



SURUHANJAYA SYARIKAT MALAYSIA
COMPANIES COMMISSION OF MALAYSIA

Initiatives Towards Improving Indicators in The Doing Business Report: Starting a Business

By:
COMPANIES COMMISSION OF MALAYSIA

OVERVIEW

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**World Bank Ease of Doing Business
Report 2013 on Starting a Business
Indicator**

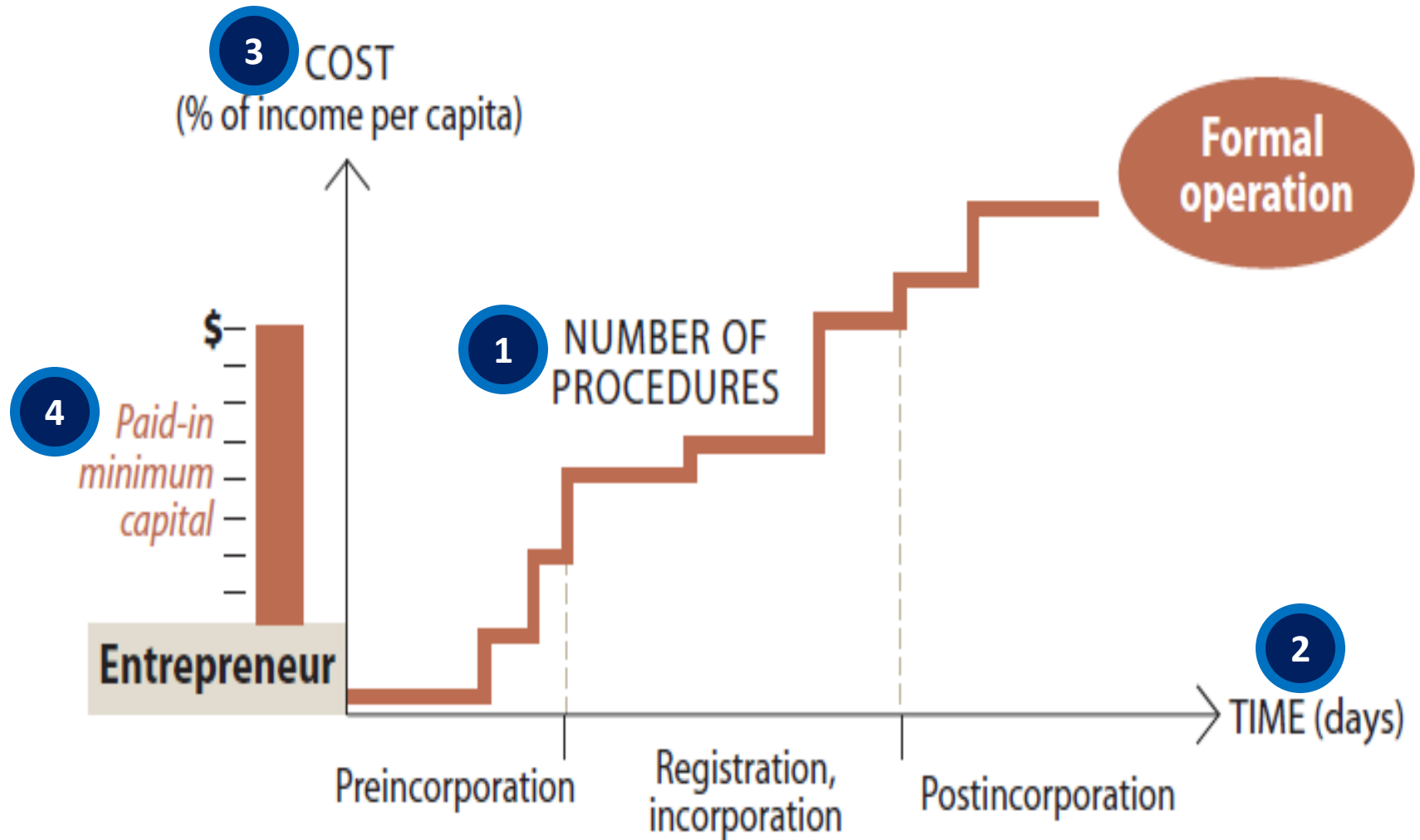
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Short- term Initiatives

3

Long-term initiatives

Starting A Business Methodology



WORLD BANK'S DOING BUSINESS METHODOLOGY (Assumption)

- Standard, small to medium-size company that needs to start operations legally
 - obtain all permits/ licenses and complete all
 - inscriptions/verifications/notifications
- Procedures are recorded where interaction is required with an external party
- Limited liability company conducting general commercial activities
- Located in the largest business city
- 100% domestically owned
- Start-up capital of 10 times income per capita
- Turnover at least 100 times per capita
- Possess between 10 and 50 employees
- Does not qualify for special benefits
- Does not own real estate

SHORT TERM INITIATIVE

SUMMARY OF MALAYSIA'S PERFORMANCE UNDER THE STARTING A BUSINESS INDICATOR

Under the **DB2013** Report, starting a business in Malaysia has been ranked at position number 54 out of 185 economies. Starting a business in Malaysia is reported as having **3 procedures** which will take **6 days**, **costs RM4,350** and requires minimum capital of **RM2**

MALAYSIA'S STARTING A BUSINESS INDICATOR FOR DB 2013 REPORT				
Items		Cost (RM)	Score	Rank
1.	Procedures: (i) Application to SSM on the prescribed form (13A) to ensure the availability of the proposed company's name (1 day) (ii) Appointment of Company Secretary and preparation of company incorporation documents (3 days) (iii) File necessary documents with the Companies Commission of Malaysia, obtain stamps and purchase of post-incorporation items including registration with 3 other agencies (EPF, IRB & SOCSO) (1-2 days)	30 1,000 3,320	3	10
2.	Time (Days)			
3.	Cost (% of income per capita) $\frac{1,279 \text{ (USD)}}{8420} \times 100 = 15.1\%$	4,350	15.1	96
4.	Paid-In minimum capital (RM2)		0.00695	98
Overall ranking				54

SUMMARY OF THE NEW INITIATIVES

Reforms/ Initiatives	DB Overall Rank	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in Min. Capital (% of income per capita)	SAB Ranking After Reform
SAB as Reported in DB 2013	12	3	6	15.1	0.00695	54
Reduce incorporation fee from RM 3,000 to RM 1,000 for companies with up to RM 400,000 in paid in capital	12	3	6	8.2	0.00695	43
Introduce the “incorporation guaranteed process” by merging name search and incorporation in one procedure	12	2	3	15.1	0.006951	44
Mandatory online incorporation process via MyCoID in KL	12	1	1	8.2	0.006951	44
To appeal to WB on interpretation of minimum capital requirement and to issue a Practice Note to clarify the law and practice on this matter	12	1	1	8.2	0.000000	9
Combined Impact of All Reforms and if appeal on Minimum Capital Requirement is successful	10	1	1	8.2	0.006951	30
	9	1	1	8.2	0.000000	9

EXISTING INCORPORATION FEE STRUCTURE UNDER SECOND SCHEDULE COMPANIES ACT 1965

AUTHORISED SHARE CAPITAL	INCORPORATION FEE
MYR 0 – MYR 100,000	MYR 1,000.00
MYR 100,001 – MYR 500,000	MYR 3,000.00
MYR 500,001 - MYR 1 million	MYR 5,000.00
MYR 1 million - MYR 5 million	MYR 8,000.00
MYR 5 million - MYR 10 million	MYR 10,000.00
MYR 10 million - MYR 25 million	MYR 20,000.00
MYR 25 million - MYR 50 million	MYR 40,000.00
MYR50 million - MYR 100 million	MYR 50,000.00
Over MYR 100 million	MYR 70,000.00

NEW INCORPORATION FEE STRUCTURE UNDER SECOND SCHEDULE COMPANIES ACT 1965

AUTHORISED SHARE CAPITAL	INCORPORATION FEE
MYR 0 – MYR 400,000	MYR 1,000.00
MYR 400,001 – MYR 500,000	MYR 3,000.00
MYR 500,001 - MYR 1 million	MYR 5,000.00
MYR 1 million - MYR 5 million	MYR 8,000.00
MYR 5 million - MYR 10 million	MYR 10,000.00
MYR 10 million - MYR 25 million	MYR 20,000.00
MYR 25 million - MYR 50 million	MYR 40,000.00
MYR50 million - MYR 100 million	MYR 50,000.00
Over MYR 100 million	MYR 70,000.00

SUMMARY OF THE NEW INITIATIVES ON PROCEDURES, NUMBER OF DAYS AND COSTS

No. of Procedures	No. of days	Procedures recorded to start a business in Malaysia	New
			cost
-	-	Application to the Companies Commission of Malaysia (CCM) on the prescribed form (13A) to ensure the availability of the proposed company's name. NEW: TO COMBINE NAME APPROVAL PROCESS WITH INCORPORATION PROCESS (INTRODUCE THE "INCORPORATION GUARANTEED PROCESS")	30
1	2	Company Secretary prepares company incorporation documents NEW: INTRODUCTION OF SUPERFORM WITH READY MA&A	1000
1	1	File necessary documents with the Companies Commission of Malaysia, obtain stamps and purchase of post-incorporation items including registration with 3 other agencies (EPF, IRB & SOCSO). NEW: TO REDUCE FEE FROM RM3000 TO RM1,000 AND TO MANDATE MyCoID FOR INCORPORATION APPLICATIONS IN KL	1320
2	3	Total	2350
		USD (rate at 3.4)	691

THE CALCULATION ON COST:

Total costs to start a business (US\$) X 100
(gross national income) GNI per capita (US\$)

$$\frac{1279}{8420} \times 100 = 15.1\%$$



NEW!

$$\frac{691}{8420} \times 100 = 8.2\%$$

COMPARISON OF MALAYSIA'S RANKINGS FOR STARTING A BUSINESS

Year	Ease of Doing Business Rank	Starting a Business				
		Rank	Procedures (number)	Time (days)	Cost (% of income per capita)	Min. capital (% of income per capita)
DB2004	..	..	10	37	33.1	0
DB2005	..	..	10	37	32	0
DB2006	..	..	10	37	26.6	0
DB2007	..	..	10	37	25.1	0
DB2008	..	..	10	31	23.1	0
DB2009	..	..	10	20	18.9	0
DB2010	23	116	10	18	15.6	0
DB2011	21	113	9	17	17.5	0
DB2012	18	50	4	6	16.7	0
DB2013	12	54	3	6	15.3	0

LONG TERM INITIATIVE

MODERNISING THE COMPANIES ACT

Introduce a new legal framework applicable to all companies:

1. Simplify laws & procedures for companies based on private/public distinction and facilitating the growth of private companies; and

2. Remove obstacles & facilitating the growth of private companies.

KEY PROVISIONS IN FACILITATING & MODERNIZING ENTRANCE INTO THE CORPORATE SECTOR

LESS PROCEDURE

Confer companies with full capacity of a natural person & unlimited capacity to companies. This leads to the abolition of the doctrine of constructive notice relating to object clause

Companies may elect/decide to have their object clauses subsequent to incorporation (BUT non-profit making CLBGs will still be required to specify their objects)

Simplify name approval process & making the process of name reservation optional

KEY PROVISIONS IN FACILITATING & MODERNIZING ENTRANCE INTO THE CORPORATE SECTOR

Easy Access to Incorporation:

**LESS COST
& EASY
ACCESS**

**Fixed
incorporation
fees:**

**Fee to
incorporate a
company will be
based on the type
of companies**

**Single
Member/
Director
Company:**

**Company can be
incorporated by
only one member
and that member
can also be the
director.**

Migration to No Par Value Regime (NPV)

LESS COST & PROCEDURES

Companies will no longer be required to state its authorised share capital

The NPV regime will bring about simplification of accounts where share premium accounts and reserves will no longer be applicable (a transitional period will be given to utilise the amount standing in credit in the company's share premium accounts).

Companies will no longer be subjected to lengthy and costly procedures to increase share capital.

KEY PROVISIONS IN FACILITATING & MODERNIZING ENTRANCE INTO THE CORPORATE SECTOR

Removal of Obstacles to Incorporation Process:

Introduction of guaranteed name approval concept:

Name reservation is optional. If name requested is unavailable, Registrar may assign any such expression followed by the number assigned by the Registrar

**LESS
PROCEDURE**

Requirement for M & A at the point of incorporation will NOT be required:

Company may adopt AA after incorporation; and
Some provision of current Table A will become substantive law.

KEY PROVISIONS IN FACILITATING & MODERNIZING ENTRANCE INTO THE CORPORATE SECTOR

**LESS
PROCEDURE**

Introduce a single interface incorporation template (via a Super Form).

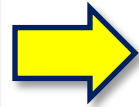


- No more multiple forms [Form 6, Form 13A, Form 48A], no more M&A and AA at the point of incorporation.
- M&A will be part of Super Form & Table A will become substantive law.
- Promoter/shareholder /director may incorporate a company.

KEY PROVISIONS IN FACILITATING & MODERNIZING ENTRANCE INTO THE CORPORATE SECTOR

LESS PROCEDURE

- Leveraging on the advent of ICT - by making mandatory for incorporation documents to be lodged electronically.
- Making the requirements for certificates of incorporation and company seals optional.



- No more over the counter transactions Mandatory electronic incorporation via MyCoID.
- Replace the requirement for statutory declaration with statement of compliance for incorporation purposes.
- the requirements for certificate of incorporation, Notice of incorporation is conclusive evidence.
- Company seals will become optional. contracts or transactions will be executed by two directors. (For single director, company secretary must countersigned).

THANK YOU