ZE practical guide

Company setup & licensing guide

Start with the activity, location, and sector before the business name or capital. Registration, licensing, staffing, passes, and compliance are linked files, but they are not one file.

For: For investors and business owners who want to structure the activity before incorporating, applying for a pass, or licensing.

Last reviewed: 2026-08-27 **6 official sources**

Can you describe the activity, operating location, and products or services precisely enough to identify the licensing authority?

Decision brief: incorporating an entity does not automatically authorise the activity

The guide distinguishes incorporating an entity from the right to operate, placing foreign ownership, licences, and work passes into separate verifiable steps.

3 forms

Entity forms shown by MalaysiaBiz[1]

Enterprise/Partnership, Company, and LLP; this does not make each suitable for every activity or investor.

SSM

Entity registration[2]

MIDA states that companies doing business in Malaysia must register with the Companies Commission of Malaysia.

RM 2.5m / 75

Published manufacturing licence thresholds[3]

They relate only to manufacturing: RM2.5m shareholder funds or 75 full-time employees; they do not automatically apply to services or trade.

One company

Employment Pass scope[4]

ESD states that a pass holder works for the named company and changing company requires a new application.

Activity, entity, and licensing decision map

Route	Suitable for	Key point	First move
Services or trade	An activity requiring a precise definition of sector, location, and customer before entity choice.	A regulator may impose ownership conditions, approvals, or registrations on a specific licensed activity even where the Companies Act itself sets no general condition.	Search MalaysiaBiz by activity and state/area, then verify directly with the named authority.[1][5]
Manufacturing	An activity making, altering, blending, finishing, or otherwise treating a product or material under MIDA's framework.	Manufacturing licensing and project requirements differ from company registration alone and link to published thresholds and project criteria.	Review activity definition, shareholder-fund and employee thresholds, and project plan with MIDA before arranging premises or machinery.[3]
Regulated profession	Practice tied to a professional body, professional licence, or separate practice requirements.	MalaysiaBiz explains that some professional entities may require professional-body registration in addition to the legal entity.	Identify the professional body and requirement before paying incorporation costs or marketing the service.[1]

Setup and operating journey: separate files that must align

1 **Define the activity** Business owner

Write a precise description of product or service, location, customer, supplier, and expected staff; these details identify likely authorities and licences.[2][5]

Output: One-page activity brief

2 **Set entity and ownership** Founders and qualified advisers

Compare Company, LLP, and other forms against liability, activity, ownership, and compliance, not registration speed alone.[1][2][5]

Output: Documented structure decision

3 Register and name the entity

Entity or authorised representative

Complete SSM registration through the appropriate route after fixing activity and structure; retain registration evidence and director/shareholder information.[2]

Output: Review-ready entity record

4 Licence and premises

Business owner and responsible authority

Match the entity activity to licence, premises, and local or sector requirements; do not treat registration as operating permission.[2][5]

Output: Licensing and authority map

5 Operate and plan for expatriates

Employer and company

If an Employment Pass is needed, separate company eligibility, employment contract, and ESD files from incorporation, then plan tax, labour, and operating obligations.[2][4]

Output: Compliance and operating plan

Business file: what reduces rework

Activity and entity file[1][2]

Define decision and each party's responsibility

- Activity, products or services, and proposed location description.
- Shareholder, director, ownership, and proposed-role details for each party.
- Registration, incorporation evidence, and internal resolutions required by the authority, bank, or adviser.

Licence and premises file[1][5]

Match operating permission to the premises

- MalaysiaBiz search result and links to the relevant authority or local council.
- Premises details, intended use, and expected activity before signing a final lease.
- Any professional, environmental, or sector approval that arises from the real activity.

Staff and expatriate file[2][4]

Separate employment from entity registration

- Employment contract or offer, job role, and operational rationale where an Employment Pass is needed.
- Company eligibility file with ESD and documents currently required by the system.
- Compliance record for tax, labour, insurance contributions, and renewals by activity.

Three warnings that change the route

Foreign ownership[5]

- MIDA explains that licensing or approval authorities may impose specific conditions in services, so a general ownership statement cannot become a promise for a particular activity.
- **Action:** Request the written reference for the target activity and licence before settling shareholders, capital, or an investment offer.

Manufacturing or service?[3]

- MIDA links specific licensing thresholds to manufacturing, not every company. Misdescribing the activity can lead to the wrong regulatory plan.
- **Action:** Write the actual process description and compare it with MIDA's definition before choosing a licence or assuming an exemption.

Changing employer[4]

- ESD states that an Employment Pass is valid only for the named company and changing company requires a new submission.
- **Action:** Do not set a transfer or work-start date before the new route is confirmed with the company and responsible authority.

Do not start with the company name: start with the activity and authority

The legal form is only part of the decision. Activity, location, sector, and regulator can change the ownership, licence, and staffing

route, so define them first.

Available entities and what they do not settle[1][2]

- SSM and MalaysiaBiz present enterprise or partnership, company such as Sdn. Bhd./Berhad, and LLP as entity forms. Availability of a form does not make it suitable for every activity or investor.
- SSM's advisory indicates foreigners can consider a private company, registered foreign company, or LLP, but choose the route only after checking activity, ownership, licences, and ability to comply.
- Regulated professions can require registration with a professional body in addition to the entity. Do not assume company registration authorises regulated practice.

Foreign ownership: verify, do not assume[3]

- For manufacturing, MIDA presents a policy allowing 100% foreign equity for new, expansion, or diversification projects since June 2003 within its stated context.
- For services, MIDA explains that the Companies Act 2016 itself does not set an equity condition for a Malaysian-incorporated company, while ministries or agencies may impose conditions when licensing a specific activity.
- Therefore document the activity description, location, and operational licensing authority before fixing an ownership ratio, capital, or shareholder structure.

Separate the entity, licence, and employment tracks

SSM registration matters, but it is not the finish line. The activity may need local or federal licensing, approval, or registration, and

an employer may need a separate pathway for an expatriate employee.

Practical execution order[4][5]

- Write a detailed activity, products or services, and proposed operating location. Use MalaysiaBiz to search by agency, licence name, or activity and location, then verify directly with the responsible authority.
- Register the entity through the suitable route after confirming the structure, then build the licence, local-authority, and premises file rather than assuming incorporation alone permits operation.
- In manufacturing, MIDA links the manufacturing licence to stated shareholder-fund or full-time-employee thresholds. Those thresholds do not automatically apply to wholesale, services, or other activities.

Work pass and post-incorporation obligations[5][6]

- If the objective is an Employment Pass, review company eligibility, the ESD route, employment contract, and current requirements separately from company registration.
- Plan a compliance package for tax, accounts, labour, insurance contributions, intellectual property, and environment according to activity. MIDA treats these as setup and implementation requirements, not minor details.
- Do not pay an intermediary or sign premises or employment commitments before comparing written requirements from the licensing authority and relevant tax or professional bodies.

Use a decision file, not a generic service list

Execution improves when activity, ownership, location, licence, and pass files align. Do not turn a published amount or timeframe into a promise before reviewing your file with the responsible authority.

Initial decision pack[1][2][5]

- Activity description, product or service, operating location, and intended customers.
- Ownership structure, shareholders, directors, and proposed job role for each expatriate, where applicable.
- MalaysiaBiz search result, regulator links, and any potential professional, environmental, or local-authority registration.

Verification gates before signing any commitment[2][5][6]

- Does the activity describe the same thing in constitutional records, licence application, and premises agreement without conflict?
- Has the licensing authority been checked by activity and location, rather than relying on SSM registration or an unwritten opinion?
- Have incorporation costs been separated from licensing, compliance, staffing, passes, and premises so an unrealistic estimate is not created?

Final checklist

- ✓ Activity and location description
- ✓ Activity-led entity choice
- ✓ Sector ownership and licensing check
- ✓ MalaysiaBiz result and responsible authority
- ✓ Separate employment or ESD route where needed

Official sources

[1] **Business advisory for entities available to foreigners** — Companies Commission of Malaysia — SSM
https://www.ssm.com.my/Pages/SSM-Business-Advisory.aspx

[2] **Entity and licensing requirements** — Government MalaysiaBiz portal
https://malaysiabiz.gov.my/en/portal/requirement

[3] **Equity policy and protection of foreign investment** — Malaysian Investment Development Authority — MIDA
https://www.mida.gov.my/setting-up-content/equity-policy-protect-foreign-investment/

[4] **Approvals and manufacturing licensing** — Malaysian Investment Development Authority — MIDA
https://www.mida.gov.my/setting-up-content/approvals-and-licensing/

[5] **Setting up business in Malaysia** — Malaysian Investment Development Authority — MIDA
https://www.mida.gov.my/invest-in-malaysia/setting-up-business/

[6] **Employment Pass** — Expatriate Services Division — ESD
https://esd.imi.gov.my/portal/expatriates/myxpats/key-services/employment-pass/

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