Foundingbird

FOUNDER GUIDE

THE COMPLETE GUIDE FOR FOUNDERS

How to Set Up a Sdn Bhd in Malaysia

Requirements, costs, the SSM steps and your first year, for local and foreign founders

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WEB VERSION

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The latest version of this guide, with the interactive tools, is at foundingbird.com/my/guides/setting-up-sdn-bhd-in-malaysia/.

Hi there,

I'm Dylan, Founder & CEO at foundingbird.com. I set up my own company in Malaysia as a foreign founder, and since then our team has helped incorporate more than 1,000 companies for local and foreign founders.

A question I hear all the time is some version of "What do I actually need to set up a Sdn Bhd, and what happens after?" Here it is from start to finish: who you need, what it costs, the steps on SSM's new system, what's different for foreigners, and the deadlines that follow you every year.

Talk soon,
Dylan Damsma

The short version

- **Who you need:** 1 director who ordinarily lives in Malaysia, 1 shareholder (can be the same person, any nationality), and a licensed company secretary within 30 days of incorporation.
- **Where:** SSM's Corporate Registry System (CRS), which replaced MyCoID on 14 July 2026.
- **SSM fees:** RM1,010 (RM1,000 incorporation + RM10 data sharing). With us it's RM1,599 in total, SSM fees included, excluding SST.
- **Time:** usually 3 to 5 working days with us, once we have your documents and signatures.
- **Capital:** RM1 is the legal minimum. Visas, Malaysia Digital status and banks can need more.
- **Every year after:** an annual return, financial statements (audited unless you qualify for exemption) and a tax return, with dates set by your incorporation date and financial year end.

How to register a Sdn Bhd: requirements at a glance

To register or open a Sdn Bhd in Malaysia, you need at least one director aged 18 or older who ordinarily lives in Malaysia, at least one shareholder of any nationality (it can be the same person), a registered office address in Malaysia and a company name SSM accepts. You file on SSM's Corporate Registry System, pay SSM's RM1,010 and appoint a licensed company secretary within 30 days of incorporation.

REQUIREMENT	WHAT SSM ASKS FOR	WHERE TO READ MORE
Director	At least one, 18 or older, ordinarily resident in Malaysia	Section 2
Shareholder	At least one, an individual or a company, any nationality, up to 50	Section 2
Company secretary	Licensed, appointed within 30 days of incorporation	Section 2

REQUIREMENT	WHAT SSM ASKS FOR	WHERE TO READ MORE
Registered office	An address in Malaysia (included with our package)	Section 2
Company name	Available, acceptable to SSM, ending in "Sdn. Bhd."	Section 3
Paid-up capital	RM1 legal minimum, we suggest more than RM2,000 for the bank	Section 2
IDs and addresses	MyKad, or passport plus home-country ID and proof of address	Section 4
SSM fees	RM1,010, or RM1,599 in total with us	Section 7

If you're a foreign founder, start with section 8, because your sector decides a lot of what follows.

FOUNDINGBIRD

Want us to set up your Sdn Bhd?

We prepare and file everything with SSM, you sign digitally from anywhere, and a licensed company secretary is appointed from day one.

RM1,599
including RM1,010 SSM fees, excl. SST

3–5 working days
to incorporate

Registered address
included at no extra charge

Incorporate with us →

Chat on WhatsApp

01

SECTION 1

What Is a Sdn Bhd?

A Sdn Bhd (Sendirian Berhad, Malay for "private limited") is a private company limited by shares, registered with the Companies Commission of Malaysia (SSM) under the Companies Act 2016. It's the usual structure for founders who plan to grow a business.

A few things make it what it is:

- **It's a separate legal entity.** The company signs contracts, owns assets, employs people and can sue or be sued in its own name.
- **Liability is limited.** As a shareholder, what you can lose is generally limited to what you put in for your shares.
- **It's private.** The Act allows up to 50 shareholders (not counting employee shareholders), and a private company has to restrict the transfer of its shares (section 42). It can't offer shares to the public.
- **It's registered under ROC, not ROB.** You'll often see "ROC vs ROB". ROC is the registry of companies, where a Sdn Bhd sits. ROB is for sole proprietorships and partnerships ("enterprises") under the Registration of Businesses Act 1956. Our post on company registration types in Malaysia explains each structure.

Your company name ends in "Sdn. Bhd." Some companies also show an "(M)" or the registration number after the name, for example on letterheads. That's a convention, not a different type of company.

Why founders incorporate

People often think of incorporating as a tax decision. In my experience, it's usually about what the business needs to grow:

- **Investors and co-founders.** Shares make ownership clear. You can bring in co-founders, issue shares to an investor, set up vesting and sign a shareholders' agreement. You can't do that with an enterprise.
- **Credibility.** Corporate clients, banks, landlords and suppliers often expect to contract with a Sdn Bhd. Many large companies only onboard incorporated vendors.
- **Government work and programmes.** Many tenders, grants and programmes, such as Malaysia Digital status are open to companies only.
- **Hiring and visas.** A Sdn Bhd can employ staff, run payroll, and sponsor passes for foreign employees if it meets the requirements.
- **Limited liability and continuity.** The business doesn't end if a founder leaves, and your personal assets are generally kept apart from the company's debts.

Tax can be a reason too. Small and medium companies pay 15% on their first RM150,000 of chargeable income and 17% up to RM600,000 for YA2026. Budget 2027 proposes cutting these to 14% and 16% from YA2027, once the Finance Bill is passed. Meanwhile an enterprise owner pays personal rates up to 30%. Our company tax guide has the full picture, including the SME conditions. If you're weighing the two structures, read enterprise vs Sdn Bhd.

Only Malaysian citizens and permanent residents (MyPR, the red MyKad) can register an enterprise, so foreigners without MyPR can't register one at all, so for foreign founders a Sdn Bhd is the usual way in.

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SECTION 2

What You Need Before You Start

Here's what the Companies Act 2016 requires, with the sections quoted.

At least one director who lives in Malaysia

A private company needs at least one director (section 196(1)). A director must be a natural person aged 18 or older (section 196(2)), so a company can't be a director.

The key rule is section 196(4): the minimum number of directors "shall ordinarily reside in Malaysia by having a principal place of residence in Malaysia". For a Sdn Bhd with one director, that director has to live here. If you have two directors, only one of them has to.

Who counts as ordinarily resident? A Malaysian citizen or permanent resident (MyPR, the red MyKad) living here, or a foreigner whose principal place of residence is Malaysia, typically on a long-term pass such as an Employment Pass or an MTEP pass. A foreign founder living abroad doesn't qualify.

Some people can't be directors at all, for example an undischarged bankrupt, or someone convicted of an offence involving fraud or dishonesty (section 198). If you don't have a resident director, see section 8 for the options.

At least one shareholder

You need at least one shareholder, and up to 50. A shareholder can be an individual or a company, of any nationality, living anywhere. The same person can be both the only director and the only shareholder. Our post on the roles of directors and shareholders explains who decides what.

A licensed company secretary within 30 days

Every company needs at least one company secretary (section 235). The secretary must be a natural person aged 18 or older, a Malaysian citizen or permanent resident (MyPR, the red MyKad) who ordinarily lives in Malaysia, and either licensed by SSM or a member of a prescribed professional body.

You don't need one to register. SSM confirms that appointing a secretary at incorporation is optional, but "the appointment of the first secretary shall be made within thirty days from the date of incorporation" (section 236(2)). After that, the office can't be left vacant for more than 30 days (section 240). Our post on what a company secretary does covers the role.

We're licensed company secretaries

Foundingbird provides the company secretary service for your Sdn Bhd. I recommend having a licensed secretary do the incorporation too. It's more convenient, because the same team registers the company and is appointed as secretary on day one, and it avoids common pitfalls like a rejected name, the wrong business codes or a missed 30-day deadline.

Incorporate with us →

About our company secretary service

A registered office in Malaysia

A company must always have a registered office in Malaysia "to which all communications and notices may be addressed", and it must be open and accessible to the public during ordinary business hours (section 46). It doesn't have to be your shop or office. Many companies use their company secretary's address. If you're with us, your registered address is included at no charge.

Share capital

There's no minimum capital in the Companies Act 2016, and shares no longer have a par value. You can incorporate with RM1, and that's still the legal minimum. In practice, I usually suggest more than RM2,000 paid-up capital, because some banks reject account applications from companies with less. Other things you may want later have their own minimums too:

OUR RECOMMENDED MINIMUM

More than RM2,000

Some banks reject accounts for companies with less paid-up capital. RM1 is legal, but it can make the bank account harder.

WHAT	MINIMUM PAID-UP CAPITAL
Incorporating a Sdn Bhd (legal minimum)	RM1
Opening a business bank account (our recommendation)	More than RM2,000
Malaysia Digital (MD) status	RM1,000
Employment Pass for foreign staff, company with Malaysian and foreign shareholders	RM350,000
Employment Pass for foreign staff, 100% foreign-owned company	RM500,000
Employment Pass, foreign-owned (51%+) company in wholesale, retail or trade	RM1,000,000, plus a WRT approval letter

The Employment Pass figures come from the Immigration Department's ESD guidebook. You can always increase your paid-up capital later, so you don't need to put it all in on day one. Banks may also look at it when you open an account.

A constitution (optional)

Under section 31, a company limited by shares "may or may not have a constitution". If you don't adopt one, the rules in the Act apply. Many single-founder companies start without one. It's worth adopting one when you have several founders, plan to bring in investors, or want different classes of shares. Our post on when to adopt a constitution goes through the situations, and our co-founder guide covers the agreement between co-founders that usually sits next to it.

Beneficial ownership information

Since the 2024 amendments, every company has to know and record its **beneficial owners**: the individuals who ultimately own or control it (section 60A). Under SSM's beneficial ownership guidelines, that includes anyone holding 20% or more of the shares or voting shares, directly or indirectly, or who exercises ultimate effective control.

For a new company, SSM's guidelines set the first steps: obtain the information within 60 days of appointing your company secretary, record it in the register of beneficial owners, and lodge it with SSM. Your secretary handles this. If a company holds your shares, you'll be asked who owns that company too.

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SECTION 3

Choosing Your Company Name

Your name has to be available and acceptable to SSM. In short, it can't be identical to an existing company, can't be undesirable or misleading, and some words need approval from another body first. Words like "Bank", "Islamic", "Malaysia" or "Group" can trigger extra checks or supporting documents. Our post with the rules for naming your Sdn Bhd has the details and examples.

On CRS you'll mostly use one of two ways:

- **Direct incorporation.** You search the name and submit the full incorporation in one go. This is what we use for most companies.
- **Reserve the name first.** You pay RM50 to reserve the name for 30 days (renewable up to 180 days), then incorporate. Useful if you want to lock in a name before you're ready, or if the name needs vetting.

SSM's guideline also lists a third option, **Guaranteed Incorporation**. You skip the name search and CRS gives your company a system-generated name made of "GI", the year and month, and a running number, for example GI202606000001 Sdn. Bhd. Approval is faster because there's no name to check. I strongly recommend against it for almost every founder. That number becomes your company's legal name, so it's what appears on your Notice of Registration, your bank account, your LHDN file and your invoices until you change it. Changing it later means a special resolution of the shareholders, a new name application and SSM's RM100 change-of-name fee, lodged within 30 days of the resolution (section 28), and then updating your bank, LHDN, licences and contracts. Your registration number stays the same, but you've done the naming work anyway, just later and with more paperwork. Reserving a name or using direct incorporation costs you a day or two at most.

Have two or three names ready, in order of preference. If SSM queries the first one, it saves a few days.

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SECTION 4

Documents and Information You'll Need

The application for incorporation (section 14) asks for the company's name, status, nature of business and registered office, and for the name, ID, nationality and residential address of every shareholder, director and the secretary (if appointed). Each director also confirms that they consent to act and aren't disqualified.

In practice, here's what to have ready:

WHAT	MALAYSIAN FOUNDERS	FOREIGN FOUNDERS
ID	MyKad (IC)	Passport, plus your national ID card or social security number from your home country
Residential address	Yes	Yes (your home address abroad is fine for a shareholder)
Proof of address	Utility bill, tenancy agreement or similar	Utility bill, tenancy agreement or similar, for your home address
Email and mobile number	Yes	Yes
Proof of residence in Malaysia	Not needed	Your pass, if you'll be the resident director
Company names, business activity, registered office	Yes	Yes
Shareholding (shares and amount per person)	Yes	Yes
Beneficial owners	Yes	Yes

The business activity you choose is matched to MSIC codes. Pick codes that describe what you'll really do, because they show up on your SSM profile and banks look at them.

If you're registering on CRS yourself, everyone filing needs a verified SSM4U account. Malaysians verify at an SSM counter or a Tap.it kiosk, and foreigners can verify online. If you work with us, you sign everything digitally and don't need an SSM4U account.

The full checklist, including what a company shareholder needs to provide, is below. Fill in the form to open it, then print it or save it as a PDF.

FREE CHECKLIST

Sdn Bhd documents checklist

Everything to have ready before you register, for Malaysian and foreign founders. Tick it off as you go.

For every director and shareholder

- [ ] Malaysians: MyKad (IC), front and back
- [ ] Foreigners: passport (photo page), plus national ID card or social security number from your home country
- [ ] Residential address in full
- [ ] Proof of address for everyone (Malaysians and foreigners): utility bill, tenancy agreement or similar
- [ ] Email address and mobile number
- [ ] Foreigners living in Malaysia: your pass, if you'll be the resident director

About the company

- [ ] 2 to 3 proposed company names, in order of preference
- [ ] What the company will do, so the right MSIC business codes can be picked
- [ ] Registered office address (or use ours)
- [ ] Business address, if different from the registered office
- [ ] Paid-up capital amount, and how many shares each shareholder takes
- [ ] Who the beneficial owners are (anyone with 20% or more of the shares or votes, or who controls the company)

If a company will be a shareholder

- [ ] Its certificate of incorporation (or equivalent)
- [ ] Its constitution or articles
- [ ] A board resolution approving the investment and naming a representative

- [ ] Its directors and shareholders, up to the individuals who own or control it

Resident director

- [ ] At least one director who ordinarily lives in Malaysia (a Malaysian, a PR or a long-term pass holder)
- [ ] No one yet? Decide whether you'll bring in a Malaysian co-founder or use a nominee director

Only if you register yourself on CRS

- [ ] A verified SSM4U account (Malaysians verify at an SSM counter or a Tap.it kiosk, foreigners online)
- [ ] RM1,010 for SSM fees, plus RM50 if you reserve the name first
- [ ] A licensed company secretary lined up for the first 30 days

From foundingbird.com/my/guides/setting-up-sdn-bhd-in-malaysia/ · General information, not legal advice.

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SECTION 5

How to Register a Sdn Bhd, Step by Step

Since 14 July 2026, all incorporations go through SSM's Corporate Registry System (CRS). It replaced MyCoID and e-Secretary, and you access it through the SSM4U portal. Over-the-counter lodgement is now only allowed in limited cases. The SSM fees stayed the same.

Here's how it works:

1. **Create and verify your SSM4U account**, then open CRS.
2. **Search for your company name.** Choose a local company, limited by shares, private company.
3. **Choose direct incorporation** (or reserve the name first, and skip Guaranteed Incorporation for the reasons in section 3) and fill in the incorporation form: company details, business activities, registered office, directors, shareholders and shares, and a few questions that SSM shares with other agencies.
4. **Check the draft, submit and pay RM1,010.**

5. **Answer any queries from SSM.** Queries are usually about the name or the business activity.
6. **Receive your Notice of Registration.** Once SSM approves, it enters your company in the register, assigns a registration number and issues a Notice of Registration (section 15). Your company exists from that date.
7. **Appoint a licensed company secretary within 30 days.**

Our self-incorporation guide walks through CRS screen by screen if you want to do it yourself.

Doing it yourself or using a company secretary

You can do it yourself for RM1,010. It can work if you're a Malaysian founder with a simple setup, you're comfortable with SSM's system and you've already lined up a secretary for after incorporation. You'll still need that secretary within 30 days, so you pay for one either way. If you're registering on CRS yourself, read our self-incorporation guide first. It goes through the SSM4U account, the name search and every screen of the form.

For most founders, handing it to us is simpler. Here's what you get with our incorporation package:

- **RM1,599 including the RM1,010 SSM fees** (excluding SST), one fee for the whole setup.
- **Registered in 3 to 5 working days.** You sign digitally from anywhere, with no SSM4U account or counter visit.
- **Fewer rejections and delays.** We check your name before filing, pick the right business codes and file the right forms, so SSM doesn't send it back.
- **Your registered address included**, at no extra charge.
- **A licensed secretary from day one**, so you can't miss the 30-day deadline. We prepare the first board resolution and handle your SSM filings after that.
- **Answers on WhatsApp** from our team whenever you have a question.

If you're a foreigner, we can also arrange a nominee director (see section 8).

Let us register your Sdn Bhd

RM1,599 including SSM fees, 3 to 5 working days, registered address included.

Start your incorporation → Ask us on WhatsApp

What you get at the end

You get SSM's **Notice of Registration** with your company registration number. Your company secretary will also prepare the first board resolutions and the statutory registers, and issue share certificates.

You might be looking for a "Form 9". That was the certificate of incorporation under the old Companies Act 1965. Under the 2016 Act, SSM doesn't issue a certificate automatically. If a bank or another party asks for one, you can apply for a certificate of incorporation under section 17 for a fee (the "Section 17" or "S17" certificate). The Notice of Registration and an SSM company profile are often enough. Our post on the statutory forms of a Sdn Bhd explains what each old form was and what replaced it.

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SECTION 6

How Long It Takes

With us, a company is usually registered **3 to 5 working days** after we have your documents and signatures. Most of the time goes to preparing the filing, getting everyone's signatures and SSM's review. A name that needs vetting, a query from SSM or a missing document can add a few days.

Here's what the whole setup typically looks like, from deciding to start to a company that can trade:

1

DAY 1 TO 2

Prepare

Choose names, decide who the directors and shareholders are, gather IDs and addresses.

1

DAY 2 TO 5

File and get approved

Sign digitally, we submit on CRS, SSM reviews and issues your Notice of Registration.

2

WITHIN 30 DAYS

Company secretary appointed

If you're with us, this happens right away, together with the first resolutions, registers and share certificates.

3

WEEKS 1 TO 8

Bank account

Usually 1 to 2 weeks for Malaysian founders and 3 to 8 weeks for foreign-owned companies. See below.

4 MONTHS 1 TO 3

Registrations

Beneficial ownership, tax estimate (CP204), employer registrations if you hire, licences your business needs.

5 READY

Trading

Issue invoices, sign contracts, run payroll.

How long until you have a working bank account

Registration is the quick part. The step that decides when you can actually take payments is the bank account, and that depends a lot on who owns the company.

If you're a Malaysian founder and the directors can go to a branch, plan on one to two weeks from your Notice of Registration to an account you can use. Some banks and online business accounts are faster, sometimes a few days, as long as your documents and board resolution are ready and the business activity is easy to explain.

If the company is foreign-owned, plan on three to eight weeks. Banks run more checks on foreign shareholders and beneficial owners, they may ask for a business plan, expected customers and suppliers, or where the money for the paid-up capital comes from, and most want the directors and signatories to meet them in person in Malaysia. A trip that has to be planned around the bank appointment is often what takes longest. Fully online accounts can shorten this, and some banks accept directors who are abroad. Section 8 covers the options we use.

These are typical ranges, not promises. Each bank decides on its own criteria and timing.

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SECTION 7

How Much It Costs

SSM's fees

These come from SSM's table of fees and the CRS incorporation page:

FEE	AMOUNT
Incorporation, company limited by shares	RM1,000
Sharing your data with other agencies (charged on CRS)	RM10
Name reservation (optional)	RM50 per 30 days, up to 180 days
Change of company name later	RM100

What the first year costs

Incorporation is only the start. A company also needs a secretary, bookkeeping, and an audit (or audit exemption) and tax filing each year. An example: the first year for a Malaysian founder setting up alone, and for a foreign founder who lives abroad and uses a nominee director. These use our current prices and exclude SST.

ITEM	MALAYSIAN FOUNDER	FOREIGN FOUNDER
Incorporation, SSM fees included	RM1,599	RM1,599
Registered address	Included	Included
Company secretary (Compliance plan, yearly)	RM1,188	RM1,188
Nominee director setup	Not needed	RM3,000
Nominee director, 12 months	Not needed	RM7,200 (RM600 a month)
Accounting and bookkeeping	From RM3,600	From RM3,600
Audit (revenue RM50,000 to RM499,999)	RM1,200 to RM2,500	RM1,200 to RM2,500
Tax filing (Form C)	RM900 to RM1,200	RM900 to RM1,200
Year one, roughly	**RM8,487 to RM10,087**	**RM18,687 to RM20,287**
Refundable deposit	None	RM5,000, refunded later

A few notes on this example:

- **Your first audit and tax filing may fall in year two**, depending on when your financial year ends. Some companies won't need an audit at all (see section 10), but they still need financial statements.
- **Accounting** is done with our sister company Ollie, from RM300 a month. The final price depends on your number of transactions.
- **The nominee director** has a minimum term of 6 months. Unused months are refunded if you no longer need one, and the deposit is returned when the nominee steps down.
- **Not included:** bank charges, licences, payroll, and SST on our fees. Our full price list has every service.

Our post on how much a company secretary costs explains what you should expect a secretary to include.

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SECTION 8

Setting Up a Sdn Bhd as a Foreigner

Malaysia is open to foreign founders. Under the Companies Act 2016 a foreigner can incorporate a Sdn Bhd, be its only shareholder and be a director. There's no general minimum capital for foreign-owned companies either. What you do need to plan for is the resident director, your sector's rules, your own visa and the bank account.

Check your sector first

Before you choose names or prepare documents, check what your business is allowed to do with foreign shareholders. It decides whether you can own 100%, whether you need an approval before you start trading, and which licences come after incorporation.

Can a foreigner own 100%? In most sectors, yes. Technology, software, most services, consulting and manufacturing are generally open to 100% foreign ownership. Some sectors have their own rules set by the regulator or ministry that licenses them:

SECTOR	WHAT TO KNOW
Technology, software and most services	Generally open to 100% foreign ownership. MD status also exempts approved digital companies from certain local ownership requirements.
Wholesale, retail, trading, franchising (distributive trade)	Foreign-owned companies need approval from the Ministry of Domestic Trade and Cost of Living (KPDN), known as WRT approval, before they start. Under KPDN's guideline, many formats require at least RM1 million in shareholders' funds, and some retail formats are restricted.
Regulated industries (for example banking, insurance, telecommunications, legal and accounting services, oil and gas)	Each regulator sets its own licensing and ownership conditions. Check them before you incorporate.

If your business involves trading goods in Malaysia, read KPDN's Guidelines on Foreign Participation in the Distributive Trade Services first, or ask us. We handle WRT approvals through our partners.

WRT approval comes after incorporation but before you start trading, so build it into your plan. It applies when a foreign-owned company sells goods in Malaysia, whether that's wholesale, retail, e-commerce or a franchise, and KPDN looks at the format, the shareholders' funds and the location. If you only sell software or services, it usually doesn't apply.

The other thing to get right early is your business activity. On the incorporation form you pick MSIC codes, the Malaysian standard codes for business activities, and they go on your SSM profile. Banks, LHDN, licensing bodies and the Immigration Department all look at them, and a code that suggests trading when you sell software can bring questions you don't need, or point a bank to the wrong risk category. Pick codes that describe what the company will really do in its first year. You can change them later, but it's easier to start with the right ones. If you're not sure, send us a short description of the business on WhatsApp and we'll suggest the codes.

The resident director

Foreign founders ask about this one a lot. You have three options:

1. **You become resident yourself.** If you move to Malaysia on a long-term pass, such as an Employment Pass or an MTEP pass for tech founders, you can be the resident director. You'll need a resident director at incorporation, though, so the timing matters.
2. **A Malaysian co-founder or partner** is appointed as a director. Make sure you trust them, and put your agreement in writing.
3. **A nominee director.** A professional resident director is appointed alongside you, purely to meet the legal requirement. We arrange this through our legal partner for RM3,000 setup plus RM600 a month, with a RM5,000 refundable deposit. The requirements are strict, because a nominee director carries the same legal duties as any director, so expect a proper background check and clear documentation of who controls the company.

Many foreign founders start with a nominee director and replace them once they're resident themselves.

Your own visa

Owning a Sdn Bhd doesn't give you the right to live or work in Malaysia. You need a pass:

- **Employment Pass through your own company.** The company has to meet the ESD capital requirements in section 2 (RM500,000 paid-up for a 100% foreign-owned company) and the salary thresholds for the pass category.
- **MTEP** is for founders building a tech company. Instead of RM500,000 in paid-up capital, you show RM50,000 in your bank account and a tech product. Read our complete MTEP guide.
- **Other routes** exist, for example for investors. Our post on work visa options for foreign entrepreneurs compares them.

We handle Employment Pass applications through our partners.

Opening a bank account as a foreign-owned company

We help with all the banks, and we partner with OCBC Bank, Alliance Bank, UOB and Airwallex. For most banks, the directors and signatories need to meet the bank in person in Malaysia, so plan a trip if you live abroad. Two exceptions we use a lot:

- **OCBC** can open an account for directors who are in other countries.
- **Airwallex** is fully online, so you can open a business account without visiting Malaysia.

Banks decide on their own criteria. They'll usually look at your business activity, where your customers and suppliers are, and who the shareholders and beneficial owners are.

Tax for foreign-owned companies

One point that catches foreign founders: if more than 20% of a company's paid-up capital is owned by foreign companies or non-Malaysians, it doesn't qualify for the SME tax rates (15% and 17% for YA2026, and the 14% and 16% proposed in Budget 2027 from YA2027) and pays 24% on all chargeable income. Our company tax guide explains the conditions.

Sdn Bhd, LLP, branch or representative office?

Foreign founders sometimes ask whether a Sdn Bhd is the only way in. It isn't, but for a new business it's usually the right one.

A **limited liability partnership (LLP)** is registered with SSM under the Limited Liability Partnerships Act 2012. It needs at least two partners, who can be foreigners and don't have to live here, plus a compliance officer who is a Malaysian citizen or permanent resident ordinarily living in Malaysia. It has limited liability, but you can't issue shares, so bringing in investors or giving co-founders equity is harder, and banks and investors are more used to dealing with a Sdn Bhd.

A **branch** is your existing overseas company registered with SSM as a foreign company. There's no new legal entity, so the parent company is responsible for the branch's debts and obligations. It has to appoint an agent in Malaysia at all times (section 563), and it doesn't get the SME tax rates that a Malaysian-incorporated company can get. It suits an established company that wants to trade here under its own name.

A **representative or regional office** needs approval from MIDA rather than SSM registration, and it can't trade at all. It's for market research, coordination and liaison for the head office. It can't sell, sign business contracts, import or export, or provide services for a fee, it has to be funded from abroad, and MIDA expects at least RM300,000 a year in operating expenses.

	SDN BHD	LLP	BRANCH	REPRESENTATIVE OFFICE
Separate legal entity	Yes	Yes	No, part of the parent	No
Can trade and invoice	Yes	Yes	Yes	No

	SDN BHD	LLP	BRANCH	REPRESENTATIVE OFFICE
Registered with	SSM	SSM	SSM, as a foreign company	Approved by MIDA
Local requirement	Resident director, licensed secretary	Resident compliance officer	Agent in Malaysia	Commercial office, funded from abroad
Can issue shares to investors	Yes	No	No	No

If you want to build a business in Malaysia, hire, invoice customers and maybe raise money, a Sdn Bhd is the structure I'd pick for you. If you're not sure, message us on WhatsApp and we'll talk it through.

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SECTION 9

Your First 90 Days After Incorporation

Registration is the start. Here's what follows in the first three months. The full, printable list is in the checklist at the end of this section.

Company secretary, resolutions and registers

Your secretary is appointed within 30 days, then prepares the first board resolutions (bank account, signatories, financial year end), sets up the registers of members, directors and beneficial owners, and issues share certificates. The beneficial ownership information has to be obtained within 60 days of the secretary's appointment and then lodged with SSM.

A business bank account

Open the company's own account as soon as you have your Notice of Registration, and pay in the paid-up capital. Banks typically ask for the SSM documents, the board resolution, the directors' IDs and details of the beneficial owners. Keep company and personal money apart from day one. It makes your accounts, audit and tax much simpler. See the bank section above for which banks we work with.

Tax registration and your first tax estimate

Your company needs an income tax number with LHDN. If you incorporate with us, we register it for you.

New companies submit a tax estimate (**CP204**) within **3 months of starting operations**, according to LHDN. If your company qualifies as an SME (paid-up capital of RM2.5 million or less), it doesn't have to fill in an estimated amount or pay instalments for its first two years of assessment, but LHDN still asks you to submit the form. After that, the estimate is due 30 days before each new basis period. Our company tax guide covers the details.

e-Invoicing

Since 1 September 2026, businesses with annual revenue of less than **RM3 million** don't have to issue e-invoices (LHDN media statement, 30 August 2026). The exemption doesn't apply if your company has a corporate shareholder, holding company or related company with revenue of RM3 million or more, which matters if you're setting up a subsidiary of an existing business. Once your own revenue reaches RM3 million, LHDN's e-invoice guideline sets the date you have to start. You can still use e-invoicing voluntarily below the threshold.

SST

You only need to register for SST once you pass the threshold for your activity. For sales tax, that's taxable goods sold above **RM500,000** in 12 months. For service tax, the usual threshold is also **RM500,000** in 12 months, but some services have a higher threshold (for example food and beverage, rental and leasing, and construction) and a few have none. See the Customs department's MySST site and our SST FAQ.

Hiring your first employee

When you hire, you register as an employer:

- **EPF:** within 7 days of hiring your first employee.
- **SOCSO and EIS:** within 30 days of hiring your first employee.
- **LHDN:** an employer's tax number, so you can deduct monthly tax (PCB) from salaries.
- **HRD Corp:** mandatory once you have 10 or more Malaysian employees (1% levy), and optional at 5 to 9 (0.5%).

Our guide to EPF, SOCSO and EIS contributions explains each, and our salary calculator shows what a hire costs you and what they take home. If you'd rather not run payroll yourself, see our HR and payroll service.

Licences

A Sdn Bhd can do business once it's registered, but your premises and activity may need licences on top:

- **Local council (PBT) licences**, such as a business premises licence and a signboard licence. The rules differ from council to council, so check with yours.
- **Sector licences**, for example WRT approval for foreign-owned trading companies, or licences for food, education, travel or financial services.

We handle council licences through our partners.

Bookkeeping

The Act requires you to keep accounting records that explain your transactions, enter them within 60 days, and keep them for seven years (section 245). Set up accounting software from the start. Our accounting team can take this off your hands.

FREE CHECKLIST

First 90 days checklist

What to do in the first three months after SSM registers your company, in the order you'll need it.

Week 1

- [ ] Save your Notice of Registration and company profile from SSM
- [ ] Appoint a licensed company secretary (the deadline is 30 days after incorporation)
- [ ] Pass the first board resolutions (bank account, signatories, financial year end)
- [ ] Issue share certificates and set up the registers of members, directors and beneficial owners
- [ ] Start your business bank account application

Month 1

- [ ] Open the bank account and pay in the paid-up capital
- [ ] Check that the company has its income tax number with LHDN
- [ ] Set up bookkeeping and keep company and personal money apart
- [ ] Hiring? Register with EPF within 7 days and SOCSO (including EIS) within 30 days of your first hire
- [ ] Hiring? Register as an employer with LHDN for monthly tax deductions (PCB), and use written employment contracts
- [ ] Sign a founders' agreement if you have co-founders

Months 2 and 3

- [ ] Collect beneficial ownership information (within 60 days of appointing your secretary), then record it and lodge it with SSM
- [ ] Submit the tax estimate (CP204) within 3 months of starting operations
- [ ] Check whether you need e-invoicing (annual revenue of RM3 million or more)
- [ ] Check whether you need SST registration (usually taxable sales or services above RM500,000 in 12 months)
- [ ] Ask your local council about business premises and signboard licences
- [ ] Apply for any licences your sector needs (for example WRT approval for foreign-owned trading companies)
- [ ] Put your annual deadlines in the calendar: annual return, financial statements and Form C

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SECTION 10

Staying Compliant Every Year

Your yearly deadlines depend on two dates: your **incorporation date** and your **financial year end (FYE)**. You choose your FYE, usually in the first board resolution. Here's what's due:

WHAT	DEADLINE	WHERE IT COMES FROM
Annual return to SSM	Within 30 days of each anniversary of your incorporation date (not in the year you incorporate)	Section 68
First financial statements	Prepared within 18 months of incorporation	Section 248
Financial statements circulated to shareholders	Within 6 months of FYE	Section 258

WHAT	DEADLINE	WHERE IT COMES FROM
Financial statements lodged with SSM	Within 30 days of circulation	Section 259
Form C (company tax return) to LHDN	Within 7 months of FYE	LHDN
Tax estimate (CP204)	30 days before each new basis period (first one within 3 months of starting operations)	LHDN
Beneficial ownership changes	Recorded and lodged within 14 days each	SSM guidelines

Enter your dates below to see your first-year deadlines:

Deadline calculator: enter your incorporation date and financial year end on the web version of this guide to see your own dates. foundingbird.com/my/guides/setting-up-sdn-bhd-in-malaysia/

The annual return includes your beneficial ownership information. If a company doesn't lodge annual returns for three or more years in a row, SSM can strike it off the register (section 68(8)). Missing other deadlines can lead to compounds and fines, so it's worth having a secretary who keeps track for you. Our post with the annual and monthly compliance checklist has the full list.

Audit or audit exemption

A private company has to appoint an auditor for each financial year (section 267). For a new company, the board appoints the first auditor at least 30 days before the deadline for the first financial statements.

SSM can exempt private companies, and does so under Practice Directive 10/2024. From financial years starting on or after 1 January 2025, these companies can choose not to be audited:

- **Dormant companies**
- **Zero-revenue companies**
- **Threshold-qualified companies** that meet at least two of three criteria, for the current year and the two years before. The limits rise in phases:

CRITERION	FY STARTING 2025	FY STARTING 2026	FY STARTING 2027 ONWARDS
Annual revenue	Up to RM1 million	Up to RM2 million	Up to RM3 million
Total assets	Up to RM1 million	Up to RM2 million	Up to RM3 million
Employees	Up to 10	Up to 20	Up to 30

An exempt company still prepares financial statements and lodges them with an audit exemption certificate. Use our audit exemption checker to see if your company qualifies, and see our audit and tax services if it doesn't.

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SECTION 11

Common Mistakes to Avoid

These are the mistakes we see most often with new companies:

- **No agreement between co-founders.** Splitting shares on day one without vesting or a founders' agreement causes problems when someone leaves. Our co-founder guide covers vesting and the agreement.
- **Capital that doesn't fit the plan.** RM1 is legal, but some banks reject accounts below RM2,000, and an Employment Pass needs far more. Plan the next 12 months before you choose.
- **The wrong business activity.** MSIC codes that don't match what you do can cause questions from banks and other agencies.
- **Missing the 30-day secretary deadline** after registering yourself.
- **Mixing personal and company money.** It makes bookkeeping harder and can cause tax issues.
- **Forgetting the beneficial owners.** Every company has to record them, including when shares are held through another company.
- **A nominee director without clear paperwork.** Make sure everyone's role and the arrangements for control are documented.
- **Choosing a financial year end at random.** It sets your audit and tax deadlines for every year after, and your first financial statements must be ready within 18 months of incorporation.

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SECTION 12

Get Started

We've helped incorporate over 1,000 companies and worked with more than 2,000 founders. If you'd like us to set up yours:

- Incorporate your Sdn Bhd for RM1,599, SSM fees included, usually in 3 to 5 working days
- Get a nominee director through our legal partner if you're a foreign founder
- Stay compliant with our company secretary plans, with your registered address included
- Keep your books with our accounting team, and run payroll when you hire

You look forward. We handle the rest. Have a question? Message us on WhatsApp and we'll get back to you.

This guide is based on the Companies Act 2016, SSM's table of fees, CRS information and Practice Directive 10/2024, SSM's beneficial ownership guidelines, LHDN's guidance on CP204 and e-invoicing, the Customs department's SST thresholds, KPDN's distributive trade guidelines, the Immigration Department's ESD guidebook, SSM's CRS name search manual and incorporation guidelines, the Limited Liability Partnerships Act 2012, MIDA's guidelines for representative and regional offices and the Ministry of Finance's Budget 2027 tax measures, as checked on 14 October 2026. Rules and fees change, so check the latest version with the relevant agency before you act. This guide is general information, not legal or tax advice.

Foundingbird

Ready to set up your Sdn Bhd?

We file everything with SSM and look after the company paperwork afterwards. You can focus on the business.

RM1,599
including RM1,010 SSM fees, excl. SST

3 to 5 working days
to incorporate, signed digitally

Licensed company secretary
appointed from day one

WhatsApp support
talk to our team directly

Chat on WhatsApp

Incorporate with us →

Scan to chat on WhatsApp

foundingbird.com/wa

1,000+ companies set up