

MALAYSIA CHAPTER OF ICAI



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1. About the Country

1.1. Demographic Details

The demographics of Malaysia are represented by the multiple ethnic groups that exist in the country. Malaysia's population, according to the 2010 census, is 28,334,000 including non-citizens, which makes it the 41st most populated country in the world. Of these, 5.72 million live in East Malaysia and 22.5 million live in Peninsular Malaysia. The population is distributed with around 79% of its citizens concentrated in Peninsular Malaysia, which has an area of 131,598 square kilometres, constituting under 40% of the total area of Malaysia.



Capital	Kuala Lumpur
Official languages & Script	Malay, Latin
Ethnic groups	· 68.8% Bumiputera
	· 23.2% Chinese
	· 7.0% Indian
	· 1.0% Others
Religion	· 61.3% Islam (official)
	· 19.8% Buddhism
	· 9.2% Christianity
	· 6.3% Hinduism
	· 1.3% Chinese folk religion
	· 1.0% Unknown
	· 0.4% Others
· 0.7% Irreligion	
Demonym	Malaysian
Government	Federal parliamentary elective constitutional monarchy
Yang di-Pertuan Agong	Muhammad V
Prime Minister	Mahathir Mohamad
Legislature	Parliament
Upper house	Dewan Negara (Senate)
Lower house	Dewan Rakyat (House of Representatives)
Independence from the United Kingdom	31 August 1957
Total Area	330,803 km ² (127,724 sq mi)
Population	

• 2017 estimate	32,049,700
• 2010 census	28,334,135
• Density	92/km ² (238.3/sq mi)
GDP (PPP)	2018 estimate
• Total	\$988.99 billion
• Per capita	\$30,430
GDP (nominal)	2018 estimate
• Total	\$340.000 billion
• Per capita	\$10,430
Currency	Ringgit (RM) (MYR)
Time zone	MST (UTC+8)
• Summer (DST)	not observed (UTC+8)
Date format	dd-mm-yyyy
Drives on the	left
Calling code	60
ISO 3166 code	MY
Internet TLD	.my

1.2. Climate

Malaysia is located near the equator and is categorised as equatorial, being hot and humid throughout the year. The average rainfall is 250 centimetres a year and the average temperature is 27 °C. The climates of the Peninsula (West) and the East differ, as the climate on the peninsula is directly affected by wind from the mainland, as opposed to the more maritime weather of the East.

Malaysia faces two monsoon winds seasons, the Southwest Monsoon from April to September, and the Northeast Monsoon from October to March. The Northeast Monsoon brings in more rainfall compared to the Southwest Monsoon.

Local climates are affected by the presence of mountain ranges throughout Malaysia, and climate can be divided into that of the highlands, the lowlands, and coastal regions. The coasts and lowlands have a sunny climate. The highlands are cooler and wetter and display a greater temperature variation.

1.3. Language

The official language of Malaysia is known as Bahasa Melayu a.k.a Malay language. There are around 10 dialects of Malay used throughout Malaysia. A variant of the Malay language that is spoken in the neighbouring country of Brunei is also commonly spoken in East Malaysia. However, English may take preference in many settings and is spoken by the majority of the population.

The main ethnic groups within Malaysia comprise the Malays, Chinese and Indians, with many other ethnic groups represented in smaller numbers, each with its own languages.

1.4. Religion

Malaysia is a multicultural and multi-confessional country, whose official religion is Islam. As of the 2010 Population and Housing Census, 61.30 % of the population practices Islam; 19.80% Buddhism; 9.20% Christianity; 6.30% Hinduism; and 3.40% traditional Chinese religions. The remainder is accounted for by other faiths, including Animism, Folk religion, Sikhism, Baha'i Faith and other belief systems. Numbers of self-described atheists in Malaysia are few.

Relations between different religious groups are generally quite tolerant. Eids, Christmas, Chinese New Year, and Deepavali have been declared national holidays. Various groups have been set up to try to promote religious understanding among the different groups, with religious harmony seen as a priority.

1.5. Major Customs and Practices

The culture of Malaysia draws on the varied cultures of the different people of Malaysia. The first people to live in the area were indigenous tribes that still remain; they were followed by the Malays, who moved there from mainland Asia in ancient times. Chinese and Indian cultural influences made their mark when trade began with those countries and increased with immigration to Malaysia. Other cultures that heavily influenced that of Malaysia include Persian, Arabic, and British. The many different ethnicities that currently exist in Malaysia have their own unique and distinctive cultural identities, with some crossover.

Arts and music have a long tradition in Malaysia, with Malay art dating back to the Malay sultanates. Traditional art was centred on fields such as carving, silversmithing, and weaving. Islamic taboos restricted artwork depicting humans until the mid-20th century. Performing arts and shadow puppet shows are popular, and often show Indian influences. Various influences can be seen in architecture, from individual cultures in Malaysia and from other countries. Malaysian music has a variety of origins and is largely based around percussion instruments. Much early Malaysian literature was based on Indian epics, which remained unchanged even as Malays converted to Islam; this has expanded in recent decades. English literature remained restricted to the higher class until the arrival of the printing press. Locally created Chinese and Indian literature appeared in the 19th century.

Cuisine is often divided along ethnic lines, but some dishes exist which have mixed foods from different ethnicities. Each major religious group has its major holy days declared as official holidays. Official holidays differ by state; the most widespread one is Merdeka Day which celebrates the independence of Malaya. Although festivals often stem from a specific ethnic background, they are celebrated by all people in Malaysia. Traditional sports are popular in Malaysia, while it has become a powerhouse in international sports such as badminton. Malaysia hosted the Commonwealth Games in 1998, the first Commonwealth Games where the torch passed through more countries than England and the host.

1.6. Other Useful Information

1.6.1. Currency

The Malaysian ringgit denoted by symbol RM and having a ISO currency code MYR is the currency of Malaysia. It is divided into 100 sen (cents). The ringgit is issued by the Bank Negara Malaysia, which is the central bank of the country.

The legal tender bank notes in existence are RM 100, RM 50, RM 20, RM 10, RM 5 and RM 1. The currency shillings in existence are Sen 50, Sen 20, Sen 10 and Sen 5.

1.6.2. Driving

While Malaysia follows a left-hand traffic method, a driver's licence is issued by the Road Transport Department of Malaysia in accordance with the Road Transport Act. The process of obtaining a driving license involves registration with an approved driving school and undertaking certain number of driving lessons before one can appear for a track and road test. A probationary driver's license is issued for the new drivers who have passed the prescribed driving tests and will be converted to a competent driver's license after 2 years' of the probationary driver license's issuance.

1.7. Economic Environment

The economy of Malaysia is the 4th largest in Southeast Asia and is the 38th largest economy in the world. Malaysian labour productivity is significantly higher than neighbouring Thailand, Indonesia, Philippines or Vietnam due to a high density of knowledge-based industries and adoption of cutting edge technology for manufacturing and digital economy. According to the Global Competitiveness Report 2017, the Malaysian economy is the 23rd most competitive country in the world in the period of 2017–18

Malaysian citizens lead a much more affluent lifestyle which is due to a low national income tax, low cost of local food, transport fuel, household essentials, a fully subsidized single payer public-healthcare and comprehensive social welfare benefit with direct cash transfer. With an income per capita of 28,681 PPP Dollars (2017 World Bank) or 10,620 nominal US Dollars, Malaysia is the third wealthiest nation in Southeast Asia after the smaller city-states of Singapore and Brunei. Malaysia has a newly industrialised market economy, which is relatively open and state-oriented. The Malaysian economy is highly robust and diversified with the export value of high-tech products in 2015 standing at US\$ 57.258 billion, the second highest after Singapore in ASEAN. Malaysia exports the second largest volume and value of palm oil products globally after Indonesia.

1.7.1. Overview

1.7.1.1. *Monetary policy*

Prior to the 1997 Asian financial crisis, the Malaysian ringgit was an internationalised currency, which was freely traded around the world. Just before the crisis, the Ringgit was traded RM2.50 at the dollar. Due to speculative activities, the Ringgit fell to as much as

RM4.10 to the dollar in matter of weeks. Bank Negara Malaysia, the nation's central bank, decided to impose capital controls to prevent the outflow of the Ringgit in the open market. The Ringgit became non-internationalised and a traveller had to declare to the central bank if taking out more than RM10,000 out of the country and the Ringgit itself was pegged at RM3.80 to the US dollar.

Later in July 2005, the fixed exchange rate was abandoned in favour of the floating exchange rate, hours after China announced the same move. At this point, the Ringgit was still not internationalised. The Ringgit continued to strengthen to 3.18 to the dollar by March 2008 and appreciated as low as 2.94 to the dollar in May 2011. Meanwhile, many aspects of capital control have been slowly relaxed by Bank Negara Malaysia. However, the government continues to not internationalise the Ringgit. The government stated that the Ringgit will be internationalised once it is ready.

Bank Negara Malaysia for the time being, uses interest rate targeting. The Overnight Policy Rate (OPR) is their policy instrument and is used to guide the short term interbank rates.

1.7.1.2. Subsidies and price controls

The Malaysian government subsidises and controls prices on a lot of essential items to keep the prices low. Prices of items such as palm oil, cooking oil, petrol, flour, bread, rice and other essentials have been kept under market prices to keep cost of living low. As of 2009, 22 per cent of government expenditures were subsidies, with petrol subsidies alone taking up 12 per cent.

Since 2010, the government has been gradually reforming Malaysia's subsidy system, via a series of reductions in subsidies for fuel and sugar to improve government finances and to improve economic efficiency. As a result, in December 2014, the government officially ended all fuel subsidies and implemented a 'managed float' system, taking advantage of low oil prices at the time, potentially saving the government almost RM20 billion ringgit (US\$5.97 billion) annually.

1.7.2. Natural resources

Malaysia is well-endowed with natural resources in areas such as agriculture, forestry and minerals. It is an exporter of natural and agricultural resources, the most valuable exported resource being petroleum. In the agricultural sector, Malaysia is one of the top exporters of natural rubber and palm oil, which together with timber and timber products, cocoa, pepper, pineapple and tobacco dominate the growth of the sector. As of 2011, the percentage arable land in Malaysia is 5.44%. Croplands consists of 17.49% while other land uses consist of 77.07%. As of 2009, irrigated land covers 3,800 km². Total renewable water resources make up 580 cubic km as of 2011.

Tin and petroleum are the two main mineral resources that are of major significance in the Malaysian economy. Malaysia was once the world's largest producer of tin until the early 1980s. In the 19th and 20th century, tin played a predominant role in the Malaysian economy,

with Malaysia accounting for over 31% of global output. It was only in 1972 that petroleum and natural gas took over from tin as the mainstay of the mineral extraction sector. Other minerals of some importance or significance include copper, bauxite, iron-ore and coal together with industrial minerals like clay, kaolin, silica, limestone, barite, phosphates and dimension stones such as granite as well as marble blocks and slabs. Small quantities of gold are produced.

1.7.3. Energy resources

Malaysia holds proven oil reserves of 4 billion barrels as of January 2014, the fourth-highest reserves in Asia-Pacific after China, India, and Vietnam. Nearly all of Malaysia's oil comes from offshore fields. The continental shelf is divided into three producing basins: the basin offshore Eastern Peninsular Malaysia in the west and the Sarawak and Sabah basins in the east. Most of the country's oil reserves are located in the Peninsular basin and tend to be light and sweet crude.

Malaysia also holds 83 trillion cubic feet (Tcf) of proven natural gas reserves as of January 2014 and was the third-largest natural gas reserve holder in the Asia-Pacific region after China and Indonesia. More than half of the country's natural gas reserves are located in its eastern areas, predominantly offshore Sarawak. Most of Malaysia's gas reserves are associated with oil basins, although Sarawak and Sabah have an increasing amount of non-associated gas reserves that have offset some of the declines from mature oil and gas basins offshore Peninsular Malaysia.

1.7.4. Business environment

In 2015, Malaysia's economy was one of the most competitive in the world, ranking 14th in the world and 5th for countries with a population of over 20 million, higher than countries like Australia, United Kingdom, South Korea and Japan

According to a June 2013 report by the World Bank, Malaysia ranks 6th in the world in the Ease of doing business index, Malaysia's strengths in the ranking includes getting credit (ranked 1st), protecting investors (ranked 4th) and doing trade across borders (ranked 5th). Weaknesses include dealing with construction permits (ranked 43rd). The study ranks 189 countries in all aspect of doing business. In the investor protection category of the survey, Malaysia had scored a perfect 10 for the extent of disclosure, nine for director liability and seven for shareholder suits. Malaysia is behind Singapore, Hong Kong and New Zealand in investor protection category of the survey.

The 2016 edition of the World Bank's 'Ease of doing business' report ranks Malaysia at 18 in the world, and the second in SE Asia - behind Singapore, but ahead of other regional powerhouses such as Thailand (49th in the world) and Indonesia (109th in the world). Malaysia also provides tax incentives to technology-based businesses through the MSC (Multimedia Super Corridor) body.

In 2015, Malaysia was the 6th most attractive country for foreign investors, ranked in the Baseline Profitability Index (BPI) published by Foreign Policy Magazine.

The government is moving towards a more business friendly environment by setting up a special task force to facilitate business called PEMUDAH, which means "simplifier" in Malay. Highlights includes easing restrictions and requirement to hire expatriates, shorten time to do land transfers and increasing the limit of sugar storage (a controlled item in Malaysia) for companies.

PEMUDAH has been largely successful at facilitating a more business friendly environment, as reflected by the 2013 rank of Malaysia in the Ease of doing business index.

1.7.5. Taxation

The taxation in Malaysia is governed by the Income Tax Act, 1967. In 2016, the Inland Revenue Board of Malaysia lowered the effective tax rate to 24% for businesses with capital exceeding 2.5 million ringgit. For the smaller companies, the rate is 19%.

Malaysia invites the financial sector companies (such as Banking, Insurance, Leasing, Factoring, Money Broking, Commodity Trading, Malaysia International Ship Registry etc.), to setup businesses in the Federal Territory of Labuan, where the eligible entities fall under the scope of Labuan Financial Services Authority and are granted subsidised rates of corporate tax at 3% for approved licensed entities.

1.7.6. External trade

In 2013, Malaysia's total external trade totalled US\$424 billion, made up of US\$230.7 billion of exports and US\$192.9 billion of imports, making Malaysia the world's 21st largest exporter and the world's 25th largest importer.

Malaysia's largest trading partner is China. Malaysia has been China's top trading partner within ASEAN for five years in a row since 2008. The two-way trade volume between China and Malaysia in 2013 reached \$106 billion, making Malaysia China's third-largest trade partner in Asia, just behind Japan and South Korea and eighth largest overall. On 31 May 2014, during Najib Razak's visit to China where he was welcomed by China's Premier Li Keqiang, China and Malaysia pledged to increase bilateral trade to US\$160 billion by 2017. They also agreed to upgrade economic and financial co-operation, especially in the production of halal food, water processing and railway construction.

Malaysia's second largest trading partner is Singapore and Malaysia is Singapore's biggest trading partner, with bilateral trade totalling roughly \$91 billion US dollars in 2012, accounting for over a fifth of total trade within ASEAN.

Malaysia's third largest trading partner is Japan, amounting RM137.45 billion (US\$42 billion) of trade in 2014, an increase of 1.4% compared with to 2013. Out of this, exports totalled RM82.71 billion (US\$25.6 billion), a growth of 4.4% cent while imports contracted 2.9% to RM54.75 billion (US\$16.74 billion). Malaysian Ambassador to Japan Datuk Ahmad Izlan Idris

said the main exports from Malaysia to Japan were liquefied natural gas (LNG), electrical and electronics as well as chemical-based products. He said Malaysia's main imports from Japan were electrical and electronics, machines and equipment as well as spare parts and accessories for vehicles and cars.

Malaysia is an important trading partner for the United States. In 1999, two-way bilateral trade between the US and Malaysia totalled US\$30.5 billion, with US exports to Malaysia totalling US\$9.1 billion and US imports from Malaysia increasing to US\$21.4 billion. Malaysia was the United States' 10th-largest trading partner and its 12th-largest export market. During the first half of 2000, US exports totalled US\$5 billion, while US imports from Malaysia reached US\$11.6 billion.

1.7.7. Agriculture sector

Agriculture is now a minor sector of the Malaysian economy, accounting for 7.1% of Malaysia's GDP in 2014 and employing 11.1% of Malaysia's labour force, contrasting with the 1960s when agriculture accounted for 37% of Malaysia's GDP and employed 66.2% of the labour force. The crops grown by the agricultural sector has also significantly shifted from food crops like paddy and coconut to industrial crops like palm oil and rubber, which in 2005 contributed to 83.7% of total agricultural land use, compared to 68.5% in 1960.[87]

Despite its minor contribution to Malaysia's GDP, Malaysia has a significant foothold in the world's agricultural sector, being the world's second largest producer of palm oil in 2012 producing 18.79 million tonnes of crude palm oil on roughly 5,000,000 hectares (19,000 sq mi) of land. Though Indonesia produces more palm oil, Malaysia is the world's largest exporter of palm oil having exported 18 million tonnes of palm oil products in 2011.

1.7.8. Industry sector

Malaysia's industrial sector accounts for 36.8%, over a third of the country's GDP in 2014 and employs 36% of the labour force in 2012. The industrial sector mostly contributed by the Electronics industry, Automotive industry and Construction industry.

1.7.8.1. Electrical and electronics

The electrical & electronics (E&E) industry is the leading sector in Malaysia's manufacturing sector, contributing significantly to the country's exports (32.8%) and employment (27.2%) in 2013. Malaysia benefits from the global demand in the usage of mobile devices (smartphones, tablets), storage devices (cloud computing, data centres), optoelectronics (photonics, fibre optics, LEDs) and embedded technology (integrated circuits, PCBs, LEDs).

Malaysia is a major hub for electrical component manufacturing, with factories of international companies like Intel, AMD, Freescale Semiconductor, ASE, Infineon, STMicroelectronics, Texas Instruments, Fairchild Semiconductor, Renesas, X-Fab and major Malaysian-owned companies such as Green Packet, Silterra, Globetronics, Unisem and Inari which have contributed to the steady growth of the semiconductor industry in Malaysia. To

date, there are more than 50 companies, largely MNCs producing semiconductor devices in Malaysia.

Malaysia is also a major hub for solar equipment manufacturing, with factories of companies like First Solar, Panasonic, TS Solartech, Jinko Solar, JA Solar, SunPower, Hanwha Q Cells, and SunEdison in locations like Kulim, Penang, Malacca, Cyberjaya and Ipoh.

1.7.8.2. Automotive

The automotive industry in Malaysia consists of 27 vehicle producers and over 640 component manufacturers. The Malaysian automotive industry is the third largest in Southeast Asia, and the 23rd largest in the world, with an annual production output of over 500,000 vehicles. The automotive industry contributes 4% or RM 40 billion to Malaysia's GDP, and employs a workforce of over 700,000 throughout a nationwide ecosystem.

The Malaysian automotive industry is Southeast Asia's sole pioneer of indigenous car companies, namely Proton and Perodua. In 2002, Proton helped Malaysia become the 11th country in the world with the capability to fully design, engineer and manufacture cars from the ground up. The Malaysian automotive industry also hosts several domestic-foreign joint venture companies, which assemble a large variety of vehicles from imported complete knock down (CKD) kits.

1.7.8.3. Construction

Malaysia has a large construction industry of over RM102.2 billion (US\$32 billion). The highest percentage share was contributed by construction of non-residential buildings which recorded 34.6 per cent. This was followed by civil engineering sub-sector (30.6%), residential buildings (29.7%), and special trades (5.1%).

The state of Selangor recorded the highest value of construction work done at 24.5% among the states, followed by Johor at 16.5%, Kuala Lumpur at 15.8%, Sarawak at 8.6% and Penang at 6.4%. The contribution of these five states accounted for 71.8% of the total value of construction work in Malaysia.

The expansion of the construction industry has been catalysed by major capital expenditure projects, and a key factor has been the government's Economic Transformation Programme (ETP) and public-private partnership (PPP) mega-projects like Tun Razak Exchange, KVMRT and Iskandar Malaysia.

1.7.8.4. Defence

Malaysia has a relatively new defence industry that was created after the government created the Malaysia Defence Industry Council to encourage local companies to participate in the country's defence sector in 1999.

The land sector of the defence industry is dominated by DefTech, a subsidiary of Malaysia's largest automotive manufacturer, DRB-HICOM. The company focuses on manufacturing

armoured vehicles and specialised logistics vehicles. The company has supplied ACV-15 infantry fighting vehicles to the Malaysian Army in the past and is currently supplying the DefTech AV8 amphibious multirole armoured vehicle to the Malaysian Army.

The sea sector of the defence industry is dominated by Boustead Heavy Industries, who builds warships for the Royal Malaysian Navy (RMN) through transfer of technology with foreign companies. The company has built 4 Kedah-class offshore patrol vessels for the RMN in the past and is currently undertaking a project to build 6 more Second Generation Patrol Vessels for the RMN.

1.7.9. Services sector

1.7.9.1. Finance and banking

Kuala Lumpur has a large financial sector, and is ranked the 22nd in the world in the Global Financial Centres Index. There are currently 27 commercial banks (8 domestic and 19 foreign), 16 Islamic banks (10 domestic and 6 foreign), 15 investment banks (all domestic) and 2 other financial institutions (both domestic) operating in Malaysia.

Commercial banks are the largest and most significant providers of funds in the banking system. The biggest banks in Malaysia's finance sector are Maybank, CIMB, Public Bank Berhad, RHB Bank and AmBank.

Malaysia is currently also the world's largest centre of Islamic Finance. Malaysia has 16 fully-fledged Islamic banks including five foreign ones, with total Islamic bank assets of US\$168.4 billion, which accounts for 25% of the Malaysia's total banking assets. This in turn accounts for over 10% of the world's total Islamic banking assets. In comparison, Malaysia's main rival UAE, has US\$95 billion of assets.

Malaysia is the global leader in terms of the sukuk (Islamic bond) market, issuing RM62 billion (US\$17.74 billion) worth of sukuk in 2014 - over 66.7% of the global total of US\$26.6 billion. Malaysia also accounts for around two-thirds of the global outstanding sukuk market, controlling \$178 billion of \$290 billion, the global total.

The Malaysian government is planning to transform the country's capital Kuala Lumpur into a major financial centre in a bid to raise its profile and spark greater international trade and investment through the construction of the Tun Razak Exchange (TRX). The government believes the project will allow Malaysia to compete with regional financial superpowers such as Singapore and Hong Kong, by leveraging on the country's established strength in the rapidly growing Islamic financial marketplace.

1.7.9.2. Tourism

Tourism is a huge sector of the Malaysian economy, with over 57.1 million domestic tourists generating RM37.4 billion (US\$11 billion) in tourist receipts in 2014, and attracting 27,437,315 international tourist arrivals, a growth of 6.7% compared to 2013. Total international tourist receipts increased by 3.9% to RM60.6 billion (US\$19 billion) in 2014.

United Nations World Tourism Organisation (UNWTO) listed Malaysia as the 10th most visited country in 2012.

Malaysia is rich with diverse natural attractions which become an asset to the country's tourism industry. This was recognised by the World Travel & Tourism Council (WTTC), who declared Malaysia as "a destination full of unrealized potential" with the main strength as the availability of a vast range of diverse attractions to suit all tastes relatively affordable prices and; largely unspoilt destination.

Malaysia's top tourist destinations are the Mulu Caves, Perhentian Islands, Langkawi, Petronas Towers, Batu Caves and Mount Kinabalu.

1.7.9.3. Medical tourism

Medical tourism is a significant sector of Malaysia's economy, with an estimated 1 million travelling to Malaysia specifically for medical treatments alone in 2014, contributing around US\$200 million (about RM697 mil) in revenue to the economy.

Malaysia is reputed as one of the most preferred medical tourism destinations with modern private healthcare facilities and highly efficient medical professionals. In 2014, Malaysia was ranked the world's best destination for medical tourism by the Nomad Capitalist. Malaysia was also included in the top 10 medical tourism destinations list by CNBC.

In 2014, Prince Court Medical Centre, a Malaysian hospital, was ranked the world's best hospital for medical tourists by MTQUA.

The Malaysian government targets to hit RM 9.6 billion (US\$3.2 billion) in revenue from 1.9 million foreign patients by 2020.

1.7.10. Oil and gas

Malaysia has a vibrant oil and gas industry. The national oil company, Petronas is ranked the 69th biggest company in the world in the Fortune 500 list in 2014, with a revenue of over US\$100.7 billion and total assets of over US\$169 billion. Petronas provides around 30% of the Malaysian government's revenue, although the government has been actively cutting down on its reliance of petroleum, with a target of 20%.

Petronas is also the custodian of oil and gas reserves for Malaysia. Hence, all oil and gas activities are regulated by Petronas. Malaysia encourages foreign oil company participation through production sharing contracts, in which significant amount of oil will be given away to the foreign oil company until it reaches a production milestone. Currently, many major oil companies such as ExxonMobil, Royal Dutch Shell, Nippon Oil, and Murphy Oil are involved in such contracts. As a result, 40% of oil fields in Malaysia are developed.

There are over 3,500 oil and gas (O&G) businesses in Malaysia comprising international oil companies, independents, services and manufacturing companies that support the needs of the O&G value chain both domestically and regionally. Many major global machinery &

equipment (M&E) manufacturers have set up bases in Malaysia to complement home-grown M&E companies, while other Malaysian oil and gas companies are focused on key strategic segments such as marine, drilling, engineering, fabrication, offshore installation and operations and maintenance (O&M).

1.7.11. Infrastructure

The infrastructure of Malaysia is one of the most developed in Asia. Its telecommunications network is second only to Singapore's in Southeast Asia, with 4.7 million fixed-line subscribers and more than 30 million cellular subscribers. The country has seven international ports, the major one being the Port Klang. There are 200 industrial parks along with specialised parks such as Technology Park Malaysia and Kulim Hi-Tech Park. Fresh water is available to over 95 per cent of the population. The telecommunication network, although strong in urban areas, is to be developed more to the rural population.

1.7.11.1. Energy

Malaysia's energy infrastructure sector is largely dominated by Tenaga Nasional, the largest electric utility company in Southeast Asia, with over RM99.03 billion of assets. Customers are connected to electricity through the National Grid, with more than 420 transmission substations in the Peninsular linked together by approximately 11,000 km of transmission lines operating at 132, 275 and 500 kilovolts.

In 2013, Malaysia's total power generation capacity was over 29,728 megawatts. Total electricity generation was 140,985.01 GWh and total electricity consumption was 116,087.51 GWh.

Energy production in Malaysia is largely based on oil and natural gas, owing to Malaysia's oil reserves and natural gas reserves, which is the fourth largest in Asia-Pacific after China, India and Vietnam.

1.7.11.2. Transport network

Malaysia's road network is one of the most comprehensive in Asia and covers a total of 144,403 kilometres (89,728 mi).

The main national road network is the Malaysian Federal Roads System, which span over 49,935 km (31,028 mi). Most of the federal roads in Malaysia are 2-lane roads. In town areas, federal roads may become 4-lane roads to increase traffic capacity. Nearly all federal roads are paved with tarmac, while parts of the Federal Highway linking Klang to Kuala Lumpur, is paved with asphalt.

Malaysia has over 1,798 kilometres (1,117 mi) of highways and the longest highway, the North–South Expressway, extends over 800 kilometres (497 mi) on the West Coast of Peninsular Malaysia, connecting major urban centres like Kuala Lumpur and Johor Bahru. In 2015, the government announced a RM27 billion (US\$8.23 billion) Pan-Borneo Highway

project to upgrade all trunk roads to dual carriage expressways, bringing the standard of East Malaysian highways to the same level of quality of Peninsular highways.

Rail network

There are currently 1,833 kilometres (1,139 mi) of railways in Malaysia, 767 km (477 mi) are double tracked and electrified.

Rail transport in Malaysia comprises heavy rail (KTM), light rapid transit and monorail (Rapid Rail), and a funicular railway line (Penang Hill Railway). Heavy rail is mostly used for intercity passenger and freight transport as well as some urban public transport, while LRTs are used for intra-city urban public transport. There two commuter rail services linking Kuala Lumpur with the Kuala Lumpur International Airport. The sole monorail line in the country is also used for public transport in Kuala Lumpur, while the only funicular railway line is in Penang. A rapid transit project, the KVMRT, is currently under construction to improve Kuala Lumpur's public transport system.

The railway network covers most of the 11 states in Peninsular Malaysia. In East Malaysia, only the state of Sabah has railways. The network is also connected to the Thai railway 1,000 mm (3 ft 3 3/8 in) network in the north. If the Burma Railway is rebuilt, services to Myanmar, India, and China could be initiated.

Air network

Malaysia has 118 airports, of which 38 are paved. The national airline is Malaysia Airlines, providing international and domestic air services. Major international routes and domestic routes crossing between West Malaysia and East Malaysia are served by Malaysia Airlines, AirAsia and Malindo Air while smaller domestic routes are supplemented by smaller airlines like MASwings, Firefly and Berjaya Air. Major cargo airlines include MASkargo and Transmile Air Services.

Kuala Lumpur International Airport is the main and busiest airport of Malaysia. In 2014, it was the world's 13th busiest airport by international passenger traffic, recording over 25.4 million international passenger traffic. It was also the world's 20th busiest airport by passenger traffic, recording over 48.9 million passengers.

Other major airports include Kota Kinabalu International Airport, which is also Malaysia's second busiest airport and busiest airport in East Malaysia with over 6.9 million passengers in 2013, and Penang International Airport, with over 5.4 million passengers in 2013.

Sea network

Malaysia is strategically located on the Strait of Malacca, one of the most important shipping lanes in the world.

Malaysia has two ports that are listed in the top 20 busiest ports in the world, Port Klang and Port of Tanjung Pelepas, which are respectively the 2nd and 3rd busiest ports in Southeast Asia after the Port of Singapore.

Port Klang is Malaysia's busiest port, and the 13th busiest port in the world in 2013, handling over 10.3 million TEUs. Port of Tanjung Pelepas is Malaysia's second busiest port, and the 19th busiest port in the world in 2013, handling over 7.6 million TEUs.

1.8. Useful Business Information

1.8.1. Central Capital Market Authority

Established on 1 March 1993 under the Securities Commission Act 1993, the Securities Commission of Malaysia (SC) is a self-funding statutory body with investigative and enforcement powers. The SC's many regulatory functions include:

- Supervising exchanges, clearing houses and central depositories;
- Registering authority for prospectuses of corporations other than unlisted recreational clubs;
- Approving authority for corporate bond issues;
- Regulating all matters relating to securities and derivatives contracts;
- Regulating the take-overs and mergers of listed corporations, public companies, and entities as specified by the SC;
- Regulating all matters relating to unit trust schemes;
- Licensing and supervising all licensed persons;
- Encouraging self-regulation; and
- Ensuring proper conduct of market institutions and licensed persons.
- Underpinning all these functions is the SC's ultimate responsibility of protecting the investor. Apart from discharging its regulatory functions, the SC is also obliged by statute to encourage and promote the development of the securities and derivatives markets in Malaysia.

1.8.2. Investment in Malaysia

The Malaysian Investment Development Authority (MIDA) is the government's principal agency for the promotion of the manufacturing and services sectors in Malaysia.

MIDA was hailed by the World Bank as "the necessary impetus for purposeful, positive and coordinated promotional action" for Malaysia's industrial development. Today, MIDA is Malaysia's cutting-edge, dynamic and pioneering force in opening pathways to new frontiers around the globe.

To further enhance MIDA's role in assisting investors, senior representatives from key government agencies are stationed at MIDA's headquarters in Kuala Lumpur to advise investors on government policies and procedures. These representatives include officials from the Department of Labour, Immigration Department, Royal Malaysian Customs, Department of Environment, Tenaga Nasional Berhad and Telekom Malaysia Berhad.

MIDA also evaluates the following applications for projects in the manufacturing and its related services sectors:

- Manufacturing licenses
- Tax incentives
- Expatriate posts
- Duty exemptions on raw materials and components
- Duty exemptions on machinery and equipment for agricultural sector and selected services sector

1.8.2.1. Guidelines

MIDA has provided various guidelines for the approval of industrial projects which is available on www.mida.gov.my

1.8.2.2. Equity policy for New, Expansion, or Diversification Projects

Since June 2003, foreign investors could hold 100% of the equity in all investments in new projects, as well as investments in expansion/diversification projects by existing companies, irrespective of the level of exports and without excluding any product or activity.

The equity policy also applies to:

Companies previously exempted from obtaining a manufacturing licence but whose shareholders' funds have now reached RM2.5 million or have now engaged 75 or more full-time employees and are thus required to be licensed.

Existing licensed companies previously exempted from complying with equity conditions but are now required to comply due to their shareholders' funds having reached RM2.5 million. Equity Policy Applicable for Existing Companies.

Equity and export conditions imposed on companies prior to 17 June 2003 will be maintained. However, companies can request for these conditions to be removed and approval will be given based on the merits of each case.

1.8.2.3. Protection of Foreign Investment

Malaysia's commitment in creating a safe investment environment has attracted more than 8,000 international companies from over 40 countries to make Malaysia their offshore base.

Equity Ownership

A company whose equity participation has been approved will not be required to restructure its equity at any time as long as the company continues to comply with the original conditions of approval and retain the original features of the project.

Investment Guarantee Agreements

Malaysia's readiness to conclude Investment Guarantee Agreements (IGAs) is a testimony of the government's desire to increase foreign investor confidence in Malaysia. IGAs will:

- Protect against nationalisation and expropriation
- Ensure prompt and adequate compensation in the event of nationalisation or expropriation
- Provide free transfer of profits, capital and other fees
- Ensure settlement of investment disputes under the Convention on the Settlement of Investment Disputes of which Malaysia has been a member since 1966.
- Malaysia has concluded IGAs with the following groupings
 - Association of South-East Asian Nations (ASEAN)
 - Organisation of Islamic Countries (OIC)

1.8.3. Registering a company

The Companies Commission of Malaysia (SSM) is a statutory body formed as a result of a merger between the Registrar of Companies (ROC) and the Registrar of Businesses (ROB) in Malaysia which regulates companies and businesses. SSM came into operation on 16 April 2002.

The main activity of SSM is to serve as an agency to incorporate companies and register businesses as well as to provide company and business information to the public. As the leading authority for the improvement of corporate governance, SSM fulfils its function to ensure compliance with business registration and corporate legislation through comprehensive enforcement and monitoring activities so as to sustain positive developments in the corporate and business sectors of the Nation.

1.8.3.1. Starting a Company

Incorporation of Company under the Companies Act 2016

Company Type

1. Company limited by shares
2. Company limited by guarantee
3. Company unlimited

Company Features

1. Company shall have name;
2. One or more members;
3. In the case of a limited company with shares, one or more shares; and
4. One or more directors

Requirements for Company Incorporation

The incorporation of companies under the Companies Act 2016 may be made by individuals who intend to form a company. The basic requirements are:

- a. Private company - at least one (1) director who ordinarily resides in Malaysia by having a principal place of residence in Malaysia and one (1) promoter; or
- b. Public company - at least two directors who ordinarily reside in Malaysia by having a principal place of residence in Malaysia and minimum one promoter.

Company Incorporation Procedures

1. Requirement for approval of company name from SSM.
2. The company's incorporation application is online using one of the two (2) incorporation methods:
 - a. Direct incorporation – combination of name reservation and incorporation process; or
 - b. Name reservation - submitting the incorporation application within 30 days or such longer period as the Registrar may allow (maximum of 180 days) after the name is approved.
3. Incorporation information that needs to be completed is as follows
 - a. The proposed company name
 - b. The status of a private or public company
 - c. The proposed type of business
 - d. The address of registered office
 - e. The business address
 - f. Complete details of directors(s) and promoter(s)
 - g. Declaration from directors(s) and promoter(s)
 - h. Declaration of compliance from individuals responsible for incorporation
 - i. Additional Documents (if any)

Registration fee

1. Company limited by shares of RM1,000.00
2. Company limited by guarantee of RM3,000.00

Note:

1. Only registration notice will be issued.
2. A certificate of incorporation will only be issued upon application made with the prescribed fee.
3. Company secretary must be appointed within 30 days after the incorporation of the company.
4. Company's constitution is a non-mandatory option for company limited by share.
5. Please click [here](#) for information on Company Limited By Guarantee, Coordination of Corporate Applications and Registration under the Trust Companies Act 1949.

2. About the Chapter

2.1. Introduction

The Malaysia Chapter of the Institute of Chartered Accountants of India is recently conceived in January 2018 as society as **PERSATUAN BAB MALAYSIA ICAI (“Malaysia chapter of ICAI”)**. This is an Association of Chartered Accountants who have qualified and are members of Institute of Chartered Accountants of India (ICAI), residing or working in Malaysia.

Malaysia Chapter of ICAI is premier body of Finance & Management professionals who are heading various roles in Corporate Landscape across Malaysia and beyond

Being a new-fangled chapter since its formation it has enrolled 100+ members and is in continuous process to enhance the membership regularly. Our growing number of members are spearheading entities in Consulting, commodities, Banking, Real Estate, Insurance, Accounting, Audit, Tax Estate planning, Shared services, retail sectors to name a few. The Chapter has been set up to provide a platform to share and disseminate knowledge amongst the members as well as project the image of ICAI in Malaysia. It is to develop excellent relationship between the accounting fraternities of India and Malaysia.

2.2. Objectives

The objective of the chapter has been defined in the Constitution of the Chapter and include the following: -

- *Exchange of professional information;*
- *To enhance professional knowledge;*
- *Providing training to its members;*
- *To act as liaison office between ICAI and the Malaysian Chapter of ICAI;*
- *To provide necessary assistance to prepare for exam conducted by ICAI to residents of Malaysia;*
- *To organize / conduct Continuing Professional Education (CPE) programs*
- *To explore feasibility for professional and placement opportunities for the members.*
- *Liaison with accountancy bodies in Malaysia to help the members to enroll themselves as members of the Malaysian Institute of Accountants (MIA).*
- *To conduct social events for the members and their families and to provide a platform for them to interact socially and network as part of the ICAI social responsibility initiative;*
- *Any other objective mutually agreed by the Committee from time to time for the benefit and interest of the members of the chapter and/or profession in general.*

2.3. Activities of the Chapter

In order to realize its goal of persistent professional enrichment of its members the chapter periodically organizes professional lectures, seminars and workshops which are addressed by distinguished speakers.

The chapter also aims to perform social events which along with entertainment provide opportunities to the members and their families to intermingle and bond their relationship to build a community of likeminded professional accountants who will find it easier to settle down and contribute positively to the growth of the Malaysian economy.

2.3.1. Seminars & Social Events

Executive committee under the guidance of mentor committee are working rapidly since Chapter's recent formation to ensure the growth of the Chapter and the satisfaction of member's professional needs. The Chapter plans to carry out technical sessions once in a month in line with CPE requirements of ICAI, covering latest developments & global practices in the areas of Accounts, Finance, Audit & Taxation by eminent speakers. For the dynamic progress of chapter in terms of professional networking the chapter has already organized its first two seminars on Transfer pricing and Forensic accounting.

Malaysia chapter of ICAI is in continuous process of arranging workshops and seminars on topics of current interest/importance to the chartered accountant fraternity along with following activities:

2.3.1.1. *Sporting Events*

Geographically, Malaysia is almost as diverse as its culture, Rugged mountains, rainforest-clad slopes sweep down to floodplains teeming with forest life. Cool highland hideaways roll down to warm, sandy beaches and rich, humid mangroves which gives us an opportunity to plan a lot of outdoor activities right from hiking, trekking, bicycling, water rafting and sports like cricket, bowling and other sports tournaments to provide a platform for members and their families to interact with each other on an informal basis and test their sporting skills.

2.3.1.2. *Social Events*

It is said that no matter how advanced we may become in finance, science, technology, systems and knowledge but we still strive for social interaction as the bedrock of social development.

The Malaysia chapter is to organize get together for the members and their families which includes picnics, family educational trips, movie shows, well-being yoga sessions, karaoke, quiz competitions and other talent programs for children

An annual event is as an occasion for the members and their families to meet and bond their relationship and demonstrate their cultural skills. The chapter plans to arrange Diwali gala dinner as it is very popular among the members and draws a large attendance.

The chapter also aims to have Presentation of the Indian Union Budget on an annual basis where eminent financial & economic experts will address the members and the large Indian business community in Malaysia

2.4. Chapter Contact Details

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