

Foreign Entities to Register:

**REPRESENTATIVE
OFFICE**

OR

**BRANCH
OFFICE**



Characteristics	Representative Office	Branch Office
Entity Name	Must be identical to the foreign parent company.	Must be identical to the foreign parent company.
Purpose	Suitable for foreign companies that wish to set up a temporary vehicle in Malaysia to conduct survey and research in order to assess the business environment in the new jurisdiction.	Suitable for foreign companies that wish to expand their business in Malaysia.
		Commercial activities are allowed to commence immediately once the branch is officially registered.
Legal Status	Not a Separate Legal Entity.	Not a Separate Legal Entity.
Limited Liability	No. Liability extends to parent company.	No. Liability extends to parent company.
Business Activities Allowed	Plan or coordinate business activities.	Must be same as the foreign parent company.
	Gather and analyze information or undertake feasibility studies relating to investment and business opportunities in Malaysia.	
	Identify sources of raw materials, components or other industrial products.	
	Research and product development (R&D).	
	Other activities which will not directly result in actual commercial transactions.	





Characteristics	Representative Office	Branch Office
Business Activities Not Allowed	Income-generating activities.	Wholesale and retail trade business.
	Lease warehousing facilities.	
	Sign business contracts on behalf of the foreign parent company or provide services for a fee.	
	Participate in the daily management of its subsidiaries, affiliates, or branches in Malaysia.	
Registration	Permit application subject to the approval by Malaysian Government.	Must be officially incorporated with the Companies Commission of Malaysia (SSM).
		Potentially hefty registration fees.
Validity Period	The initial approved duration is usually 2-5 years depending on the merits of each case.	Perpetual until deregistered.
	Subsequent extensions will be subjected to further assessment.	
Minimum Setting Up Requirement	Must appoint a Chief Representative who will relocate from headquarters.	Must have at least one Malaysian Resident Agent to set up branch.
	Must have a physical address or a place of business within Malaysia.	
	The proposed operational expenditure of the office must be at least RM300,000 per annum.	Must have a physical address or a place of business within Malaysia.
	Must be financed by funds sourced from outside Malaysia.	



Characteristics	Representative Office	Branch Office
Tax Treatment	Not Applicable	Taxed as a non-resident entity, local benefits not available to the branch.
		Liable to withholding tax at 10% for payments made to the branch for services performed in Malaysia.
Filing Requirements	Not Applicable	Need to file annual returns, annual tax return and submit audited accounts.
		Must file branch office's as well as parent company's audit accounts.
Governing Body	Ministry of International Trade and Industry (MITI) - <i>for trading business</i>	Companies Commission of Malaysia (SSM) and Malaysian Inland Revenue Board (MIRB/LHDN)
	Malaysian Investment Development Authority (MIDA) - <i>for investment in manufacturing services</i>	
	Bank Negara Malaysia (BNM) - <i>for foreign banks</i>	
	Ministry of Tourism - <i>for travel-related services</i>	
Employment Restrictions	Expatriate post will be given and the number allowed depends on the functions and activities of the office. Expatriates will only be considered for managerial and technical posts. The proposed expatriate must be currently employed by the applicant company or its subsidiary or within the group. An expatriate working in a Representative Office is subject to normal income tax.	None. Can hire both foreign and local workforce.



Contact Us

Interested to set up a company in Malaysia? We can help you!
Speak to our incorporation expert today!

■ Kuala Lumpur (HQ) 吉隆坡

Tel : 03 - 7981 1799

Fax : 03 - 7980 4796

Email : kuala-lumpur@ecovis.com.my

■ Johor Office 柔佛

Tel : 07 - 562 9000

Fax : 07 - 562 9090

Email : johor@ecovis.com.my

■ Penang Office 檳城

Tel : 04-226 7210

Fax : 04-226 2212

Email : penang@ecovis.com.my

■ Sabah Office 沙巴

Tel : 088 - 231 790

Fax : 088 - 266 842

Email : sabah@ecovis.com.my



References

MIDA. (2012). GUIDELINES FOR SETTING UP A REPRESENTATIVE OFFICE/ REGIONAL OFFICE. Malaysian Investment Development Authority.

GUIDELINES FOR REGISTRATION OF FOREIGN COMPANY. Retrieved 26 August 2020, from https://www.ssm.com.my/Pages/Legal_Framework/GUIDELINES/gl6_bi_guidelines_for_registration_of_foreign_company_201117_0.pdf

