



Residential



EXPAT Resource

# MALAYSIA – AN OVERVIEW

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# GEOGRAPHY

## ❑ Area:

329,847 sq. km. (127,315 sq. mi.); slightly larger than New Mexico.

## ❑ Cities:

Capital--Kuala Lumpur. Other cities--Penang, Ipoh, Malacca, Johor Baru, Shah Alam, Klang, Kuching, Kota Kinabalu, Kota Baru, Kuala Terengganu, Miri, Petaling Jaya.

## ❑ Terrain:

Coastal plains and interior, jungle-covered mountains. The South China Sea separates peninsular Malaysia from East Malaysia on Borneo.

## ❑ Climate:

Tropical; annual southwest (April to October) and northeast (October to February) monsoons

## ❑ Location:

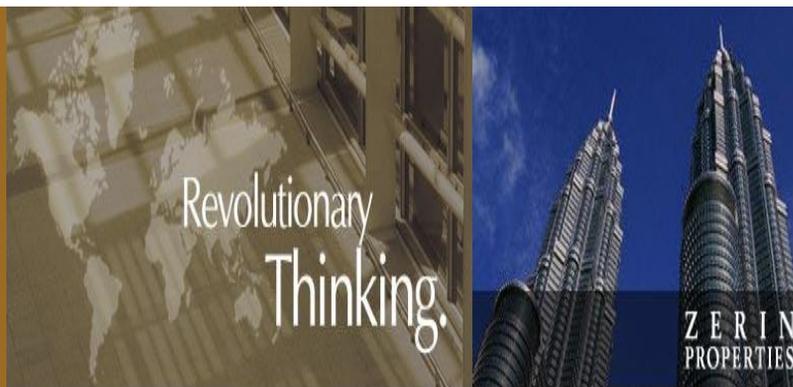
Southeastern Asia, peninsula bordering Thailand and northern one-third of the island of Borneo, bordering Indonesia, Brunei, and the South China Sea, south of Vietnam (Geographic coordinates: 2 30 N, 112 30 E).

## ❑ Natural Resources:

Tin, petroleum, timber, copper, iron ore, natural gas, bauxite

## ❑ Environment Current Issues

Air pollution from industrial and vehicular emissions; water pollution from raw sewage; deforestation; smoke/haze from forest fires



# DEMOGRAPHICS

## ❑ Population:

28,728,607 (July 2011 est)

## ❑ Age Structure:

i. 0 -14 years: 29.6% (male 4,374,495/female 4,132,009)

ii.15 -64 years: 65.4% (male 9,539,972/female 9,253,574)

iii.65 years & over: 5% (male 672,581/female 755,976) (2011 est.)

## ❑ Population Growth Rate:

1.576% (2011 est.)

## ❑ Ethnic Groups:

Malay 53.3%, Chinese 26.0%, indigenous 11.8%, Indian 7.7%, others 1.2%.

## ❑ Religions:

Muslim (or Islam - official) 60.4%, Buddhist 19.2%, Christian 9.1%, Hindu 6.3%, Confucianism, Taoism, other traditional Chinese religions 2.6%, other or unknown 1.5%, none 0.8%

## ❑ Languages:

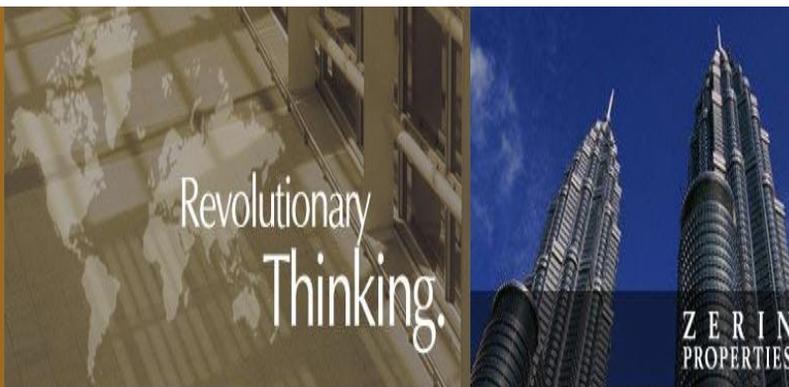
Bahasa Malaysia (official), English, Chinese (various dialects), Tamil, Telugu, Malayalam, Punjabi, indigenous languages (Iban and Kadazan)

## ❑ Literacy:

i. Total Population: 88.7%

ii.Male: 92%

iii. Female: 85.4%



# GOVERNMENT

## ❑ Type:

Federal parliamentary democracy with a constitutional monarch. It has three branches of government, namely the Executive, the Legislature and the Judiciary.

## ❑ Constitution:

31 August 1957; amended many times the latest in 2007

## ❑ Legal System:

Mixed legal system of English common law, Islamic law, and customary law; judicial review of legislative acts in the Supreme Court at request of supreme head of the federation

## ❑ Administrative Divisions:

13 states and three federal territories (Kuala Lumpur, Labuan Island, Putrajaya federal administrative territory).

## ❑ Executive Branch:

i. Chief of State

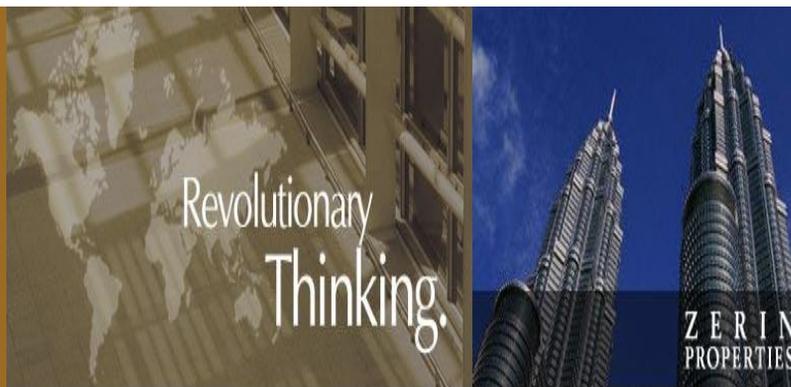
King - Tuanku Abdul Halim Mu'adzam Shah (since 13 December 2011); the position of the king is primarily ceremonial

ii. Head of Government

Prime Minister Mohamed Najib bin Abdul Razak (since 3 April 2009); Deputy Prime Minister Muhyiddin bin Mohamed Yassin (since 9 April 2009)

iii. Cabinet

Cabinet appointed by the prime minister from among the members of Parliament with consent of the king



# GOVERNMENT (CON'T)

## ❑ **Legislative Branch:**

Bicameral parliament, comprising 70-member Senate (26 elected by the 13 state assemblies, 44 appointed by the king on the prime minister's recommendation) and 222-member House of Representatives (elected from single-member districts).

## ❑ **Judicial Branch:**

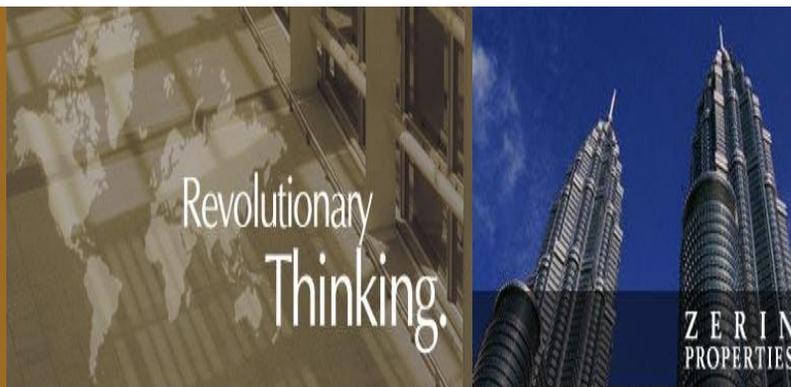
Federal Court, Court of Appeals, high courts, sessions courts, magistrate's courts, and juvenile courts. Sharia courts hear cases on certain matters involving Muslims only.

## ❑ **Political Parties:**

Barisan Nasional (National Front)--a coalition comprising the United Malays National Organization (UMNO) and 12 other parties, most of which are ethnically based; Democratic Action Party (DAP); Parti Islam se Malaysia (PAS); Parti Keadilan Rakyat Malaysia (PKR). There are more than 30 registered political parties, including the foregoing, not all of which are represented in the federal parliament.

## ❑ **Suffrage:**

Universal adult (voting age 21).



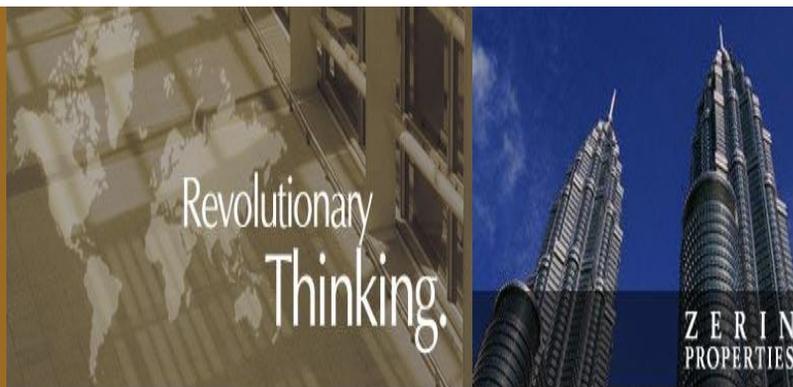
# ECONOMY & BUSINESS

## □ Overview:

Malaysia, a middle-income country, has transformed itself since the 1970s from a producer of raw materials into an emerging multi-sector economy. Under current Prime Minister Najib, Malaysia is attempting to achieve high-income status by 2020 and to move farther up the value-added production chain by attracting investments in Islamic finance, high technology industries, biotechnology, and services.

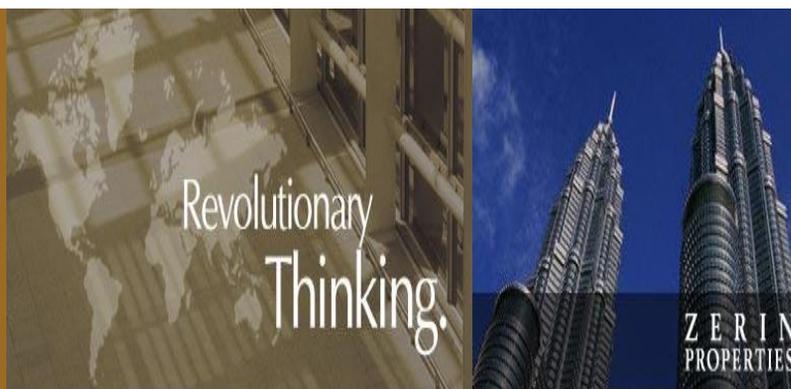
The Najib administration also is continuing efforts to boost domestic demand and reduce the economy's dependence on exports. Nevertheless, exports - particularly of electronics, oil and gas, palm oil and rubber - remain a significant driver of the economy. As an oil and gas exporter, Malaysia has profited from higher world energy prices, although the rising cost of domestic gasoline and diesel fuel, combined with strained government finances, has forced Kuala Lumpur begin to reduce government subsidies. The government is also trying to lessen its dependence on state oil producer Petronas, which supplies more than 40% of government revenue.

The central bank maintains healthy foreign exchange reserves and its well-developed regulatory regime has limited Malaysia's exposure to riskier financial instruments and the global financial crisis. In order to attract increased investment, Najib has raised possible revisions to the special economic and social preferences accorded to ethnic Malays under the New Economic Policy of 1970, but he has encountered significant opposition, especially from Malay nationalists and other vested interests.



# ECONOMY & BUSINESS (CON'T)

- ❑ **Current Currency:** Malaysian Ringgit (MYR)
- ❑ **Exchange Rates:**  
1 MYR = 0.3186 USD, 1 USD = 3.1383 MYR (as at Jan 15, 2012)
- ❑ **Real GDP:** 5.8% (as of Q3 2011)
- ❑ **Overnight Policy Rate (OPR):** 3.0%
- ❑ **Unemployment Rate:** 3.0% (as at Oct 2011)
- ❑ **CPI:** 3.3% (as at Nov 2011)
- ❑ **Inflation Rate:** 3.4% (as at Oct 2011)
- ❑ **Total Trade:** RM104.2 Bil (8.2%) (as at Nov 2011)
- ❑ **Balance of Trade:** RM9.5 Bil (6.1%) (as at Nov 2011)
- ❑ **Exports:** RM56.9 Bil (8.0%) (as at Nov 2011)
- ❑ **Imports:** RM47.4 Bil (8.4%) (as at Nov 2011)
- ❑ **Major Export Products:**  
E&E products, palm oil & palm oil-based products, LNG, petroleum products, crude petroleum and timber & timber-based products
- ❑ **Major Import Products:**  
Machinery & transport equipment, manufactured goods & articles, mineral fuels-lubricants-etc, chemicals and food.
- ❑ **Top Ten Trading Partners:**  
The People's Republic of China, the Republic of Singapore, Japan, the EU, the United States of America, Thailand, the Republic of Indonesia, Taiwan, the Republic of Korea and Hong Kong.



# INFRASTRUCTURE

## ❑ Electricity Supply;

Malaysia enjoys ample electricity supply. The national utility company, Tenaga Nasional Berhad (TNB), supplies power to Peninsular Malaysia, while in East Malaysia, the Sabah Electricity Sdn Bhd (SESB) and the Sarawak Electricity Supply Corporation (SESCO) provide power to the States of Sabah and Sarawak respectively.

## ❑ Water Supply:

Water supply and services in Malaysia is under the joint responsibility of the Federal Government and State Governments.

## ❑ Highways:

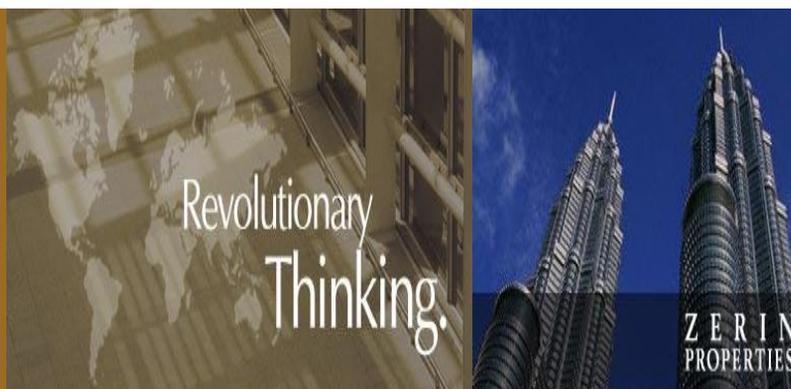
Peninsular Malaysia's network of well-maintained highways is a boon to industries. These highways link major growth centres to seaports and airports throughout the peninsula and provide an efficient means of transportation for goods.

## ❑ Railways:

Keretapi Tanah Melayu Bhd (KTM), which operates in Peninsular Malaysia, is a corporation wholly-owned by the Malaysian government. As the single largest transport organisation in the country, KTM has the capacity to transport several classifications of goods ranging from grains to machinery.

## ❑ International Airports:

Malaysia's central location in the Asia Pacific region makes her an ideal gateway to Asia. Air cargo facilities are well-developed in the six international airports - the Kuala Lumpur International Airport (KLIA), Penang International Airport, Langkawi International Airport and Senai International Airport in Peninsular Malaysia, Kota Kinabalu International Airport in Sabah, and Kuching International Airport in Sarawak.



# INFRASTRUCTURE (CON'T)

## ❑ Major Ports & Terminals:

Bintulu, Johor Bahru, George Town (Penang), Port Kelang (Port Klang), Tanjung Pelepas

## ❑ High-tech Telecommunications:

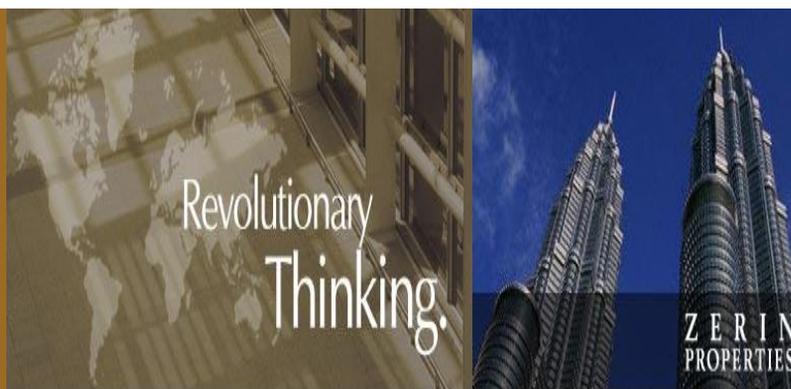
Malaysia's telecommunications network has seen impressive expansion and upgrading during the past decade following the successful privatization of its Telecommunications Department. The latest digital and fiber optics technology is being used to provide high quality telecommunication services at competitive prices.

## ❑ Medical Care:

Malaysia's medical services are among the best in the region. There are various choices of private hospitals and clinics according to the respective areas of convenience.

## ❑ Education:

Malaysia offer a good range of local and international schools, especially in places like Kuala Lumpur or Penang. Cost may vary, some options are very expensive, even compared to what you may be used to back home, while others can be reasonable. You can also arrange for home-schooling should you not find your match.



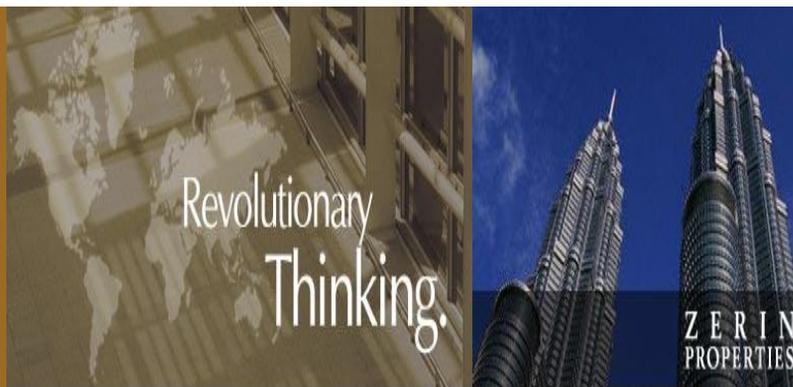
# BEYOND THE BASICS

## ❑ Ethnic Composition:

Malaysia's multi-racial society contains many ethnic groups. Malays comprise a majority of just over 50%. By constitutional definition, all Malays are Muslim. About a quarter of the population is ethnic Chinese, a group which historically played an important role in trade and business. Malaysians of Indian descent comprise about 7% of the population and include Hindus, Muslims, Buddhists, and Christians. Non-Malay indigenous groups combine to make up approximately 11% of the population.

## ❑ Business Culture in Malaysia

- Malaysian companies generally follow a vertical hierarchical structure where authority is directed from the top.
- Fridays are a particularly religious day of the week and if possible, meetings should not be scheduled for this time.
- A firm handshake is the standard form of greeting.
- The standard western business attire of suits and ties for men and suits or skirts and blouse for women are appropriate for business meetings.
- Business cards are customarily exchanged after an initial introduction in Malaysia.
- English is widely spoken and many people have a near-fluent command of the language.



# REAL ESTATE

## ❑ Private Property Rights:

Property Administration in Malaysia is based on the Torrens System. Under this system, property ownership is via registered titles which establishes and certifies the ownership of an indefeasible interest to land.

## ❑ Forms of Ownership:

i. Freehold – interest in perpetuity

ii. Leasehold – normally 99 years (but there are leases of 60 years & below)

## ❑ Foreign Ownership:

Non-residents are free to purchase residential and commercial properties in Malaysia. However, Foreign interest is not allowed to acquire:

i. Properties valued less than RM500,000 per unit

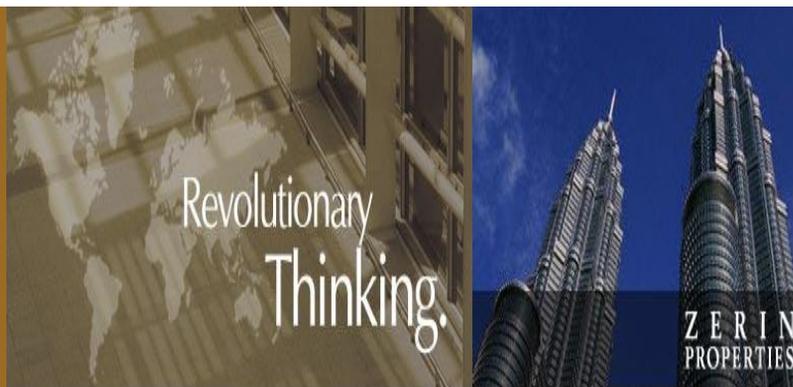
ii. Residential units under the category of low and low-medium cost as determined by the State Authority

iii. Properties built on Malay reserved land

iv. Properties allocated to Bumiputera interest in any property development project as determined by the State Authority.

## ❑ Legal Fees:

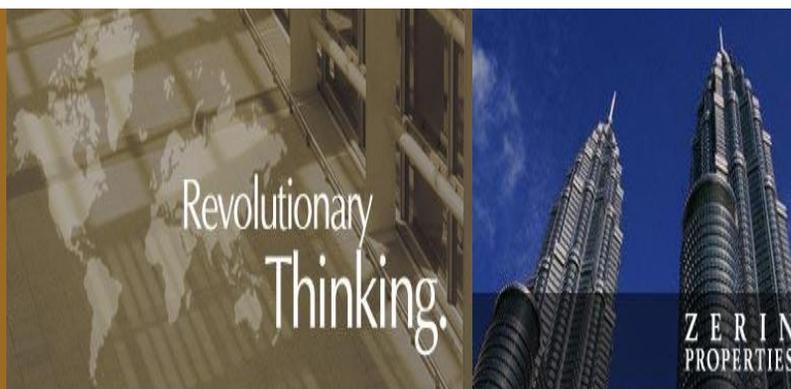
Legal fees for the Sale & Purchase of property are calculated in reference to the Solicitors Remuneration Order 2005.



# REAL ESTATE (CON'T)

## ❑ Taxation:

- i. *Stamp Duty* - Stamp duty for loan documentation is governed by the Stamp Act 1949 which states that all documents that create interest in real property are subject to stamp duty.
- ii. *Real Property Gains Tax* – In the Budget 2012, government has revised the RPGT rate. For properties held and disposed within 2 years, the RPGT rate is 10%. For properties held and disposed within a period exceeding 2 years and up to 5 years, the rate is 5%. Properties held and disposed after 5 years are not subject to RPGT.
- iii. *Withholding Tax* - Withholding tax is an amount withheld by the party making payment on income earned by a non-resident and paid to the Inland Revenue Board of Malaysia. Withholding taxes is deducted for contributions related to dividends from REITS.
- iv. *Quit Rent* - Quit rent is a form of land tax collected by State Governments. The amount of quit rent varies from state to state as well as according to locality and category of land use within each state.
- v. *Assessment Rates* - Half yearly assessment rates is collected by the local authorities for the provision of services to the residents. The amount and classification of properties varies from one local authority to another. In most states, the amount of assessment tax a house-owner pays is calculated on a percentage of the annual value of the property which is the total value of bare rents if the house is rented out in the open market.
- vi. *Corporate Tax* - Taxable income of firms in Malaysia is subject to corporate tax at the rate of 25%.



# REAL ESTATE (CON'T)

## ❑ **Margin of Financing:**

The amount of financing provided by a financial institution depends on the market value (for completed properties only) or purchase price of the house, whichever is lower. The margin of financing could go as high as 90% of the value of the house. ‘

## ❑ **Loan Tenure:**

The length of a loan can range anytime up to 30 years or until the borrower reaches age 65 (or any other age as determined by the financial institution), whichever is earlier.

