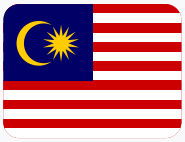
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Company formation in Malaysia

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Company formation in Malaysia



Flag



Coat of arms

Common form	Sdn Bhd (private limited company) [1]
Registry	Companies Commission of Malaysia (SSM) [1]
Minimum capital	No minimum (often RM1) [1]
Directors	1 director [1]
Local director	At least 1 director must ordinarily reside in Malaysia; a licensed company secretary is required [1]
Corporate tax	24% (15–17% on the first RM600,000 for qualifying SMEs) [2]
VAT / sales tax	Sales tax 10%; service tax 8% [2]
Typical timeline	Often 1–3 days online [1]
Tax treaties	Domestic rates and treaty list [7]
Currency	Malaysian ringgit (MYR)

In short: To set up a company in Malaysia, most founders form a Sdn Bhd, registered with the Companies Commission of Malaysia (SSM). [1] Minimum capital: no minimum (often RM1). Corporate tax: 24% (15–17% on the first RM600,000 for qualifying SMEs). Registration: often 1–3 days online (as of November 2026).

A **Sdn Bhd** is Malaysia's private limited company, registered online with the **Companies Commission of Malaysia (SSM)**. It needs at least one director who ordinarily lives in Malaysia and a licensed company secretary.

Business structures

Most founders in Malaysia form a Sdn Bhd, registered with the Companies Commission of Malaysia (SSM). [1] Other forms are listed below.

- **Sdn Bhd** – private limited company
- **Berhad (Bhd)** – public company
- **Labuan company** – in the Labuan offshore centre, with its own tax regime

Requirements

Minimum share capital in Malaysia (2026): no minimum (often RM1). Directors required: 1 director. Local resident director: at least 1 director must ordinarily reside in Malaysia; a licensed company secretary is required. [1]

- A company name that is available, checked with the registry.
- Share capital: no minimum (often RM1).
- Directors: 1 director.
- Local residency: at least 1 director must ordinarily reside in Malaysia; a licensed company secretary is required.
- A registered office address in Malaysia.
- Articles of association; standard templates are often available.
- Beneficial owners reported to the beneficial ownership register (kept by the company, lodged with SSM).

Registration process

Typical time to register a company in Malaysia (2026): often 1–3 days online. [1] The usual steps are:

1. Choose the company form and check that the name is available.
2. Prepare and sign the articles of association.
3. File the registration with the Companies Commission of Malaysia (SSM).
4. Receive the company's registration number, and pay in the share capital where required.
5. Register for corporate tax and VAT or sales tax with the Inland Revenue Board (LHDN).

Taxation

The corporate tax rate in Malaysia in 2026 is 24% (15–17% on the first RM600,000 for qualifying SMEs). [2] **Standard VAT or sales tax: sales tax 10%; service tax 8%.** [2]

Tax	Rate and notes
Corporate income tax	24% (15–17% on the first RM600,000 for qualifying SMEs)
VAT / indirect tax	Sales tax 10%; service tax 8%
Withholding tax on dividends to non-resident companies	0%

Ongoing compliance

Annual compliance in Malaysia: Companies lodge annual returns and financial statements with SSM and file corporate tax returns with the Inland Revenue Board. [1]

Double tax treaties

Malaysia has a network of double tax treaties. A double tax treaty decides which country may tax cross-border income and usually caps the withholding tax the paying country can charge.

Domestic withholding tax on payments to non-resident companies

Dividends	Interest	Royalties
0%	0 or 15%	10%

The reduced rate for each partner country is set by the treaty concerned; PwC's withholding tax summary for Malaysia lists them.

Domestic rates from the PwC Worldwide Tax Summaries withholding tax quick chart (November 2026). Treaty benefits require proof of tax residence and are subject to anti-abuse rules.

Frequently asked questions

How long does it take to register a company in Malaysia?

Typical registration time in Malaysia: often 1–3 days online (as of November 2026), once all documents are ready. Opening a bank account and tax registrations can take longer.

What is the minimum share capital for a company in Malaysia?

Minimum share capital in Malaysia: no minimum (often RM1) (as of November 2026).

What is the corporate tax rate in Malaysia in 2026?

The corporate tax rate in Malaysia in 2026 is 24% (15–17% on the first RM600,000 for qualifying SMEs). See the Taxation section for reduced rates and other taxes.

Can a foreigner own 100% of a company in Malaysia?

Yes, for most activities, though some sectors restrict foreign ownership or require approval. Local director rule in Malaysia: at least 1 director must ordinarily reside in Malaysia; a licensed company secretary is required.

What withholding tax applies to dividends paid from Malaysia?

Malaysia charges no withholding tax on dividends paid to non-resident companies under domestic law. See the Double tax treaties section.

Official registries and resources

- Companies Commission of Malaysia (SSM)
- Inland Revenue Board (LHDN)

Figures as of November 2026. Rates, thresholds and procedures change; confirm with the official registry, the tax authority or a local adviser before filing.

See also

- Comparison of company formation by country
- Company formation in Singapore
- Company formation in Hong Kong
- Company formation in Japan
- Company formation in India
- All countries

References

Entries marked **Official** are the registry, government and tax authority sources for this country; footnote numbers in the infobox point to them.

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2. Official Inland Revenue Board (LHDN) . Government of Malaysia. Accessed November 2026.
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