

How to do business in Malaysia

Legal considerations

Malaysia's legal system is based on the English legal system.

Contact the Department for International Trade (DIT) team in Malaysia to help find tax and legal advisers before entering into agreements. See: www.gov.uk/government/world/organisations/departments-for-international-trade-malaysia#contact-us

Do not forget that you may be entitled to support from UK Export Finance. See: www.gov.uk/government/organisations/uk-export-finance.

Standards

The Department of Standards Malaysia has responsibility for standards and accreditation. See: www.jsm.gov.my/about-us.

The use of Malaysian standards is voluntary except where made mandatory by regulatory authorities, this can include regulations or local by-laws.

Intellectual Property Rights (IPR)

The Intellectual Property Corporation of Malaysia (MyIPO) has responsibility for IP in Malaysia. See: www.myipo.gov.my/en/myipo/.

The 2016 International Property Rights Index Report ranks Malaysia 26th out of 128 countries in the world in terms of Intellectual Property Rights (IPR). See: www.internationalpropertyrightsindex.org/countries.

The Intellectual Property Office (IPO), the official UK government body responsible for intellectual property (IP) rights including patents, designs, trademarks and copyright, can also provide further information and advice: www.gov.uk/government/organisations/intellectual-property-office.

Tax and customs considerations

The Royal Malaysian Customs and Excise Department has responsibility for customs and tax in Malaysia. See: www.customs.gov.my/en.

Goods and services tax

A goods and services tax (GST) was implemented from 1st April 2015. Sales tax and service tax was then abolished. The GST rate is fixed at 6%.

Company tax

The corporate tax rate is 25%.

The rate will be reduced by 1% to 24% from the 2016 assessment year.

Income tax

The individual tax rate is between 0% and 28%.

More information can be found from the Department for International Trade (DIT) Malaysia.

See: www.gov.uk/government/world/organisations/department-for-international-trade-malaysia#contact-us

Customs

Tariff duties range from 2% to 60%. The highest duties are imposed on 'luxury' items and items deemed to be in direct competition with locally produced goods.

Import licences are required for certain controlled items.

A restrictive import licensing regime is also charged on heavy construction equipment, electrical household appliances, and iron and steel products.

You can find more about import tariffs in the European Commission Market Access Database. See: www.madb.europa.eu/madb/indexPubli.htm.

Documentation

Department for International Trade (DIT) Malaysia can give advice on documents. See: www.gov.uk/government/world/organisations/department-for-international-trade-malaysia#contact-us, or see the 'Resources' section of the guide.

It is also essential to obtain or issue receipts and invoices whenever transacting to avoid potential disputes.

UK Export Finance

The government can provide finance or credit insurance specifically to support UK exports through UK Export Finance – the UK's export credit agency. See: www.gov.uk/government/organisations/uk-export-finance.

For up-to-date country-specific information on the support available see: UK Export Finance's country cover policy and indicators at: www.gov.uk/guidance/country-cover-policy-and-indicators. Details for Malaysia are available at: www.gov.uk/guidance/country-cover-policy-and-indicators#malaysia.

[Source: DIT/UKEF/gov.uk]

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