

If you are planning on **doing business in Malaysia** knowledge of the investment environment and information on the legal, accounting and taxation framework are essential to keep you on the right track...

Shamsir Jasani Grant Thornton 



Contents

Contents	
Foreword	1
Country profile	2
Business environment	5
Finance	8
Incentives for investment	10
Business entities	15
Immigration requirements	17
Financial reporting	18
Tax	19
Contact details	23

Foreword

This guide is designed to give an insight into doing business in Malaysia together with relevant background information which will be of assistance to organisations considering setting up a business there.

It does not cover the subject exhaustively but is intended to answer some of the important, broad questions that may arise. When specific problems occur in practice, it will often be necessary to refer to the laws and regulations of Malaysia and to obtain appropriate accounting and legal advice.

The most common way of doing business is through Malaysian incorporated companies which could be subsidiaries of foreign companies, and the information has been produced mainly with these entities in mind. Other business structures exist and in some situations may be more appropriate. Some entities such as banks and insurance companies are subject to special regulations, which are not dealt with in this booklet.

This guide contains only brief notes and includes legislation in force as of **30 April 2006**.

Grant Thornton in Malaysia

Shamsir Jasani Grant Thornton is the Malaysian member of Grant Thornton International, one of the world's leading organisations of independently owned and managed accounting and consulting firms, providing assurance, tax and specialist advice to fast-growing, entrepreneurial people and businesses.

Employing more than 200 staff, Shamsir Jasani Grant Thornton operates in four offices across Malaysia: Kuala Lumpur (main), Kuantan, Johor Bahru and Penang.

The strength of each firm is reflected in the quality of our international organisation, operating in 112 countries, bringing together 22,000 personnel in around 519 offices worldwide. All Grant Thornton firms share a commitment to providing the same high quality service to their clients wherever they choose to do business.

If you require any further information, please do not hesitate to contact your nearest Grant Thornton office.

Country profile

Geography

Malaysia occupies a central position in South East Asia, with a land area of 330,000 square kilometres (127,000 square miles) and is divided into 2 distinctive land masses – Peninsular Malaysia and East Malaysia. Peninsular Malaysia borders Thailand to the North and is separated from Singapore to the South by the Straits of Johore. East Malaysia is part of Borneo and shares its borders with Brunei and Indonesia.

Climate

The country is situated at the southern part of the tropics and has a wet tropical climate with warm and humid weather all year round. Temperatures range from 21-35 degree Celsius. Annual rainfall varies from 2000mm to 2470mm.

Time Zone

Malaysia is 8 hours ahead of Greenwich Mean Time (GMT).

Population

Malaysia is a multi-racial country with an estimated population of 26.51 million (Source: National Statistics Department, 12 April 2006). Malays who make up about 66% of the population are the predominant group with Chinese, Indians and other ethnic groups making up the rest. Islam is the state religion but freedom of religion is guaranteed by the Constitution.

Languages

Bahasa Malaysia is the official and national language, but English is widely used for business and in the tourist industry. Mandarin and Tamil are also familiar local languages, and are taught concurrently with Bahasa Malaysia and English in the education system.

Currency

The Malaysian unit of currency is Ringgit Malaysia (RM), which is divided into 100 sen.

Federal capital

Kuala Lumpur

Administrative centre

Putrajaya

Political system

Malaysia has 13 states and two federal territories, i.e. Kuala Lumpur and Labuan. Nine of the 13 states have hereditary rulers. From these states (Perlis, Kedah, Kelantan, Terengganu, Pahang, Selangor, Negeri Sembilan and Johor), the Head of State of Malaysia, the King or Yang Di-Pertuan Agong, is elected every five years.

The government is a parliamentary democracy based upon universal suffrage. The executive powers are vested in the head of government, the Prime Minister, who presides over the Cabinet, comprising the government ministers. The majority party is the Barisan Nasional.

The Parliament is comprised of two houses: The Dewan Rakyat, which is fully elected, and the Dewan Negara (Senate) to which members are nominated by the Agong (King). Senate members are citizens who have given distinguished public service, have distinguished professional careers, or who represent the interests of racial minorities and aboriginal peoples.

Each state has a Chief Minister (Menteri Besar) who is elected to office, together with a State Assembly.

Legal system

The supreme law of the nation is a written federal constitution, which can only be amended by a two-thirds majority in Parliament.

Malaysia's judiciary is independent, with judicial power vested in the High Court of Malaya, and the High Court of Borneo, headed by Chief Justices; with the Federal Court having exclusive jurisdiction to determine appeals. The Lord President is Head of the Judiciary.

The basis of the Malaysian legal system is English common law, a legacy of British colonial history. The High Court has jurisdiction over all criminal and civil matters, while the Court of Appeal hears appeals from the High Court. The Federal Court, in turn, hears appeals from the Court of Appeal, and has jurisdiction over constitutional law matters. The paramount ruler on the advice of the Prime Minister appoints judges to the Supreme Court. Traditional Islamic law is applied to Muslims with respect to personal status matters.

Business hours

Government offices operate from 8 am to 4.15 pm (Kuala Lumpur operates up to 4.45 pm), with a one-hour lunchtime, extended to 2.5 hours on Fridays.

Private offices generally run on a normal eight hours a day system, from 9 am to 5 pm, with some offices open for half day on Saturdays. Many large shopping complexes are open seven days a week between 10 am to 10 pm.

Banking hours are generally between 9.30 am to 4.30 pm on weekdays and 9.30 am to 12.00 pm on Saturdays. However, only selected branches are opened on the 2nd and 4th Saturdays of each month.

The exceptions are the states of Kedah, Kelantan and Terengganu, where Friday is the weekly holiday instead of Sunday. Therefore, government offices, banks and most shops are closed.

Living standards

Malaysia has one of the highest standards of living in the region with all the modern infrastructure and facilities in place. The whole country is very well connected with up-to-date and modern road, rail, air and sea transportation systems. Public transport by buses, taxis, trains and planes are comfortable, efficient and relatively low in cost.

Cost of living

Cost of living is one of the lowest in the Asia and will remain so for a very long time. This is achieved through the government's efficient monitoring of the economy in ensuring that inflation is kept low at all times and thereby also the prices of goods and services.

Business environment

Looking back in 2005

Despite the high oil prices and the downturn in the global electronics cycle in the first half of the year, the Malaysian economy expanded by 5.3% in 2005. The growth recorded was underpinned by supportive macroeconomic policies, strong expansion in global growth and favorable financial conditions. In 2005, the private sector remained the main driver of growth. The public sector on the other hand, continued to consolidate its finances to more sustainable levels.

Outlook for the Malaysian Economy in 2006

The Malaysian economy is expected to strengthen in 2006 with real GDP projected to grow at a rate of 6% from 5.5% forecasted by the Ministry of Finance in September 2005. The revision was due to the higher growth expectation for the manufacturing sector, which is forecasted to expand by 7% in 2006, up from 4.9% in the previous year.

The projected growth is envisaged to be driven by strengthening export performance and resilient domestic demand. The global semiconductor up-cycle, sustained global growth and higher prices of primary commodities are expected to have positive effects on exports, as well as private consumption and investment. It is also expected that the upturn in global semiconductor industry, which began in the second half of 2005, would gain momentum in 2006.

Malaysia is expected to benefit from this favorable development with stronger growth in manufactured exports, particularly in the computer and semiconductor segments. Domestic demand would be driven by private consumption as a result of rising income and demographic factors. The latter underscores the high propensity to consume of Malaysia's relatively large young work force. At the same time, in an environment of ample liquidity, credit conditions are expected to remain supportive. Private investment is expected to expand particularly in the manufacturing sector and the oil and gas industry, spurred by the favorable demand conditions.

Analysts believe the government will target its efforts on growth sustenance, economic structure strengthening, creation of an equitable society and developing a knowledge-based economy as the main focus for the Ninth Plan.

The development of human capital, and knowledge especially, would move Malaysia up the value-added chain, and could further improve Malaysians' innovative abilities as well as develop the people's capacity to venture into technological business.

The target is in line with Malaysia's continuing transformation from a primary sector-dependent economy to one driven by the manufacturing and services sector.

The Ninth Malaysia Plan (9MP)

The Ninth Malaysia Plan (9MP), which was tabled in Parliament on 31st March 2006, is the first of three five-year blueprints within the new National Mission policy and implementation framework that will take the country towards developed nation status by 2020.

This new policy framework comes at a critical juncture in the country's long-term development efforts, given the rapidly changing global landscape, increasing competition and challenges they present.

The National Mission framework, which will drive the design and prioritization of development programmes, plans and budgets from 2006, has identified five main thrusts. These are:

- Moving the Malaysian economy up the value chain;
- Raising the capacity for knowledge and innovation, and nurturing "first class" mentality;
- Addressing persistent socio-economic inequalities constructively and productively;
- Improving the standard and sustainability of quality of life; and
- Strengthening the institutional and implementation capacity.

The 9MP, which will kick-start this new phase of development from now until 2010, has been given a larger-than-expected allocation of RM220 billion, of which RM20 billion will come from the private sector.

The plan will put in place strategies and measures to enable Malaysia to deal with challenges both within the country and abroad. Under the plan, growth, competitiveness and dynamism will be pursued together with equal opportunity, social equity and inclusion. The private sector is the engine of growth, while the public sector will act as facilitator and regulator.

What can we expect when the 9MP comes to an end in 2010

According to the 9MP report, Malaysia will see structural changes and improved performance in the economy. More importantly, every economic sector would have achieved higher value-added and total factor productivity, new growth areas would have gained strength and the economy would be more centered on human capital and services.

Multimedia Super Corridor (MSC)

In line with the 9MP, the next decade will see greater emphasis on human resource enhancement as availability of skilled and knowledge workers are a major pre-requisite to transform Malaysia from a production-based into a knowledge-based economy.

The MSC was conceptualized in 1996 and has since grown into a thriving dynamic ICT hub, hosting more than 900 multinationals, foreign-owned and homegrown Malaysian companies focused on multimedia and communication products, solutions, services and research and development.

Why Malaysia?

Malaysia has always been an attractive market for foreign investors due to its conducive business environment due to the following: -

(a) Economic strength

Malaysia is a country on the move. From a country dependant on agriculture and primary commodities in the 60s, Malaysia has today become an export-driven economy spurred on by high technology, knowledge-based and capital intensive industries.

(b) Supportive government policies

Government policies that maintain a business environment with opportunities for growth and profits have made Malaysia an attractive manufacturing and export base in the region. The private sector in Malaysia is encouraged to become partners with the public sector in achieving the nation's development objectives.

(c) An educated workforce

Malaysia offers investors a young educated and productive workforce at very competitive costs. Malaysia's literacy rates are high at 94% and school leavers entering the job market have at least 11 years of basic education.

(d) Developed infrastructure

Malaysia's persistent drive to develop and upgrade its infrastructure has resulted in one of the most well developed infrastructure among the newly industrialising countries in Asia.

(e) A vibrant business environment

Malaysia's market-oriented economy, supportive government policies and a large local business community that is ready to do business with international corporations have made Malaysia a highly competitive manufacturing and export base.

(f) Quality of life

Malaysia is among the friendliest and hospitable places in the world to work and live in, mainly due to the nature of Malaysians being warm and friendly who easily accept foreigners into their circle of friends.

Finance

Exchange Control

The foreign exchange administration rules in Malaysia are aimed at providing an appropriate framework that will influence capital flows and facilitate currency risk management to promote financial and economic stability of the country.

The rules complement the overall macroeconomic policies and are reviewed regularly in line with the changing environment. Reviews are aimed at reducing the cost of doing business, improving regulatory delivery system and encouraging better risk management activities by residents and non-residents as well as promoting the development of domestic foreign exchange market to promote stability in the financial system and economy of the country.

All rules are applied uniformly to transactions with all countries, except the State of Israel for which special restrictions apply.

Bank Negara Malaysia

Bank Negara Malaysia which is the central bank of the country was established on 26 January 1959, under the Central Bank of Malaya Ordinance 1958, with the following objectives:

- To issue currency and keep reserves safeguarding the value of the currency;
- To act as a banker and financial adviser to the Government;
- To promote monetary stability and a sound financial structure; and
- To influence the credit situation to the advantage of the country.

In meeting these objectives, the Bank is guided by the principle that it should act only in the economic interest of the nation and without regard to profit as a primary consideration.

Hence, the functions of the Bank are carried out within the context of the broader goals of promoting economic growth, a high level of employment, maintaining price stability and a reasonable balance in the country's international payments position, eradicating poverty and restructuring society.

In particular, the Bank ensures that the availability and cost of money and credit in the economy are consonant with national macroeconomic objectives. In this respect, the Bank acts as the banker for currency issue, keeper of international reserves and safeguarding the value of the ringgit, banker and financial adviser to the Government, agency responsible for monetary policy and management of the financial system and banker to the banks.

Commercial banks

The commercial banks are the main players in the banking system. There are 29 commercial banks operating in Malaysia, of which almost half are domestic.

Merchant banks

There are 10 merchant banks in Malaysia, offering full range of special financial services which not only complement but also supplement those already offered by the other two main types of financial institutions.

Islamic banks

Malaysia also has 8 Islamic banks which provide banking services based on Islamic principles. In addition to the Islamic banks, there are also 13 commercial banks that offer products and services under the Islamic banking scheme.

Development Financial Institutions (“DFIs”)

Development Financial Institutions (“DFIs”) were set up by the Government to provide financing for various specific objectives. These objectives are broadly to support public and private sector growth for the general development of the country. There are 11 DFIs in the country.

Incentives for investment

Tax incentives (both direct and indirect) for the manufacturing, agriculture, tourism (including hotel) and approved services sectors as well as R&D, training and environmental protection activities are contained in the Promotional of Investments Act 1986, Income Tax Act 1967, Customs Act 1967, Sales Tax Act 1972, Excise Act 1976 and Free Zones Act 1990.

Incentives for the manufacturing sector

(a) Main incentives

- Pioneer status
- Investment tax allowance

(b) Incentives for Relocating Manufacturing Activities to Promoted Areas

(c) Incentives for High Technology Companies

(d) Incentives for Strategic Projects

(e) Incentives for Small and Medium Scale Companies

(f) Incentives to Strengthen Industrial Linkages

(g) Incentives for the Machinery and Equipment Industry

(h) Incentives for Automotive Component Modules

(i) Enhanced Incentives for the Utilisation of Oil Palm Biomass

(j) Additional Incentives for the Manufacturing Sector

- Reinvestment allowance
- Accelerated capital allowance
- Accelerated capital allowance on equipment to maintain quality of power supply
- Tax exemption on the value of increased exports

Incentives for the agricultural sector

(a) Main incentives

- Pioneer status
- Investment tax allowance
- Incentives for food production
- Incentives for reinvestment in food processing activities

(b) Additional Incentives for the agricultural sector

- Reinvestment allowance
- Reinvestment incentives for resource-based industries
- Incentives for modernising chicken and duck rearing
- Accelerated capital allowance
- Agricultural allowance
- Accelerated agriculture allowance for the planting of rubberwood trees
- 100% allowance 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

Incentives for the tourism industry

(a) Main incentives

- Pioneer status
- Investment tax allowance
- Additional incentives for hotels and tourism projects

(b) Additional incentives for the tourism industry

- Double deduction on overseas promotion
- Double deduction on approved trade fairs
- Tax exemption for tour operators
- Tax exemption for promoting international conferences and trade exhibitions
- Deduction on cultural performance
- Incentive for car rental operators

Incentives for environmental management

- (a) Incentives for forest plantation projects**
- (b) Incentives for the storage, treatment and disposal of toxic and hazardous wastes**
- (c) Incentives for energy conservation**
- (d) Incentives for waste recycling activities**
- (e) Incentives for the use of renewable energy resources**
- (f) Additional incentives for environmental management**
 - Accelerated capital allowance
 - Accelerated capital allowance for equipment used for the generation of renewable energy for own consumption

Incentives for research and development

Incentives for training

Incentives for information and communication technology

Incentives for approved service projects

Incentives for the shipping and transportation industry

Incentives for manufacturing related services

Incentives for the multimedia super corridor

Incentives for a knowledge-based economy

General incentives

(a) Industrial building allowance

(b) Infrastructure allowance

(c) Tariff related incentives

- Exemption from import duty on raw materials/components
- Incentive for outsourcing manufacturing activities
- Exemption from import duty and sales tax on machinery and equipment
- Exemption from import duty and sales tax on spares and consumables
- Drawback of import duty, sales tax and excise duty
- Sales tax exemption
- Import duty exemption on imported medical devices for purpose of kitting

(d) Incentives for export

- Double deduction for the promotion of exports
- Single deduction for the promotion of exports
- Double deduction on export credit insurance premiums
- Special industrial building allowance for warehouses
- Double deduction on freight charges
- Double deduction for implementation of RosettaNet
- Double deduction for the promotion of Malaysian brand names

(e) Training incentives

(f) Incentives for acquiring proprietary rights

(g) Incentives for acquiring a foreign-owned company

(h) Incentives for the use of environmental protection equipment

(i) Donations for environmental protection

(j) Incentives for employees' accommodation

(k) Incentives for employees child care facilities

Incentives for the services sector

(a) International Procurement Centres (IPC)

(b) Regional Distribution Centres (RDC)

(c) Operational Headquarters (OHQs)

(d) R & D

(e) Integrated Market Support Services

(f) Integrated Logistics Support Services

(g) Cold Chain Facilities

(h) Central Utility Facilities

(i) Industrial Training

(j) Environmental Management

Business entities

The following are the principal forms of business entity through which business can be conducted in Malaysia:

- Companies
- Sole proprietorships
- Partnerships

Companies

There are generally three types of companies operating in Malaysia: companies limited by shares; companies limited by guarantee; and foreign branches.

Sole proprietorships

These are basically one-owner businesses. Before commencement of a business under a sole proprietorship, an interested person must seek registration with the Registrar of Business under the Registration of Business Ordinance 1965.

Partnerships

These are business concerns consisting of not less than two and not more than 20 partners. Registration must be formalised at the Registrar of Business also under the Registration of Business Ordinance 1965.

Requirements for incorporating a company

All businesses must first seek approval and be registered with the Companies Commission of Malaysia (CCM). Only after this and on receipt of the certificate of incorporation can a company commence operations. All companies in Malaysia are governed by the Companies Act 1965. Companies limited by shares are the most popular and preferred vehicle as they are legal entities.

Restriction of companies

The most important criterion for the setting up of a company is local participation. All companies must have at least two directors who are principally residing in Malaysia. The minimum authorised capital is RM100,000.

Fees

Fees are payable to the CCM for incorporation of companies and submission of forms and returns. The amount involved is dependent on the value of the authorised capital and the type of form lodged.

Foreign companies

Foreign branch companies must be formally registered with the CCM before commencing business in Malaysia. They are allowed to engage in a wide range of businesses in Malaysia except some and in some instances approval must first be obtained from the Domestic Trade Division, Ministry of International Trade and Industry.

Immigration requirements

Passport requirements

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

Those who are in possession of passports which are not recognised by Malaysia, must apply for a document in lieu of a passport as well as a visa which is issued by Malaysian missions abroad.

Visa requirements

Commonwealth citizens (except India, Bangladesh, Pakistan, Sri Lanka, Cameroon, Mozambique and Nigeria), ASEAN countries, Switzerland, Netherlands, San Marino and Liechtenstein do not need a visa to enter Malaysia.

Citizen of Algeria, Argentina, Austria, Bahrain, Belgium, Bosnia-Herzegovina, Brazil, Croatia, Cuba, Czech Republic, Denmark, Egypt, Finland, France, Germany, Hungary, Iceland, Italy, Japan, Jordan, Kyrgystan, Kuwait, Lebanon, Luxembourg, Norway, Oman, Poland, Qatar, Romania, Saudi Arabia, South Korea, Sweden, Slovakia, Tunisia, Turkey, Turkmenistan, United Arab Emirates, USA, Uruguay and Yemen do not require a visa for a visit not exceeding three months.

Citizens of Afghanistan, Iran, Iraq, Libya and Syria do not need a visa for a visit not exceeding two weeks.

Employment of expatriate personnel

It is the Government's policy to see that Malaysians are eventually trained and employed at all levels of employment. Notwithstanding this, foreign companies are allowed to bring the required personnel in areas where there is a shortage of trained Malaysians to do the job. In addition to this, foreign companies are also allowed certain "key posts" to be permanently filled by foreigners.

Companies should make every effort to train more Malaysians so that the employment pattern at all levels of the organisation will reflect the multi-racial composition of the country.

Financial reporting

The framework

The Financial Reporting Foundation (FRF) is established under the Financial Reporting Act 1997, and together with the Malaysian Accounting Standards Board (MASB), make up the new framework for financial reporting in Malaysia.

The new framework comprises an independent standard-setting structure with representation from all parties in the standard-setting process, including preparers, users, regulators and the accounting profession.

The FRF as a trustee body, has the responsibility for the oversight of the MASB performance, financing and funding arrangements, and as an initial source of views for the MASB on proposed standards and pronouncements. It has no direct responsibility with respect to standard setting as this responsibility rests solely with the MASB.

Accounting requirements

The MASB uses the International Financial Reporting Standards (IFRS) as a basis for most of its standards. All financial statements prepared in pursuant to any law administered by the Securities Commission, the Central Bank of Malaysia and the registrar of companies will have to comply with MASB-approved accounting standards, which have the force of law.

The law empowers the Companies Commission, the Bursa Malaysia and the Securities Commission to monitor compliance with MASB Standards.

Following its initiative towards streamlining the local MASB standards to the international standards, MASB has issued 21 new Financial Reporting Standards which are effective for annual periods beginning on or after 1 January 2006 except for FRS 117 Leases, FRS 124 Related Party Disclosures and FRS 139 Financial Instruments : Recognition and Measurement, which shall apply to annual periods beginning on or after 1 October 2006.

Recognising that companies have different information needs, MASB announced that there are now 2 sets of accounting standards. The 2 sets of accounting standards are Financial Reporting Standards (FRS) which are applicable for public listed companies, their subsidiaries, associates, or companies jointly controlled by them and Private Entity Reporting Standard (PERS) for private entities. This move would reduce the burden of small and medium sized entities in complying with financial reporting standards. Hence, private entities now have the option of applying the full set of FRS or PERS in its entirety.

Tax

Malaysia's taxes are assessed on a current year basis and are under self-assessment system for all taxpayers. There are two types of taxes, i.e. direct and indirect.

Direct taxes:

- Income tax
- Real property gains tax
- Petroleum income tax
- Stamp duty

Indirect taxes:

- Excise duty
- Import and export duty
- Sales tax
- Service tax

Taxation in Malaysia

All income accrued in, derived from or remitted to Malaysia are liable to tax. However, income of any person (other than a resident company carrying on the business of banking, insurance or sea or air transport) derived from sources outside Malaysia and received in Malaysia is exempted from tax.

Corporate tax

(a) Corporate tax rate

Before year of assessment (YA) 2003, companies were subject to tax at the flat rate of 28% on all income or profit derived from Malaysia. With effect from YA 2004, for companies with paid up capital of less than RM2.5 million, the income tax rate is 20% on the first RM500,000 of chargeable income and 28% thereafter.

For companies with paid up capital of more than RM2.5 million, the income tax rate remains at 28%.

(b) Withholding tax

The above tax is generally payable on the following types of payments made to non-resident:

Types	Tax Rate
Interest paid to a non-resident person	15%
Royalties	10%
Payments to non-resident contractors, consultants or professionals	10% and 3%
Remuneration of public entertainer	15%
Payment for use of property or right belonging to, or installation or operation of plant and machinery purchased from such non-resident	10%
Technical fees (services provided on-shore)	10%
Rent or other payments for the use of movable property	10%

The above rates may be reduced if the recipient is a resident of a country which has a double taxation agreement in Malaysia.

Taxation of individuals**(a) Personal reliefs**

Residents are entitled to the following personal reliefs:

Personal reliefs	RM8,000
Wife/Husband (in case of joint assessment)	RM3,000
Children	RM1,000 per child
Disabled child	RM5,000 per child
Contribution to approved funds/Life insurance premium	Subject to a maximum claim of RM6,000
Medical/Education insurance premium	Subject to a maximum claim of RM3,000
Medical expenses incurred for parent	Subject to a maximum claim of RM5,000
Expenditure incurred by a disabled individual in the purchase of necessary basic supporting equipment for his use or for the use of his wife, child or parent who is disabled.	Subject to a maximum claim of RM5,000

(b) Tax rebates

Resident individuals are entitled to the following rebates if the chargeable income does not exceed RM35,000.

Husband	RM350 (additional RM350 for wife in the case of joint assessment)
Wife	RM350

(c) Personal tax rates

Income of resident taxpayers is subject to tax at graduated tax rates after the deduction of personal relief as shown below:

	Chargeable income (RM)	Rate (%)	Tax (RM)
First	2,500	0	0
Next	2,500	1	25
On	5,000		25
Next	5,000	3	150
On	10,000		175
Next	10,000	3	300
On	20,000		475
Next	15,000	7	1,050
On	35,000		1,525
Next	15,000	13	1,950
On	50,000		3,475
Next	20,000	19	3,800
On	70,000		7,275
Next	30,000	24	7,200
On	100,000		14,475
Next	50,000	27	13,500
On	150,000		27,975
Next	100,000	27	27,000
	250,000		54,975
Exceeding	250,000	28	

(d) Non-resident individuals

Non-resident individuals are generally not entitled to any personal reliefs and they are subject to tax on income derived from Malaysia at the flat rate of 28%.

Other taxes

(a) Real property gains tax

Real property gains tax is applicable to companies and individuals. It is a tax on chargeable gain accruing on the disposal of any real property and shares in real property companies in Malaysia.

Companies	Tax rates
Disposal within two years of acquisition	30%
Disposal in the 3 rd year after acquisition	20%
Disposal in the 4 th year after acquisition	15%
Disposal in the 5 th year after acquisition and subsequent years	5%

Individuals	Tax rates
Disposal within two years of acquisition	30%
Disposal in the 3 rd year after acquisition	20%
Disposal in the 4 th year after acquisition	15%
Disposal in the 5 th year after acquisition	5%
Disposal in the 6 th year after acquisition and subsequent years	Nil

Disposal by an individual who is not a citizen or permanent resident	Tax rates
Disposal within 5 years after acquisition	30%
Disposal in the 6 th year after acquisition or thereafter	5%

(b) Double taxation agreements

Malaysia has bilateral double taxation agreements with the following countries:

Albania *	Ireland	Poland
Argentina **	Islamic Republic of Iran *	Romania
Australia	Italy	Russia
Austria	Japan	Saudi Arabia **
Bahrain	Jordan	Seychelles *
Bangladesh	Korea, Republic	Singapore
Belgium	Kyrgyz, Republic *	Sri Lanka
Canada	Lebanon	Sudan *
Chile	Luxembourg	Sweden
China	Malta	Switzerland
Croatia	Mauritius	Taiwan
Czech Republic	Mongolia	Thailand
Denmark	Morocco *	Turkey
Egypt	Myanmar *	United Arab Emirates
Fiji	Namibia	United Kingdom
Finland	Netherlands	USA **
France	New Zealand	Uzbekistan
Germany	Norway	Vietnam
Hungary	Pakistan	Zimbabwe *
India	Papua New Guinea	
Indonesia	Philippines	

* Agreements with the following countries are not yet entered into force.

** Limited double taxation agreements

Contact details

For more information, please contact Shamsir Jasani Grant Thornton in Malaysia at:

Kuala Lumpur

Level 11, Faber Imperial Court
Jalan Sultan Ismail, P O Box 12337
50774 Kuala Lumpur
T +603 2692 4022
F +603 2691 5229
E sjgt@gt.com.my

Contact: Dato' N K Jasani, Managing
Partner

Kuantan

A-105, 1st Floor, Sri Dagangan
Jalan Tun Ismail
25000 Kuantan, Pahang
T +609 515 6124
F +609 515 6126
E info@sjgt-ktn.com.my

Contact: Mr Lee Chai Wah
Ms Han Siew Bueh

Penang

58-A, Cantonment Road
10250 Penang
T +604 226 1852
F +604 226 1873
E info@sjgt-pg.com.my

Contact: Mr Adrian Lee

Johor Bahru

Unit 29-04B, Level 29
Mailbox 227, Menara Landmark
12 Jalan Ngee Heng
80000 Johor Bahru, Johor
T +607 223 1848
F +607 224 9848
E info@sjgt-jb.com.my

Contact: Mr Tommy Leong