



The Malaysian Company

General

Malaysia is one of the best developed countries in Southeast-Asia. The government supports the economy with liberal politics. Malaysia privatized many state-owned enterprises and due to the liberalization in many areas, the state became an investor in private industry.

Malaysia's tax system is based on the territoriality principle, meaning that offshore business is not taxable in Malaysia as long as it will not be remitted to Malaysia.

In 1989, the Government of Malaysia declared the Federal Territory of Labuan as an international Offshore Financial Centre and decreed several new offshore acts. Labuan is providing several tax and non-tax incentives to international companies.





Characteristics of a Malaysian Company

Business	A Malaysian company may carry any legal business. However certain business activities need a authorization from the state (e.g. banking, insurance, ...)
Name of the Company	The company's name may be registered in any language provided they use roman characters. Such names must contain an indication as to the legal form such as "Corporation", "Incorporated", "Soci�te Anonyme" or abbreviations thereof ("Inc.", "SA", etc.)
Shareholder	At least two shareholders are required. To incorporate the company, the shareholders have to be individuals. However, the shares may be sold to a corporate body after the incorporation.
Authorized Capital	The minimum capital is MYR 25'000 (approx. CHF 8'600, EUR 5'200, USD 7'100)
Shares	Bearer shares or shares without a par value are not allowed.
Board of Directors	At least two directors are required. They must be resident in Malaysia.





Accounting

All companies must keep proper accounting records and have the records and financial statements audited annually by an external auditor.

Annual General Meeting

Each company is required to hold an annual general meeting.

Redomiciliation

A foreign company incorporated under the laws of any country other than Malaysia may apply to be registered as being continued in Kuala Lumpur.

Taxation

The tax rate is calculated on the audited net income. The ordinary tax rate is 28 %.

Companies are generally subject to Malaysian tax on income accruing in or derived from Malaysia. Offshore income remitted by companies resident in Malaysia is generally exempt from Malaysian income tax (territoriality principle). Banking, air and sea transportation and insurance businesses carried on by residents are, however, taxed on a worldwide basis.

Unabsorbed business losses can be carried forward indefinitely but can only be set-off against future business income and not against any other income.

Malaysia has a comprehensive tax treaty regime and has concluded and signed round about 50 tax treaties.





Highlights of a Malaysian Company

- ✓ Politically and economically stable
- ✓ Upcoming financial center in Far East.
- ✓ No taxation on offshore business (territoriality principle)
- ✓ Central geographical position in Asia Pacific Area
- ✓ Double taxation agreements with several countries



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