Pre-Employment Training • Deduction for Non- Employee Training • Deduction for Cash Contributions • Special Industrial Building Allowance • Tax Exemption on Educational Equipment • Tax Exemption on Royalty Payments • Double Deduction for Approved Training • Human Resource Development Fund (HRDF) • Investment Tax Allowance • Tax Incentive for Structured Internship Programme • Double Deduction Awarding Scholarship

Others Incentives
<ul style="list-style-type: none"> • Incentives for The Shipping and The Transportation Industry • Incentives for The Multimedia Super Corridor • Incentives for Information and Communication Technology • Incentives for Knowledge-based Activities • Incentives for Operational Headquarters • Incentives for International Procurement Centres / Regional Distribution Centres • Representative Offices and Regional Offices • Incentives for Mine Wellness City Developer, Manager and Operator • • Incentives for Approved Services Projects • Incentives for the Promotion of Healthcare Travel • Incentives for Integrated Logistics Services • Incentives for Cold Chain Facilities • Incentives for Gas and Radiation Sterilisation Services • Incentives for Providers of Industrial Design Services In Malaysia • Incentives for Industrial Area Management



Appendix V

Investment Guarantee Agreements

Albania	Ghana	San Marino
Algeria	Guinea	Saudi Arabia
Argentina	Hungary	Senegal
Austria	India***	Slovak Republic
ASEAN	Indonesia**	Spain
Bahrain, State of	Iran	Sri Lanka
Bangladesh	Italy	Sudan, Republic of
Belgo-Luxembourg	Jordan	Syrian Arab Republic
Burkina Faso	Kazakhstan	Sweden
Cambodia	Korea, North	Switzerland
Canada*	Korea, South	Taiwan
Chile, Republic of	Kuwait	Turkey
China, People's Republic	Lebanon	Turkmenistan
Croatia	Macedonia	United Arab Emirates
Cuba	Mongolia	United Kingdom
Czech Republic	Morocco	United State of America*
Denmark	Namibia	Uruguay
Egypt	Netherlands	Uzbekistan
Ethiopia, Republic of	Peru	Vietnam
Finland	Poland	Yemen
France	Romania	Zimbabwe
Germany		

* USA & CANADA - Insurance Guarantee Agreement.

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

*** India notified termination on 23 March 2016 and termination will come into force from 23 March 2017.



Appendix VI

Double Taxation Agreement

Albania, Republic	Italy	Russia
Argentina ^	Japan	San Marino
Australia	Jordan	Saudi Arabia
Austria	Kazakhstan	Senegal *
Bahrain	Korea, Republic	Seychelles##
Bangladesh	Kuwait##	Singapore
Belgium##	Kyrgyz, Republic	South Africa
Bosnia & Herzegovina	Laos	Spain
Brunei	Lebanon	Sri Lanka
Canada	Luxembourg	Sudan
Chile	Malta	Sweden
China, People's Republic##	Mauritius	Switzerland
Croatia	Mongolia	Syria
Czech Republic	Morocco	Taiwan #
Denmark	Myanmar	Thailand
Egypt	Namibia	Turkey##
Fiji	Netherlands	Turkmenistan
Finland	New Zealand	United Arab Emirates
France	Norway	United Kingdom
Germany	Pakistan	United States of America ^
Hungary	Papua New Guinea	Uzbekistan
India	Philippines	Venezuela
Indonesia##	Poland (new agreement)*	Vietnam
Ireland	Qatar	Zimbabwe
Islamic Republic of Iran	Romania	Hong Kong S.A.R
		Slovak Republic

* Gazette Double Taxation Agreements; not yet entered into force

^ Limited Agreements.

Income Tax Exemption Order

Protocol which amends limited articles of the treaty has been gazetted but not entered into force.



Appendix VII

Income Tax Rates – Resident Individuals

Chargeable Income		Rate (%)	Tax (RM)
First	5,000	0	0
Next	5,000	1	50
On	10,000		50
Next	10,000	1	100
On	20,000		150
Next	15,000	5	750
On	35,000		900
Next	15,000	10	1,500
On	50,000		2,400
Next	20,000	16	3,200
On	70,000		5,600
Next	30,000	21	6,300
On	100,000		11,900
Next	150,000	24	36,000
On	250,000		47,900
Next	150,000	24.5	36,750
On	400,000		84,650
Next	200,000	25	50,000
On	600,000		134,650
Next	400,000	26	104,000
On	1,000,000		238,650
Exceeding	1,000,000	28	



Appendix VIII

Income Tax Rebate for Individual

	YA2016 RM
Tax Payer – Personal Relief	9,000
Medical expenses for parents (max)	5,000
Medical expenses for taxpayer, spouse and children on serious diseases [include RM500 for medical examination expenses (max)]	6,000
Disabled person (further deduction) <ul style="list-style-type: none"> • Taxpayer • Spouse 	6,000 3,500
Supporting equipment for disabled taxpayer, spouse, children or parent (max)	6,000
Wife – if she has no source of income or elects for combined assessment	4,000
Husband – if he has no source of income or elects for combined assessment	4,000
Children (claimed by either husband or wife): <ul style="list-style-type: none"> • Per child (below 18 years of age) • Disabled child (unmarried) • Per child (over 18 years of age) <ul style="list-style-type: none"> – Overseas universities, colleges or similar establishments – Local universities, colleges or similar establishments – Disabled child pursuing tertiary education 	2,000 6,000 8,000 8,000 8,000
Life insurance premiums/Approved fund contributions/Private pension fund <ul style="list-style-type: none"> • Taxpayer (max) • Further deduction for amount paid by wife under combined assessment (max) 	6,000 Nil
Private Retirement Scheme/ Annuity Premium <ul style="list-style-type: none"> • Taxpayer (max) • Further deduction for amount paid by wife under combined assessment (max) 	3,000 Nil
Insurance premiums for education or medical benefits: <ul style="list-style-type: none"> • Taxpayer (max) • Further deduction for amount paid by wife under combined assessment (max) 	3,000 Nil



Appendix VIII

Income Tax Rebate for Individual – Cont'd

	RM
Annuity premium on annuity purchased through EPF Annuity Scheme <ul style="list-style-type: none"> • Taxpayer (max) Nil • Further deduction for amount paid by wife under combined assessment (max) Nil 	
Fees for acquiring, technical, vocational, industrial, scientific, technological, law, accounting, Islamic financing, skills or qualifications at tertiary level or any course of study at post graduate level (max)	7,000
Purchase of books, journals, magazines and other similar publications (excluding newspaper or banned publications) for the use of taxpayer, spouse or children #	1,000
Purchase of computer (Once in every 3years) #	3,000
Amount deposited into Skim Simpanan Pendidikan Nasional for his child (max)	6,000
Purchase of sports equipment #	300
Interest paid on housing loans Interest expended to finance the purchase of a first residential property (if the taxpayers fulfil the requirements as stipulated in (S. 46B of the ITA 1967)	10,000
Broadband subscription fees	Nil
Special tax relief for middle income taxpayers	Nil
Parental care : <ul style="list-style-type: none"> • Father 1,500 • Mother 1,500 	
Social Security Organisation (SOCSO) Scheme	250
Purchase of breastfeeding equipment (max)	1,000
Fees paid to child care centres and kindergartens (max)	1,000

Will be replaced with Lifestyle relief of RM2,500 (max) with effect from YA2017.



About TY TEOH INTERNATIONAL

TY TEOH International is a leading regional chartered accountants, tax, transfer pricing, valuation and consulting group with office presences in Singapore, Malaysia and Myanmar to provide a diverse spectrum of business solutions and consulting services to the corporate client including Audit & Assurance, BPO & Business Advisory, China Desk, Financial & Transaction Advisory, Migration Advisory, Myanmar Advisory, Offshore Advisory, Profit Improvement, Risk & Governance Advisory, Sustainability Advisory, Tax & GST Advisory, Transfer Pricing Advisory and Valuation Advisory.

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