

Doing Business 2011

Malaysia

**Making
a Difference for
Entrepreneurs**

COMPARING BUSINESS REGULATION IN 183 ECONOMIES



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Business Reforms

Doing Business 2011: Making a Difference for Entrepreneurs is the eighth in a series of annual reports investigating regulations that enhance business activity and those that constrain it. *Doing Business* presents quantitative indicators on business regulations and the protection of property rights that can be compared across 183 economies, from Afghanistan to Zimbabwe, over time.

A set of regulations affecting 9 stages of a business's life are measured: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. Data in *Doing Business 2011* are current as of June 1, 2010*. The indicators are used to analyze economic outcomes and identify what reforms have worked, where, and why.

The Doing Business methodology has limitations. Other areas important to business such as an economy's proximity to large markets, the quality of its infrastructure services (other than those related to trading across borders), the security of property from theft and looting, the transparency of government procurement, macroeconomic conditions or the underlying strength of institutions, are not studied directly by Doing Business. To make the data comparable across economies, the indicators refer to a specific type of business, generally a local limited liability company operating in the largest business city. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. The data not only highlight the extent of obstacles to doing business; they also help identify the source of those obstacles, supporting policymakers in designing reform.

The data set covers 183 economies: 46 in Sub-Saharan Africa, 32 in Latin America and the Caribbean, 25 in Eastern Europe and Central Asia, 24 in East Asia and Pacific, 18 in the Middle East and North Africa and 8 in South Asia, as well as 30 OECD high-income economies.

The following pages present the summary Doing Business indicators for Malaysia. The data used for this economy profile come from the Doing Business database and are summarized in graphs. These graphs allow a comparison of the economies in each region not only with one another but also with the "good practice" economy for each indicator.

The good-practice economies are identified by their position in each indicator as well as their overall ranking and by their capacity to provide good examples of business regulation to other countries. These good-practice economies do not necessarily rank number 1 in the topic or indicator, but they are in the top 10.

More information is available in the full report. *Doing Business 2011: Making a Difference for Entrepreneurs* presents the indicators, analyzes their relationship with economic outcomes and recommends reforms. The data, along with information on ordering the report, are available on the Doing Business website (www.doingbusiness.org).

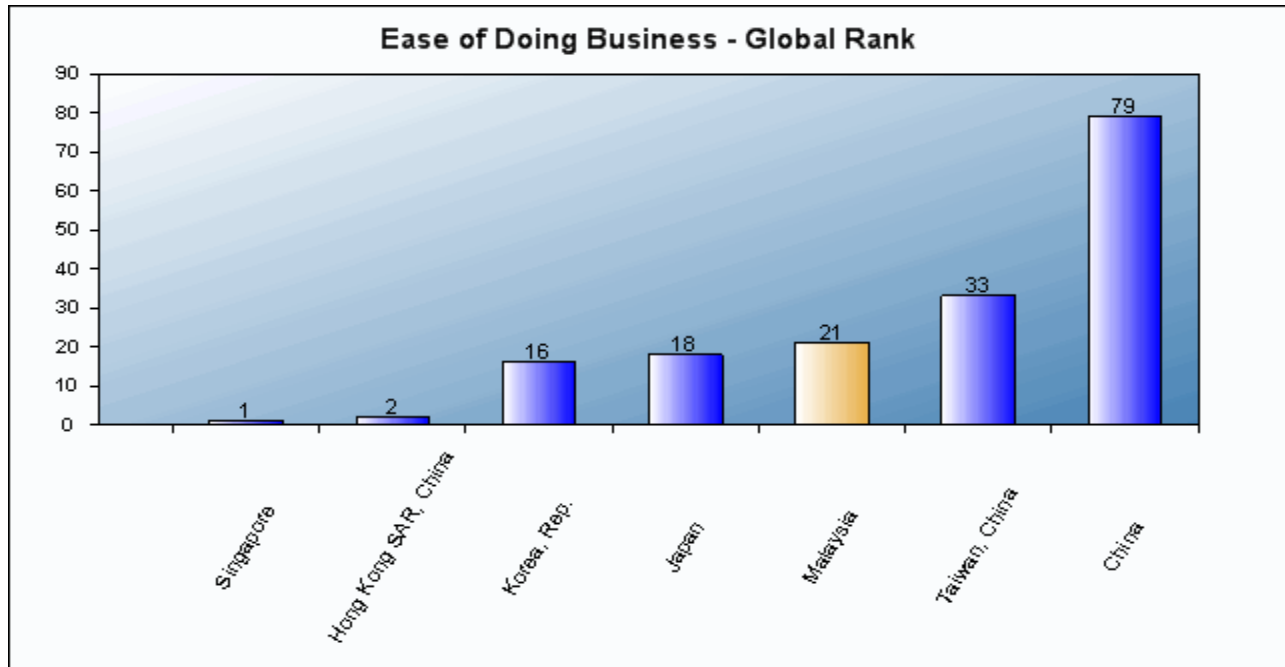
* Except for the Paying Taxes indicator that refers to the period January to December of 2009.

Note: 2008-2010 Doing Business data and rankings have been recalculated to reflect changes to the methodology and the addition of new economies (in the case of the rankings).

Economy Rankings - Ease of Doing Business

Malaysia is ranked 21 out of 183 economies. Singapore is the top ranked economy in the Ease of Doing Business.

Malaysia - Compared to global good practice economy as well as selected economies:



Malaysia's ranking in Doing Business 2011

Rank	Doing Business 2011
Ease of Doing Business	21
Starting a Business	113
Dealing with Construction Permits	108
Registering Property	60
Getting Credit	1
Protecting Investors	4
Paying Taxes	23
Trading Across Borders	37
Enforcing Contracts	59
Closing a Business	55

Summary of Indicators - Malaysia

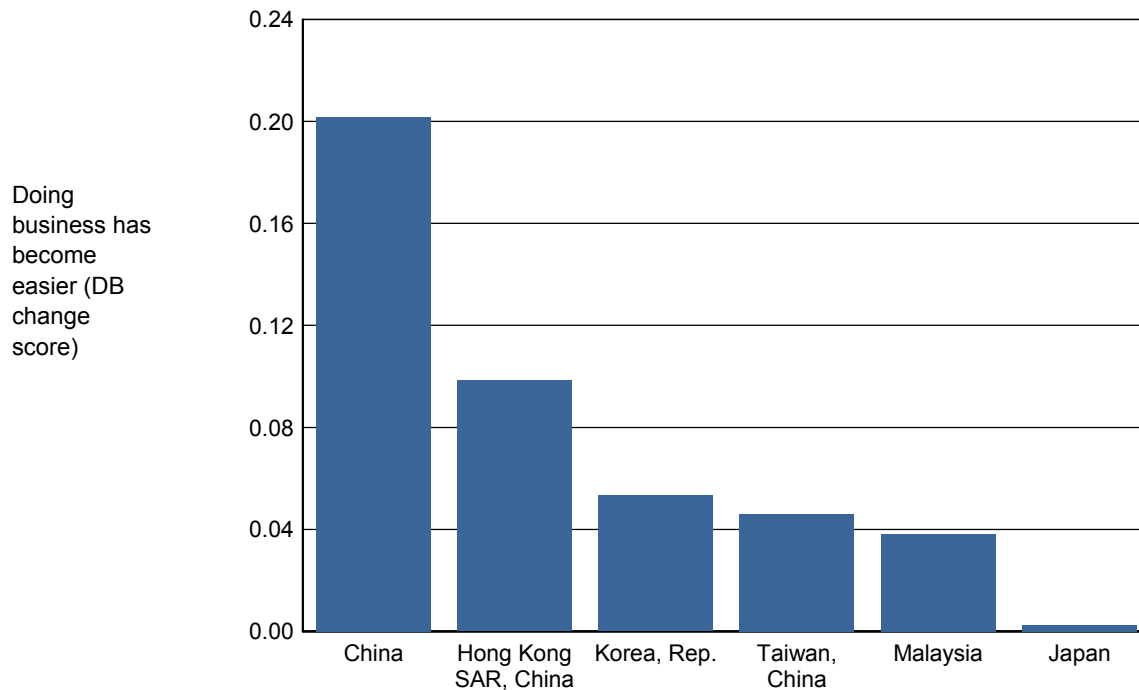
Starting a Business	Procedures (number)	9
	Time (days)	17
	Cost (% of income per capita)	17.5
	Min. capital (% of income per capita)	0.0
Dealing with Construction Permits	Procedures (number)	25
	Time (days)	261
	Cost (% of income per capita)	7.9
Registering Property	Procedures (number)	5
	Time (days)	56
	Cost (% of property value)	2.5
Getting Credit	Strength of legal rights index (0-10)	10
	Depth of credit information index (0-6)	6
	Public registry coverage (% of adults)	62.0
	Private bureau coverage (% of adults)	100.0
Protecting Investors	Extent of disclosure index (0-10)	10
	Extent of director liability index (0-10)	9
	Ease of shareholder suits index (0-10)	7
	Strength of investor protection index (0-10)	8.7
Paying Taxes	Payments (number per year)	12
	Time (hours per year)	145
	Profit tax (%)	16.7
	Labor tax and contributions (%)	15.6
	Other taxes (%)	1.4
	Total tax rate (% profit)	33.7
Trading Across Borders	Documents to export (number)	7
	Time to export (days)	18
	Cost to export (US\$ per container)	450
	Documents to import (number)	7
	Time to import (days)	14
	Cost to import (US\$ per container)	450

Enforcing Contracts	Procedures (number)	30
	Time (days)	585
	Cost (% of claim)	27.5
Closing a Business	Recovery rate (cents on the dollar)	39.8
	Time (years)	2.3
	Cost (% of estate)	15

The 5 year measure of cumulative change illustrates how the business regulatory environment has changed in 174 economies from *Doing Business 2006* to *Doing Business 2011*. Instead of highlighting which countries currently have the most business friendly environment, this new approach shows the extent to which an economy's regulatory environment for business has changed compared with 5 years ago.

This snapshot reflects all cumulative changes in an economy's business regulation as measured by the Doing Business indicators—such as a reduction in the time to start a business thanks to a one-stop shop or an increase in the strength of investor protection index thanks to new stock exchange rules that tighten disclosure requirements for related-party transactions.

This figure shows the distribution of cumulative change across the 9 indicators and time between *Doing Business 2006* and *Doing Business 2011*



Many economies have undertaken reforms to smooth the starting a business process in stages—and often as part of a larger regulatory reform program. A number of studies have shown that among the benefits of streamlining the process to start a business have been greater firm satisfaction and savings and more registered businesses, financial resources and job opportunities. Economies with higher entry costs are associated with a larger informal sector and a smaller number of legally registered firms.

Some reform outcomes

In Egypt reductions of the minimum capital requirement in 2007 and 2008 led to an increase of more than 30% in the number of limited liability companies.

In Portugal creation of One-Stop Shop in 2006 and 2007 resulted in a reduction of time to start a business from 54 days to 5. In 2007 and 2008 new business registrations were up by 60% compared with 2006.

In Malaysia reduction of registration fees in 2008 led to an increase in registrations by 16% in 2009.

What does Starting a Business measure?

Procedures to legally start and operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration
- Post registration (for example, social security registration, company seal)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

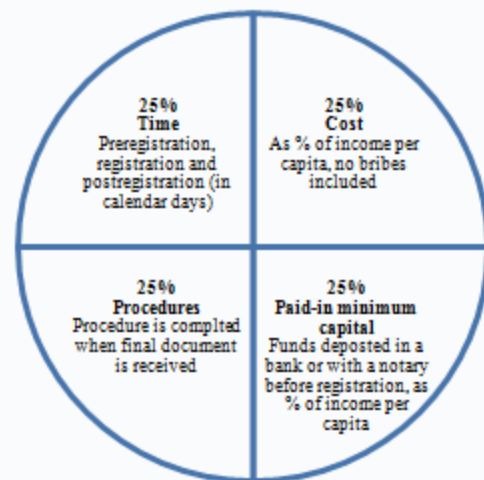
Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law

Paid-in minimum capital (% of income per capita)

- Deposited in a bank or with a notary prior to registration begins

Starting a Business: getting a local limited liability company up and running
Rankings are based on 4 subindicators



Case Study Assumptions

- Doing Business records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business.
- Any required information is readily available and that all agencies involved in the start-up process function without corruption.

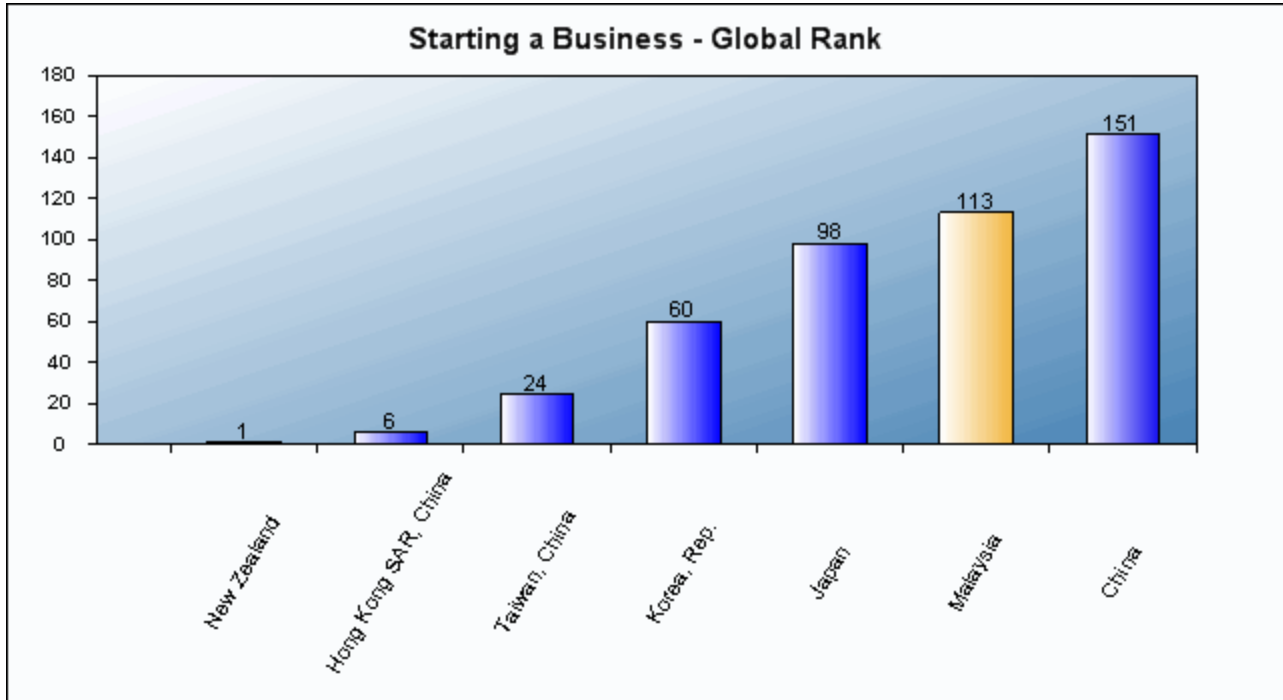
The business:

- is a limited liability company, located in the largest business city
- conducts general commercial activities
- is 100% domestically owned
- has a start-up capital of 10 times income per capita
- has a turnover of at least 100 times income per capita
- has at least 10 and up to 50 employees
- does not qualify for investment incentives or any special benefits
- leases the commercial plant and offices and is not a proprietor of real estate

1. Benchmarking Starting a Business Regulations:

Malaysia is ranked 113 overall for Starting a Business.

Ranking of Malaysia in Starting a Business - Compared to good practice and selected economies:



The following table shows Starting a Business data for Malaysia compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)	Min. capital (% of income per capita)
Denmark*			0.0	
New Zealand*	1	1		0.0

<i>Selected Economy</i>				
Malaysia	9	17	17.5	0.0

<i>Comparator Economies</i>				
China	14	38	4.5	118.3
Hong Kong SAR, China	3	6	2.0	0.0
Japan	8	23	7.5	0.0
Korea, Rep.	8	14	14.7	0.0
Taiwan, China	6	15	4.1	0.0

* The following economies are also good practice economies for :

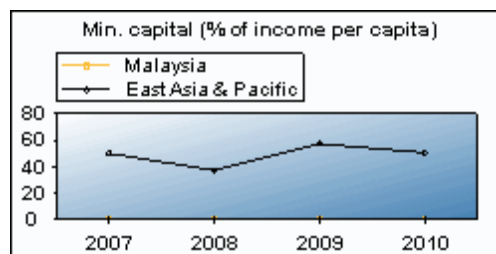
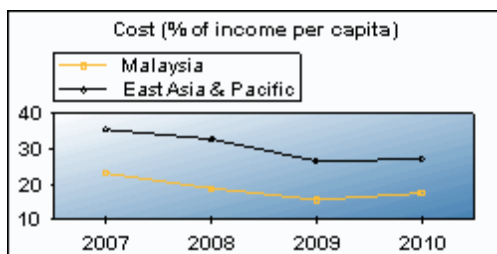
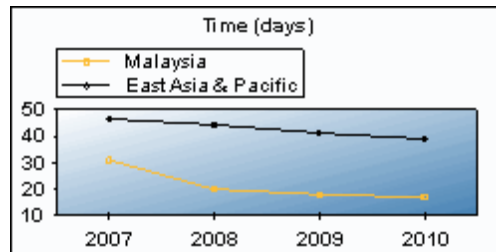
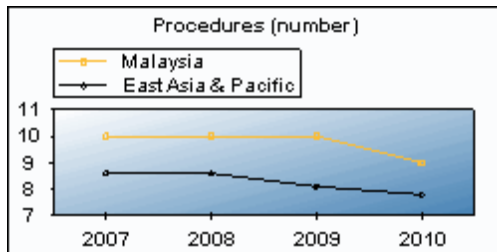
Procedures (number): **Canada**

Cost (% of income per capita): **Slovenia**

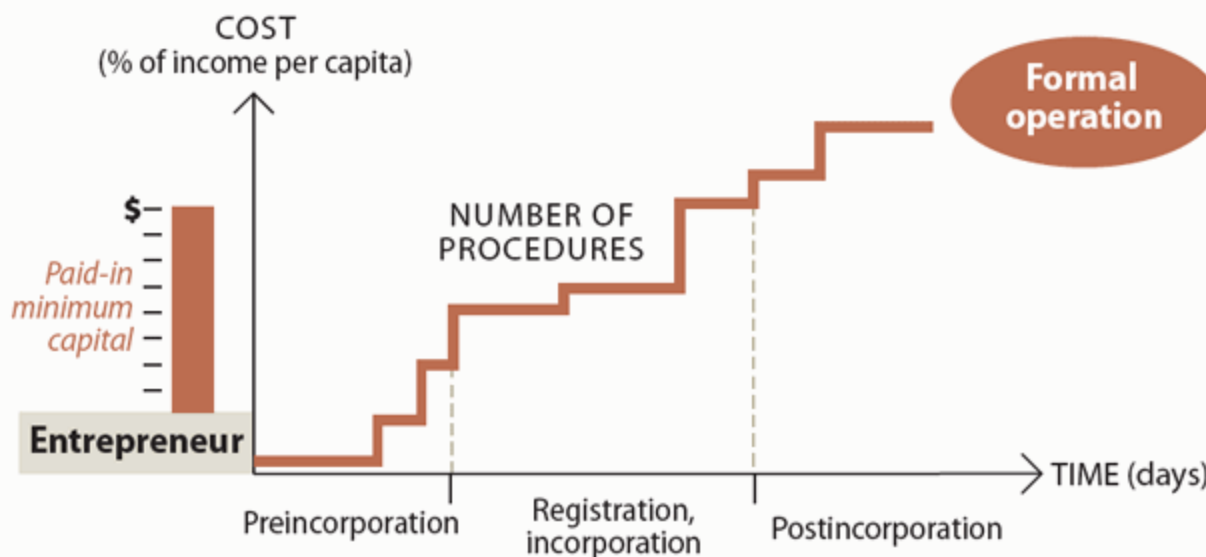
2. Historical data: Starting a Business in Malaysia

Starting a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	116	113
Procedures (number)	10	10	10	9
Time (days)	31	20	18	17
Cost (% of income per capita)	23.1	18.9	15.6	17.5
Min. capital (% of income per capita)	0.0	0.0	0.0	0.0

3. The following graphs illustrate the Starting a Business sub indicators in Malaysia over the past 4 years:



What are the time, cost, paid-in minimum capital and number of procedures to get a local, limited liability company up and running?



This table summarizes the procedures and costs associated with setting up a business in Malaysia.

STANDARDIZED COMPANY

Legal Form: Sendirian Berhad (Sdn. Bhd.) - Private

Limited Company

City: Kuala Lumpur

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Application to the Companies Commission of Malaysia (CCM) on the prescribed form (13A) to ensure the availability of the proposed company's name	1	MYR 30
2	Company Secretary prepares company incorporation documents	3	MYR 1,000
3	File necessary documents with the Companies Commission of Malaysia and obtain stamps	2	MYR 2,770
4	Make a company seal	1	MYR 150
5	Purchase statutory books and share certificates books	2	MYR 200
6	Register with the Income Tax Department	5	no charge
7	Register for Employment Provident Fund (EPF)	1	no charge

8	Register with Social Security Organization	1	no charge
<hr/>			
9	Notify the Director General of the Inland Revenue Board of the employment of workers	1	no charge
<hr/>			

Starting a Business Details - Malaysia

Procedure 1 Application to the Companies Commission of Malaysia (CCM) on the prescribed form (13A) to ensure the availability of the proposed company's name

Time to complete: 1

Cost to complete: MYR 30

Comment: name search can be conducted online and payment can be made online

Procedure 2 Company Secretary prepares company incorporation documents

Time to complete: 3

Cost to complete: MYR 1,000

Comment: A company secretary is required to prepare the incorporation documents and provide a statutory declaration of compliance (Companies Act 1965).

Procedure 3 File necessary documents with the Companies Commission of Malaysia and obtain stamps

Time to complete: 2

Cost to complete: MYR 2,770

Comment: Comment: Promoters must pay the registration fee and file the following incorporation documents with the Companies Commission within 3 months of name reservation:

- The memorandum and articles of association and the statutory declaration of compliance (Form 48A) (prepared by a lawyer or the company secretary).
- The particulars of (a) two subscribers holding a minimum of one share of MYR 1 each and (b) At least two directors who have their principal or sole place of residence in Malaysia.
- The original Form 13A and a copy of the letter from the CCM approving the name of the company have to be attached as well.
- The address or location of the registered office.
- Form 6 (statutory declaration of compliance) upholding compliance with the requirements of the Companies Act 1965 and the Companies Regulations on matters precedent and incidental to the company's registration. This form must be filed by the company secretary.

After the submission of the incorporation papers, the CCM issues Form 9 (certificate of incorporation) in 1-2 working days upon lodgement of the relevant documents.

The registration fee for the authorized share capital is charged the following scale and is payable to the Companies Commission: Capital up to MYR 100, 000: MYR 900; 100,001 to 500,000: MYR 2550; 500,001 to MYR 1 million: MYR 4250; 1,000,001 to 5 million: MYR 6800; 5,000,001 to 10, 000,000: MYR 8500; 10,000,001 to MYR 25 Million: MYR 17,000; 25,000,001 to 50 Million: MYR 34,000; 50,000,001 to 100 Million: MYR 42,500; over 100 Million: MYR 59,500

Since April 01, 2010 the authority for stamping of documents has been delegated to the CCM and entrepreneurs no longer have to go to the Inland Revenue Board (IRB). The stamp cost is RM100 for the Memorandum and RM100 for the Articles with a 2nd set stamped at RM10 each

Procedure 4 Make a company seal**Time to complete:** 1**Cost to complete:** MYR 150**Comment:** Alternatively, the seal can be ready in 3 days for RM100.**Procedure 5 Purchase statutory books and share certificates books****Time to complete:** 2**Cost to complete:** MYR 200**Comment:** The statutory and share certificate books can be purchased from certain specialized stationery shops.**Procedure 6 Register with the Income Tax Department****Time to complete:** 5**Cost to complete:** no charge**Comment:** Registration of the company with the Inland Revenue Board (IRB) as a tax payer can be done at the IRB counter or online at this link: <http://ekl.hasil.gov.my/>. Form 9 (Certificate of Incorporation) and Form 49 (Return Giving Particulars in Register of Directors, Managers and Secretaries and Changes of Particulars) can be uploaded at the same address. If the registration is done online, the tax reference number will be given in 4 working days. If the registration is done at the IRB counter, in addition to Form 49 and Form 9 copies of the Memorandum and Articles of Association and Form 24 must be provided. The tax reference number is usually given within 5 working days.**Procedure 7 Register for Employment Provident Fund (EPF)****Time to complete:** 1**Cost to complete:** no charge**Comment:** Promoters must register with any branch of the Employment Provident Fund by completing the applicable form and submitting the relevant documents. Although registration with the EPF cannot be done online, the registration form (Form KWSP 1) can be downloaded online at this link: <http://www.kwsp.gov.my/index.php?hdl=bin&rp=321>. If the information submitted for registration is complete and there is no problem with the EPF system, the registration number will be given immediately upon registration. Companies can now use their single company ID (myCoID) to register with all government agencies.**Procedure 8 Register with Social Security Organization****Time to complete:** 1**Cost to complete:** no charge**Comment:** The employer must compulsorily register any employee whose monthly wages is less than RM 3,000 with and contribute to the Social Security Organization (SOCSO) regardless of whether such employees' employment status is permanent, temporary, or casual. The promoter must complete the form and submit the relevant documents. Registration with the SOCSO cannot be done online, Form 1 (Employers' Registration Form) can be downloaded at <http://www.perkeso.gov.my/1a.pdf> and Form 2 (Employees' Registration Form) can be downloaded at <http://www.perkeso.gov.my/1c.pdf> and then the registration number will be given immediately upon registration at the counter. Companies can now use their single company ID (myCoID) to

register with all government agencies.

Procedure 9 Notify the Director General of the Inland Revenue Board of the employment of workers

Time to complete: 1

Cost to complete: no charge

Comment: The employer will need to provide the Inland Revenue Board with the list of taxable employees when the employer registers with the IRB as an employer and to update the list where necessary.

In many economies, especially developing ones, complying with building regulations is so costly in time and money that many builders opt out. Builders may pay bribes to pass inspections or simply build illegally, leading to hazardous construction. Where the regulatory burden is large, entrepreneurs may tend to move their activity into the informal economy. There they operate with less concern for safety, leaving everyone worse off. In other economies compliance is simple, straightforward and inexpensive, yielding better results.

Some reform outcomes

In Burkina Faso, a one-stop shop for construction permits, "Centre de Facilitation des Actes de Construire", was opened in May 2008. The new regulation merged 32 procedures into 15, reduced the time required from 226 days to 122 and cut the cost by 40%. From May 2009 to May 2010 611 building permits were granted in Ouagadougou, up from an average of about 150 a year in 2002-06.

Toronto, Canada revamped its construction permitting process in 2005 by introducing time limits for different stages of the process and presenting a unique basic list of requirements for each project. Later it provided for electronic information and risk-based approvals with fast-track procedures. Between 2005 and 2008 the number of commercial building permits increased by 17%, the construction value of new commercial buildings by 84%.

What does the Dealing with Construction Permits indicator measure?

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Completing all required notifications and receiving all necessary inspections
- Obtaining utility connections for electricity, water, sewerage and a land telephone line
- Registering the warehouse after its completion (if required for use as collateral or for transfer of warehouse)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

Case Study Assumptions

The business:

- is a small to medium-size limited liability company in the construction industry, located in the economy's largest business city
- is 100% domestically and privately owned and operated
- has 60 builders and other employees
- has at least one employee who is a licensed architect and registered with the local association of architects

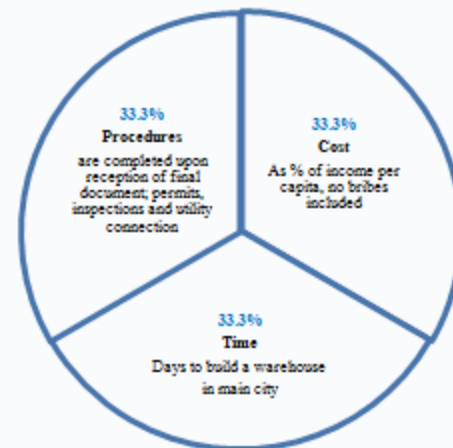
The warehouse:

- is a new construction (there was no previous construction on the land)
- has 2 stories, both above ground, with a total surface of approximately 1,300.6 sq. meters (14,000 sq. feet)
- has complete architectural and technical plans prepared by a licensed architect
- will be connected to electricity, water, sewerage (sewage system, septic tank or their equivalent) and a land telephone line
- will be used for general storage of non-hazardous goods, such as books
- will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements)

Dealing with Construction Permits:

Building a warehouse

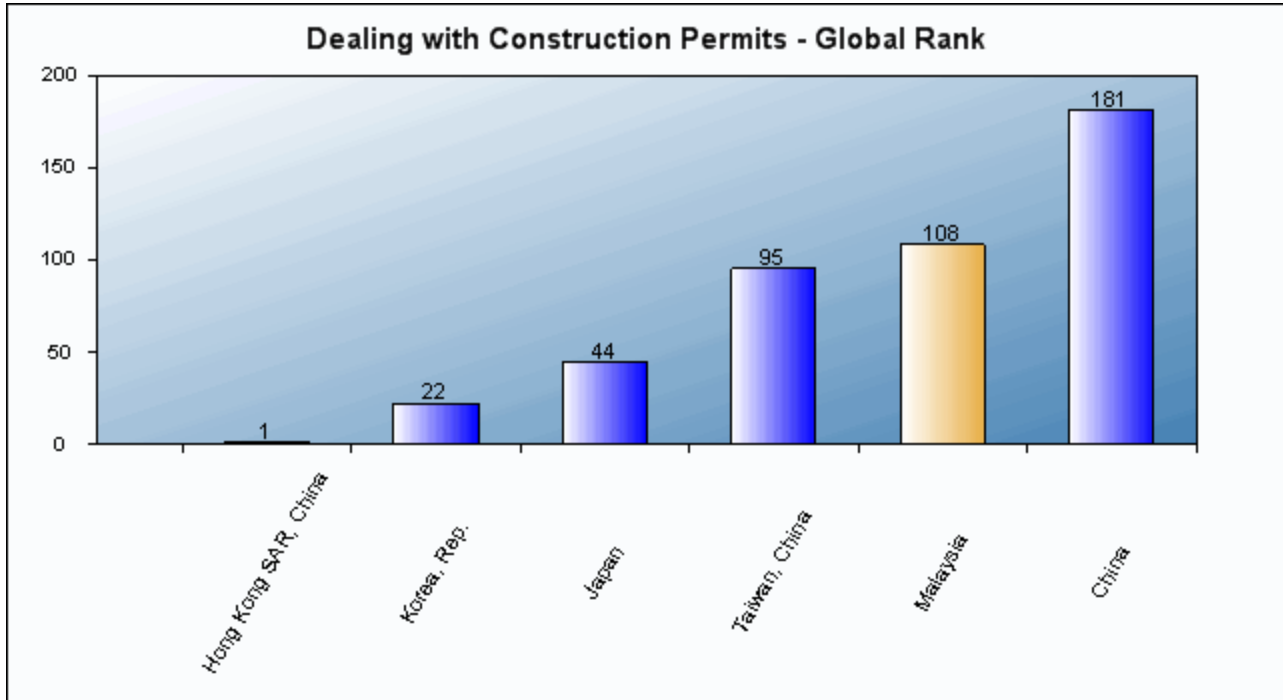
Rankings are based on 3 subindicators



1. Benchmarking Dealing with Construction Permits Regulations:

Malaysia is ranked 108 overall for Dealing with Construction Permits.

Ranking of Malaysia in Dealing with Construction Permits - Compared to good practice and selected economies:



The following table shows Dealing with Construction Permits data for Malaysia compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of income per capita)
Denmark	6		
Qatar			0.8
Singapore		25	

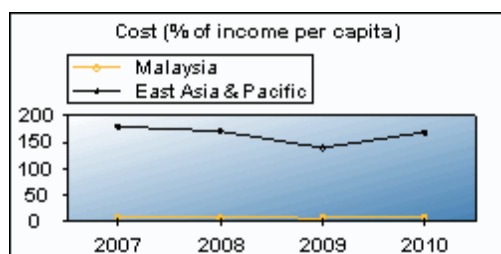
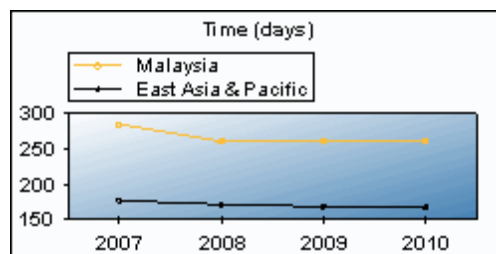
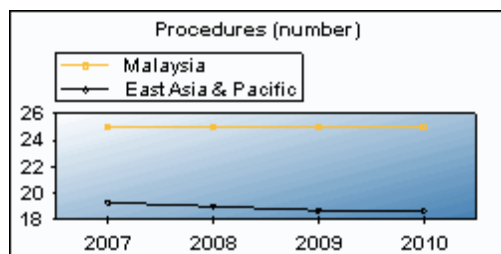
<i>Selected Economy</i>			
Malaysia	25	261	7.9

<i>Comparator Economies</i>			
China	37	336	523.4
Hong Kong SAR, China	7	67	19.4
Japan	15	187	20.8
Korea, Rep.	13	34	131.2
Taiwan, China	28	142	100.9

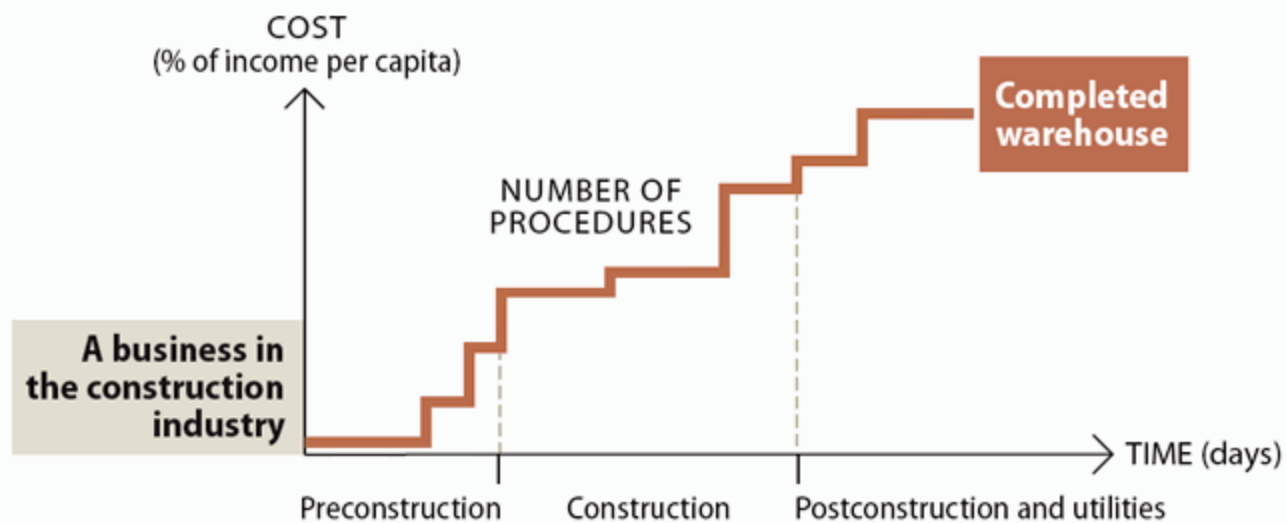
2. Historical data: Dealing with Construction Permits in Malaysia

Dealing with Construction Permits data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	109	108
Procedures (number)	25	25	25	25
Time (days)	285	261	261	261
Cost (% of income per capita)	10.0	7.9	7.1	7.9

3. The following graphs illustrate the Dealing with Construction Permits sub indicators in Malaysia over the past 4 years:



What are the time, cost and number of procedures to comply with formalities to build a warehouse?



The table below summarizes the procedures, time, and costs to build a warehouse in Malaysia.

BUILDING A WAREHOUSE

City: Kuala Lumpur

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Request and obtain planning permission	50 days	MYR 480
2	Request and obtain building plan approval	90 days	MYR 1,301
3 *	Request and obtain approvals of earthworks and structural drawings	90 days	MYR 100
4	Request and obtain approval from the Planning Department (local authority)	90 days	no charge
5 *	Request and obtain approval from the Engineering Department (local authority)	90 days	no charge
6 *	Request and obtain approval from the Town Services Department (local authority)	90 days	no charge
7 *	Request and obtain approval from the Building Control Department (local authority)	90 days	no charge

8 *	Request and obtain approval from the Public Works Department	90 days	no charge
9 *	Receive a drainage inspection by the Drainage and Irrigation Department	1 day	no charge
10 *	Obtain approval from the Drainage and Irrigation Department	90 days	no charge
11 *	Receive a sanitary inspection by the Sewerage Services Department	1 day	no charge
12 *	Obtain approval from the Sewerage Services Department	90 days	no charge
13 *	Receive a plumbing inspection by the Water Authority	1 day	no charge
14 *	Obtain approval from the Water Authority	90 days	no charge
15 *	Receive a fire inspection by the Fire and Rescue Department	1 day	no charge
16 *	Obtain approval from the Fire and Rescue Department	90 days	no charge
17 *	Receive an electrical inspection by the TNB (local electricity provider)	1 day	no charge
18 *	Obtain approval from the TNB (local electricity provider)	90 days	no charge
19 *	Obtain approval from Telekom Malaysia (Telco)	90 days	no charge
20 *	Connect to electricity services	14 days	no charge
21 *	Connect to telecommunication services	14 days	no charge
22 *	Connect to sewerage services	14 days	no charge
23 *	Connect to water installations	14 days	no charge
24 *	Receive final inspection	1 day	no charge
25	Request and obtain certificate of occupancy	16 days	no charge

* Takes place simultaneously with another procedure.

Dealing with Construction Permits Details - Malaysia

Procedure 1 Request and obtain planning permission

Time to complete:	50 days
Cost to complete:	MYR 480
Agency:	Planning Department (Local Authority)
Comment:	Planning permission, which is issued as a Development Order by the Planning Department of the local authority, authorizes development of the land. The permit is valid for 12 months, within which time construction must begin.

The fees for the Planning Approval Application are MYR 40 for every 1,000 square meters for the first 10,000 square meters and MYR 20 for every additional 1,000 square meters for the next 5,000 square meters. Hence, the amount is calculated as follows:

14,000 square meters = 10,000 square meters + 4,000 square meters.

First 10,000 square meters: MYR 40 x 10 = MYR 400 (MYR 40 per 1,000 square meters).

Next 4,000 square meters: MYR 20 x 4 = MYR 80 (MYR 20 per 1,000 square meters).

Total: MYR 400 + MYR 80 = MYR 480.

The processing time for the applications is usually as follows:

- 120 days for large-scale projects (consisting of complicated development plans, buildings of more than five levels, construction involving layout plans for a development area of more than 2 acres, or projects affecting the population density and change of zone area).
- 60 days for mid-scale projects (requiring construction plans of buildings of fewer than five levels, a temporary change in land/building usage involving a land area of fewer than 5,000 square feet or involving changes/additions/alterations made to the available shops/housing units).
- 45 days for small-scale projects (involving suggested additions/changes/alterations to existing bungalow units, two-story units and terrace units, and new bungalow units built in accordance with approved layout plans only).

Procedure 2 Request and obtain building plan approval

Time to complete:	90 days
Cost to complete:	MYR 1,301
Agency:	Building Department (Local Authority)
Comment:	The approval of the building plans authorizes construction of the building within 12 months from the date of approval. Approval is granted by the Building Department of the local authority.

The filing fees for the application for building plan approval are MYR 10 per 10 square meters or any part thereof (a minimum of MYR 100) under the First Schedule of the Federal Territory of Kuala Lumpur Building By-Laws of 1985. In the case here, involving a 1,300.6 sq. m. built-up area, the application fee would be MYR 1,300.60

Procedure 3 Request and obtain approvals of earthworks and structural drawings

Time to complete:	90 days
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Cost to complete: MYR 100

Agency: Public Works Department (Local Authority)

Comment: No approval is necessary for structural drawings. When the application for Building Plan Approval is submitted, the structural drawings for the site concerned are kept by the Building Department for record purposes only. Approval of earthworks should be obtained from the Public Works Department. The cost of the approval can be ascertained only on submission of the construction drawings. However, as a guide, the department charges MYR 100 per hectare. A month after submission of the application for earthworks approval, the department issues either a formal approval or a comment. However, in practice, the process takes much longer.

Procedure 4 Request and obtain approval from the Planning Department (local authority)

Time to complete: 90 days

Cost to complete: no charge

Agency: Planning Department (Local Authority)

Comment: BuildCo must obtain several approvals from different departments within the local authority.
Payment of application fees is made upon submission of the preliminary application for planning permission and building plan approval. (For the schedule of fees, see Procedures 1 and 2.)

Procedure 5 Request and obtain approval from the Engineering Department (local authority)

Time to complete: 90 days

Cost to complete: no charge

Agency: Engineering Department (Local Authority)

Comment:

Procedure 6 Request and obtain approval from the Town Services Department (local authority)

Time to complete: 90 days

Cost to complete: no charge

Agency: Town Services Department (Local Authority)

Comment:

Procedure 7 Request and obtain approval from the Building Control Department (local authority)

Time to complete: 90 days

Cost to complete: no charge

Agency: Building Control Department (Local Authority)

Comment: After construction has been completed, a final inspection is conducted by the Building Department to issue its approval. Approval is granted only after all approvals are obtained from the various departments listed in the development order, and is meant to ensure that the construction has been completed in compliance with the approved building plan and the requirements listed in it. The period of 3 to 4 months is just an estimate and might vary with the time it takes the various other departments or agencies to issue their approvals. After that, another 3 to 4 weeks following the final inspection are needed for the final approval from the Building Department to be issued.

The Building Department supervises the construction work stage-by-stage by conducting on-site inspections and reviewing the progress report usually submitted by the architect after each stage.

Procedure 8 Request and obtain approval from the Public Works Department

Time to complete: 90 days

Cost to complete: no charge

Agency: Public Works Department (Local Authority)

Comment:

Procedure 9 Receive a drainage inspection by the Drainage and Irrigation Department

Time to complete: 1 day

Cost to complete: no charge

Agency: Drainage & Irrigation Department (Local Authority)

Comment: The inspection takes place after a week's notice.

Procedure 10 Obtain approval from the Drainage and Irrigation Department

Time to complete: 90 days

Cost to complete: no charge

Agency: Drainage & Irrigation Department (Local Authority)

Comment:

Procedure 11 Receive a sanitary inspection by the Sewerage Services Department

Time to complete: 1 day

Cost to complete: no charge

Agency: Sewage Services Department (Local Authority)

Comment:

Procedure 12 Obtain approval from the Sewerage Services Department

Time to complete: 90 days

Cost to complete: no charge

Agency: Sewerage Services Department (Local Authority)

Comment: The time it takes to obtain approval depends on the type of sewerage system used. It takes 3 months to process applications for sewerage systems used for treatment of discharge and a month to process applications for other types of sewerage systems.

Procedure 13 Receive a plumbing inspection by the Water Authority

Time to complete: 1 day

Cost to complete: no charge

Agency: Water Authority

Comment:

Procedure 14 Obtain approval from the Water Authority

Time to complete: 90 days

Cost to complete: no charge

Agency: Water Authority

Comment:

Procedure 15 Receive a fire inspection by the Fire and Rescue Department

Time to complete: 1 day

Cost to complete: no charge

Agency: Fire & Rescue Department

Comment: Notification is provided 30 days prior to the date of the actual inspection.

Procedure 16 Obtain approval from the Fire and Rescue Department

Time to complete: 90 days

Cost to complete: no charge

Agency: Fire & Rescue Department

Comment:

Procedure 17 Receive an electrical inspection by the TNB (local electricity provider)**Time to complete:** 1 day**Cost to complete:** no charge**Agency:** Tenaga Nasional Berhad (TNB)**Comment:****Procedure 18 Obtain approval from the TNB (local electricity provider)****Time to complete:** 90 days**Cost to complete:** no charge**Agency:** Tenaga Nasional Berhad (TNB)**Comment:****Procedure 19 Obtain approval from Telekom Malaysia (Telco)****Time to complete:** 90 days**Cost to complete:** no charge**Agency:** Telekom Malaysia (Telco)**Comment:****Procedure 20 Connect to electricity services****Time to complete:** 14 days**Cost to complete:** no charge**Agency:** Tenaga Nasional Berhad (TNB)**Comment:****Procedure 21 Connect to telecommunication services****Time to complete:** 14 days**Cost to complete:** no charge**Agency:** Telekom Malaysia (Telco)**Comment:**

Procedure 22 Connect to sewerage services

Time to complete:	14 days
Cost to complete:	no charge
Agency:	Sewage Services Department (Local Authority)
Comment:	

Procedure 23 Connect to water installations

Time to complete:	14 days
Cost to complete:	no charge
Agency:	Water Authority
Comment:	

Procedure 24 Receive final inspection

Time to complete:	1 day
Cost to complete:	no charge
Agency:	Building Department
Comment:	

Procedure 25 Request and obtain certificate of occupancy

Time to complete:	16 days
Cost to complete:	no charge
Agency:	Building Department
Comment:	<p>The Certificate of Completion has been introduced substituting the Certificate of Fitness for Occupation in 2007. Upon the coming into force (in force from 27 November 2007) of By-Law 23 of the Building (Federal Territory of Kuala Lumpur)(Amendment) By-Laws 1985, the Certificate of Completion is issued when forms G1 to G21 in respect of stage certifications as set out in the Second Schedule of the By-Laws 1985 have been duly certified and received by the principal submitting person. The principal submitting person must also certify in Form F that he has supervised the erection and completion of building and that to the best of his knowledge and belief the building has been constructed and completed in accordance with the Act, the By-Laws and the approved plans. The time to obtain request and obtain the certificate is about 16 days. For the issuance of a temporary certificate, By-Law 24 of the Federal Territory of Kuala Lumpur Building By-Laws 1985 which states that 10% of the amount of the application fee for the building plan approval is charged is no longer applicable and has been deleted by the P.U. (A) 394/2007:s.15.</p>

Ensuring formal property rights is fundamental. Effective administration of land is part of that. If formal property transfer is too costly or complicated, formal titles might go informal again. *Doing Business* records the full sequence of procedures necessary for a business to purchase a property from another business and transfer the property title to the buyer's name. In the past 6 years 105 economies undertook 146 reforms making it easier to transfer property. Globally, the time to transfer property fell by 38% and the cost by 10% over this time. The most popular feature of property registration reform in these 6 years, implemented in 52 economies, was lowering transfer taxes and government fees.

Some reform outcomes

Georgia now allows property transfers to be completed through 500 authorized users, notably banks. This saves time for entrepreneurs. A third of people transferring property in 2009 chose authorized users, up from 7% in 2007. Also, Georgia's new electronic registry managed 68,000 sales in 2007, twice as many as in 2003.

Belarus's unified and computerized registry was able to cope with the addition of 1.2 million new units over 3 years. The registry issued 1 million electronic property certificates in 2009.

What does the Registering Property indicator measure?

Registering Property: transfer of property between 2 local companies

Rankings are based on 3 subindicators

Procedures to legally transfer title on immovable property (number)

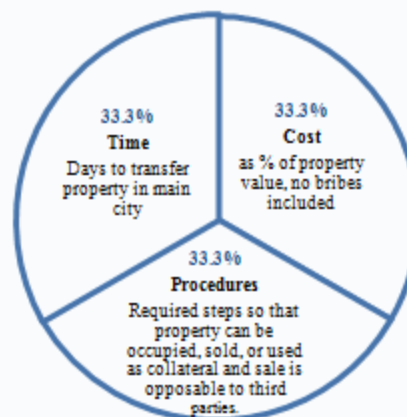
- Preregistration (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration in the economy's largest business city
- Post registration (for example, transactions with the local authority, tax authority or cadastre)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior personal contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only, no bribes
- No value added or capital gains taxes included



Case Study Assumptions

The parties (buyer and seller):

- Are limited liability companies, 100% domestically and privately owned.
- Are located in the periurban area of the economy's largest business city.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

The property (fully owned by the seller):

- Has a value of 50 times income per capita. The sale price equals the value.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of a 557.4 square meters (6,000 square feet) land and 10 years old 2-story warehouse of 929 square meters (10,000 square feet) located on the land. The warehouse is in good condition and complies with all safety standards, building codes and legal requirements. The property will be transferred in its entirety.

1. Benchmarking Registering Property Regulations:

Malaysia is ranked 60 overall for Registering Property.

Ranking of Malaysia in Registering Property - Compared to good practice and selected economies:



The following table shows Registering Property data for Malaysia compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of property value)
New Zealand*		2	
Norway*	1		
Saudi Arabia			0.0

<i>Selected Economy</i>			
Malaysia	5	56	2.5

<i>Comparator Economies</i>			
China	4	29	3.6
Hong Kong SAR, China	5	36	4.2
Japan	6	14	5.5
Korea, Rep.	7	11	5.1
Taiwan, China	3	5	6.2

* The following economies are also good practice economies for :

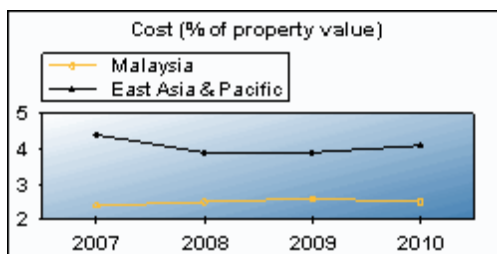
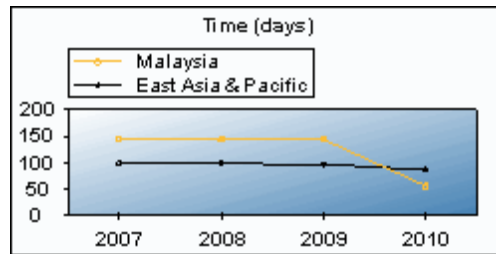
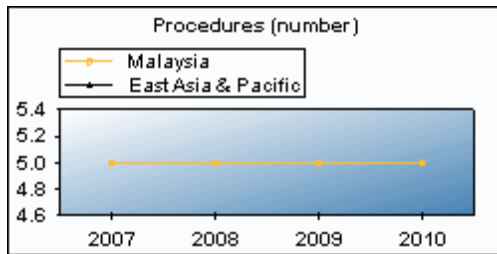
Procedures (number): United Arab Emirates

Time (days): Saudi Arabia, Thailand, United Arab Emirates

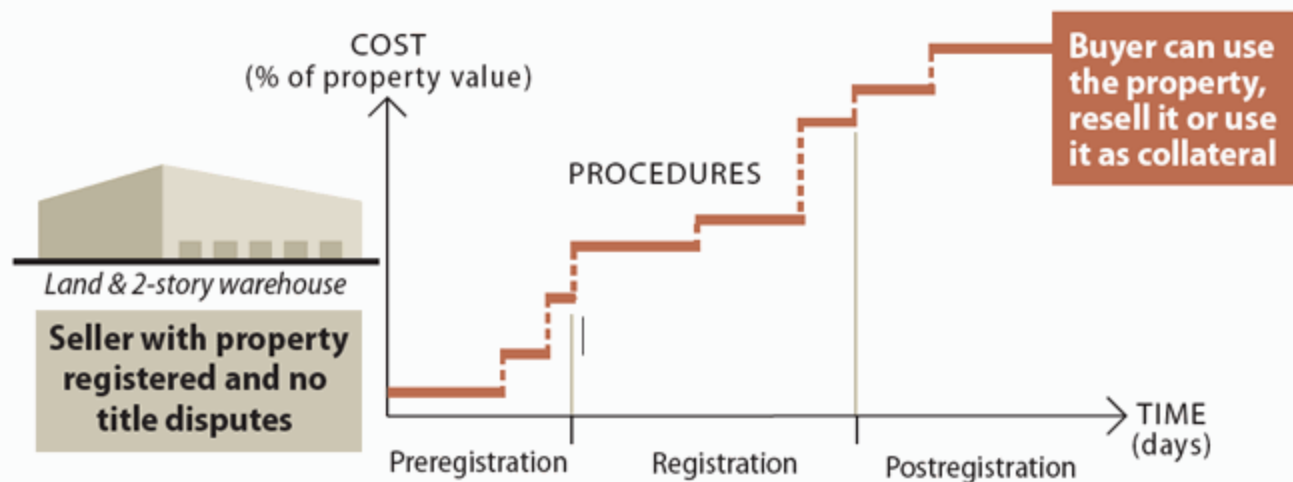
2. Historical data: Registering Property in Malaysia

Registering Property data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	85	60
Procedures (number)	5	5	5	5
Time (days)	144	144	144	56
Cost (% of property value)	2.4	2.5	2.6	2.5

3. The following graphs illustrate the Registering Property sub indicators in Malaysia over the past 4 years:



What are the time, cost and number of procedures required to transfer a property between 2 local companies?



This topic examines the steps, time, and cost involved in registering property in Malaysia.

STANDARDIZED PROPERTY

Property Value: 1,188,048.92

City: Kuala Lumpur

Registration Requirements:

No:	Procedure	Time to complete	Cost to complete
1	Lawyer conducts necessary searches	1 day	RM 54 (stamping fee)
2	Buyer and seller sign sales-purchase agreement in presence of lawyer and lawyer fills out Form 14A Memorandum of Transfer	1 day	professional fees
3	Memorandum of Transfer (14A) sent to Stamp Office for adjudication of Stamp Duty and valuation by JPPH	1-8 days (online) or up to 20 days manually	no additional cost
4	Payment of stamp duty and stamping of Form 14A	1 day	1% on first RM 100,000, 2% on excess of RM 100,000 up to RM 500,000 and 3% on excess over RM 500,000 (Stamp duty)
5	The transfer is registered at the Land Office/Registry	21 - 60 days	RM 100 (registration fee) + RM 60 (search fee)

Registering Property Details - Malaysia

Procedure	1	Lawyer conducts necessary searches
Time to complete:	1 day	
Cost to complete:	RM 54 (stamping fee)	
Agency:	Stamp Office	
Comment:	<p>The sale-purchase agreement is sent to the Stamp Office for stamping. The parties will mutually agree on whose solicitors will prepare the sale-purchase agreement. The lawyer will usually conduct:</p> <ul style="list-style-type: none">- Land search- Bankruptcy Search- Winding-up Search	
Procedure	2	Buyer and seller sign sales-purchase agreement in presence of lawyer and lawyer fills out Form 14A Memorandum of Transfer
Time to complete:	1 day	
Cost to complete:	professional fees	
Agency:	Lawyer's office	
Comment:	<p>The Memorandum of Transfer (Form 14A) will be stamped to show that an adjudication fee of RM10 has been paid, and will then be returned to the purchaser's lawyers to hold, pending adjudication. The Stamp Office will direct the district valuation department to value the property.</p> <p>Form 14 A Memorandum of transfer has to be attested by a licensed professional – can be a lawyer or an official from the land office. This is stated in the Land Code.</p> <p>Documentation shall include:</p> <ul style="list-style-type: none">- Memorandum of Transfer (14A)- Copy of the sale-purchase agreement- Copy of title deed- Form PDS5 (Stamping Proforma)	
Procedure	3	Memorandum of Transfer (14A) sent to Stamp Office for adjudication of Stamp Duty and valuation by JPPH
Time to complete:	1-8 days (online) or up to 20 days manually	
Cost to complete:	no additional cost	
Agency:	Stamp assessment and payment system (http://pinharta.hasil.gov.my)	
Comment:	<p>The valuation department will conduct an inspection to value the property, if required. The inspection is not mandatory to conclude the valuation and it is at the discretion of the valuation department, but in practice, it takes place in the majority of the cases. The Stamp Office will issue a notice of assessment based on the valuation department's report. Submission can be made either manually or online through the website http://pinharta.hasil.gov.my. E-stamping (online) is now available only to legal firms, banks,</p>	

company secretaries, accounting firms and companies.

If completed online the submission must include:

1. The sale-purchase agreement
2. Copy of the Issue Document of Title (IDT)
3. Form 14A
4. Form PDS 15
5. Other supporting documents

Once accepted, an adjudication number will be assigned by the system. When the Stamp Office receives the submission, the documents are transferred to JPPH for valuation. When required, a valuation inspection will be made on the property by JPPH. In most of the cases, commercial properties will be valued. The JPPH will prepare a valuation report which is sent to the Stamp Office. The applicant will be able to follow the status of the adjudication online.

Procedure 4 Payment of stamp duty and stamping of Form 14A

Time to complete:	1 day
Cost to complete:	1% on first RM 100,000, 2% on excess of RM 100,000 up to RM 500,000 and 3% on excess over RM 500,000 (Stamp duty)
Agency:	electronically via Financial Processing Exchange (FPX)
Comment:	<p>Stamp duty must then be paid to the Stamp Office, based on the Notice of Assessment, within fourteen (14) days from the date of such notice or the period indicated by the Collector of Stamp Duty. Usually the Collector will give thirty (30) days from the date of such notice to pay the stamp duty. This procedure may take one day if the purchaser or purchaser's lawyer goes personally. Otherwise it can take up to 5-7 days for the Memorandum of Transfer to be endorsed and be ready for collection.</p> <p>Payment may also be made electronically via Financial Processing Exchange (FPX), or at the Stamp Office.</p> <p>The documentation shall include: Form 14A (Memorandum of Transfer) Notice of Assessment (obtained in Procedure 3) Form PDS 3</p> <p>The documentation shall include: Form 14A (Memorandum of Transfer) Notice of Assessment (obtained in Procedure 3)</p>

Procedure 5 The transfer is registered at the Land Office/Registry

Time to complete:	21 - 60 days
Cost to complete:	RM 100 (registration fee) + RM 60 (search fee)
Agency:	Land Office/Registry
Comment:	<p>The purchaser's lawyer presents the duly stamped Memorandum of Transfer (Form 14A) for registration at the Land Office/Registry. This must be done within three months from the date of the Memorandum of Transfer (Form 14A) which is usually dated when it is submitted for adjudication. A title search is conducted just prior to presentation to ensure that there are no</p>

encumbrances or restraint against dealings which may hinder the registration of the Memorandum of Transfer (Form 14A).

The documentation shall include:

- Copies of Quit rent and Assessment receipts
- Certified true copies of the Memorandum and Articles of Association, Form 24 (Return on Allotment of Shares), Form 49 (Return Giving Particulars in Register of Directors, Managers and Secretaries and Changes of Particulars) of the Purchaser and Vendor
- Certified true copies of the Vendor's and Purchaser's board resolutions giving authority to sell and purchase the property respectively
- Search report on the Purchaser as extracted from the Companies Commission of Malaysia
- Duly stamped Memorandum of Transfer (Form 14A)
- Copy of Notice of Assessment bearing Stamp Office's endorsement that ad valorem stamp duty has been paid (obtained in Procedure 3)
- Original of the title document

After submission, the applicants get the "presentation receipt" the same day. It gives the time of submission and that is the time of legal "registration". The computerized system at the Land Registry also immediately tags the land as 'pending transfer' and hence anyone searching the property can be informed.

However, the "presentation receipt" is not enough for Banks which will generally request the original title to grant loans.

Through two sets of indicators, *Doing Business* assesses the legal rights of borrowers and lenders with respect to secured transactions and the sharing of credit information. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through either a public credit registry or a private credit bureau. Credit information systems mitigate the 'information asymmetry' in lending and enable lenders to view a borrower's financial history (positive or negative), providing them with valuable information to consider when assessing risk. Credit information systems benefit borrowers as well, allowing good borrowers to establish a reputable credit history which will enable them to access credit more easily. The Legal Rights Index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. Sound collateral laws will enable businesses to use their assets, especially movable property, as security to generate capital while having strong creditor's rights has been associated with higher ratios of private sector credit to GDP.

Some reform outcomes

After Vietnam's new Civil Code was enacted in 2005, a decree further clarified the provisions governing secured transactions. Since the inclusion of the new provisions, the number of registrations increased from 43,000 (2005) to 120,000 (end of 2008).

In 2008, when Zambia established a private credit bureau, its database initially covered about 25,000 borrowers. Thanks to a strong communication campaign and a central bank directive, coverage has grown 10-fold in the past 2 years, exceeding 200,000 by the beginning of 2010.

What do the Getting Credit indicators measure?

Strength of legal rights index (0–10)

- Protection of rights of borrowers and lenders through collateral laws
- Protection of secured creditors' rights through bankruptcy laws

Depth of credit information index (0–6)

- Scope and accessibility of credit information distributed by public credit registries and private credit bureaus

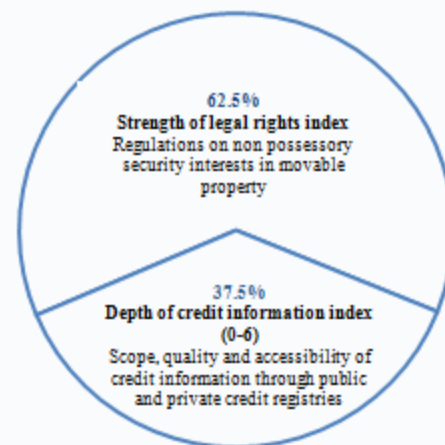
Public credit registry coverage (% of adults)

- Number of individuals and firms listed in public credit registry as percentage of a adult population

Private credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest private credit bureau as percentage of a adult population

Getting Credit: collateral rules and credit information



Note: Private bureau coverage and public credit registry coverage are measured but do not count for the rankings.

Case Study Assumptions (applying to the Legal Rights Index only)

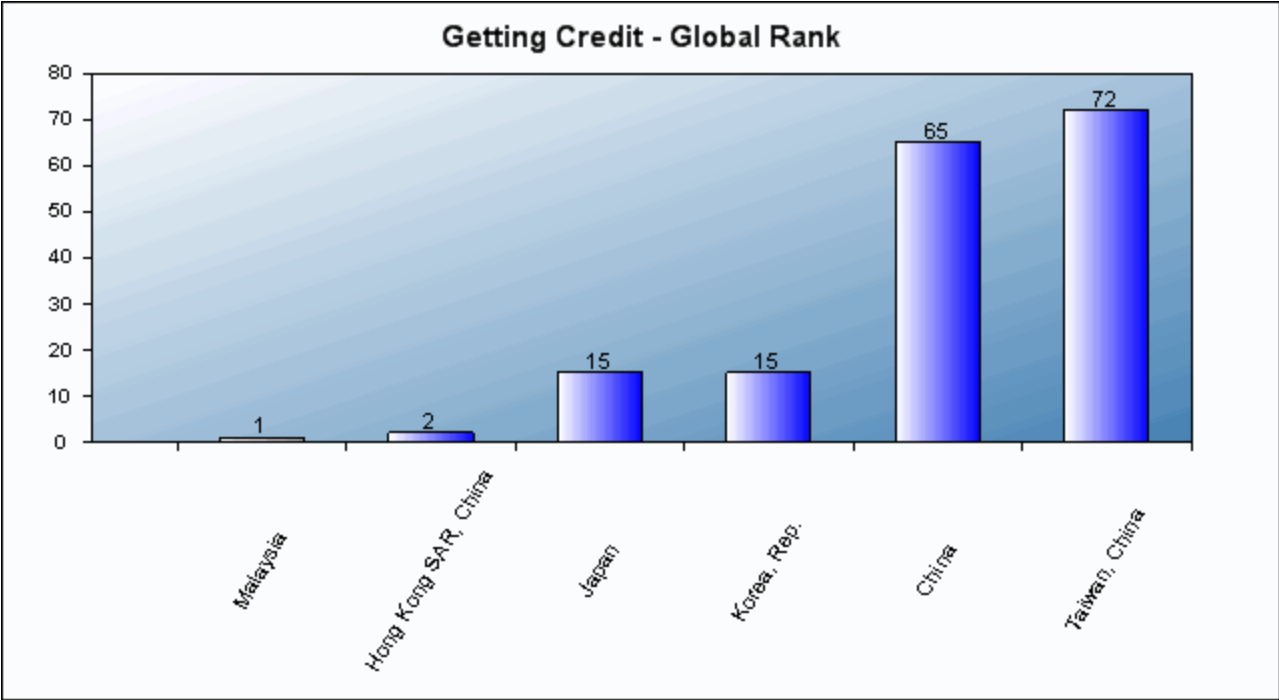
The Debtor

- is a Private Limited Liability Company
- has its Headquarters and only base of operations in the largest business city
- obtains a loan from a local bank (the Creditor) for an amount up to 10 times income (GNI) per capita
- Both creditor and debtor are 100% domestically owned.

1. Benchmarking Getting Credit Regulations:

Malaysia is ranked 1 overall for Getting Credit.

Ranking of Malaysia in Getting Credit - Compared to good practice and selected economies:



The following table shows Getting Credit data for Malaysia compared to good practice and comparator economies:

Good Practice Economies	Strength of legal rights index (0-10)	Depth of credit information index (0-6)	Public registry coverage (% of adults)	Private bureau coverage (% of adults)
New Zealand*				100.0
Portugal			67.1	
Singapore*	10			
United Kingdom		6		

<i>Selected Economy</i>				
Malaysia	10	6	62.0	100.0

<i>Comparator Economies</i>				
China	6	4	63.9	0.0
Hong Kong SAR, China	10	5	0.0	72.0
Japan	7	6	0.0	76.1
Korea, Rep.	7	6	0.0	93.3
Taiwan, China	4	5	0.0	90.4

* The following economies are also good practice economies for :

Strength of legal rights index (0-10): Hong Kong, China, Kenya, Kyrgyz Republic, Malaysia

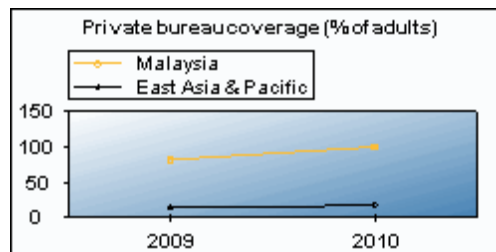
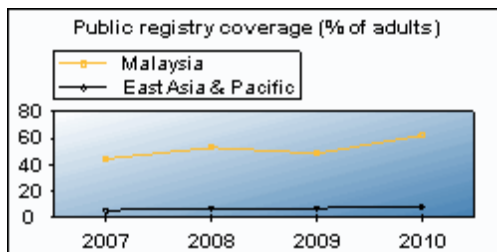
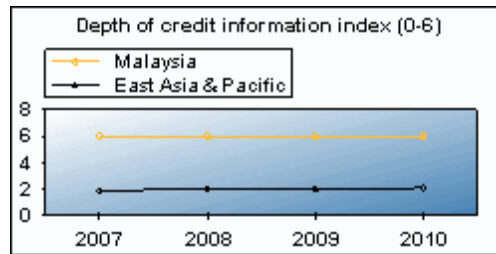
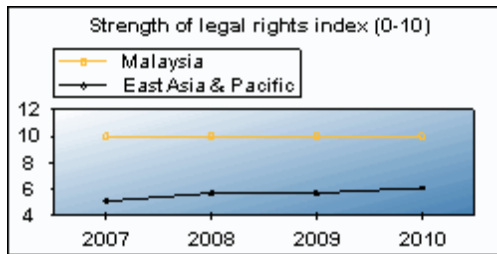
Private bureau coverage (% of adults): Argentina, Australia, Canada, Iceland, Ireland, Norway, Sweden, United Kingdom, United States

27 countries have the highest credit information index.

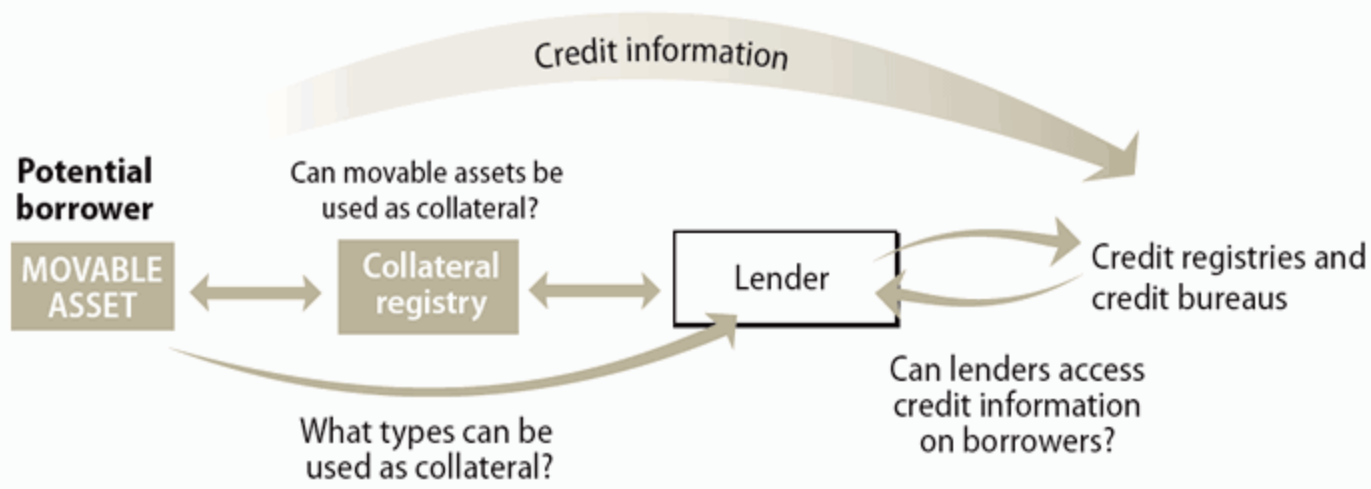
2. Historical data: Getting Credit in Malaysia

Getting Credit data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	1	1
Strength of legal rights index (0-10)	10	10	10	10
Depth of credit information index (0-6)	6	6	6	6
Private bureau coverage (% of adults)	..	..	82.0	100.0
Public registry coverage (% of adults)	44.5	52.9	48.5	62.0

3. The following graphs illustrate the Getting Credit sub indicators in Malaysia over the past 4 years:



**Do lenders have credit information on entrepreneurs seeking credit?
Is the law favorable to borrowers and lenders using movable assets as collateral?**



The following table summarize legal rights of borrowers and lenders, and the availability and legal framework of credit registries in Malaysia.

Getting Credit Indicators (2010)			Indicator
Private bureau coverage (% of adults)	Private credit bureau	Public credit registry	6
Are data on both firms and individuals distributed?	Yes	Yes	1
Are both positive and negative data distributed?	No	Yes	1
Does the registry distribute credit information from retailers, trade creditors or utility companies as well as financial institutions?	Yes	No	1
Are more than 2 years of historical credit information distributed?	Yes	Yes	1
Is data on all loans below 1% of income per capita distributed?	Yes	Yes	1
Is it guaranteed by law that borrowers can inspect their data in the largest credit registry?	No	Yes	1
Coverage	100.0	62.0	
Number of individuals	15,000,000	8,311,000	
Number of firms	385,000	806,000	

Strength of legal rights index (0-10)**10**

Can any business use movable assets as collateral while keeping possession of the assets; and any financial institution accept such assets as collateral ?

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?

May a security right extend to future or after-acquired assets, and may it extend automatically to the products, proceeds or replacements of the original assets ?

Is a general description of debts and obligations permitted in collateral agreements, so that all types of obligations and debts can be secured by stating a maximum amount rather than a specific amount between the parties ?

Is a collateral registry in operation, that is unified geographically and by asset type, as well as indexed by the grantor's name of a security right ?

Do secured creditors have absolute priority to their collateral outside bankruptcy procedures?

Do secured creditors have absolute priority to their collateral in bankruptcy procedures?

During reorganization, are secured creditors' claims exempt from an automatic stay on enforcement?

Does the law authorize parties to agree on out of court enforcement?

Stronger investor protections matter for the ability of companies to raise the capital needed to grow, innovate, diversify and compete. This is all the more crucial in times of financial crisis when entrepreneurs must navigate through defiant environments to finance their activities. Using 3 indices of investor protection, *Doing Business* measures how economies regulate a standard case of self-dealing, use of corporate assets for personal gains. Since 2005, 51 economies have strengthened investor protections as measured by *Doing Business*.

Some reform outcomes

In Indonesia, an economy that consistently improved its laws regulating investor protections, the number of firms listed on the Indonesia Stock Exchange increased from 331 to 396 between 2004 and 2009. Meanwhile, market capitalization grew from 680 trillion rupiah (\$75 billion) to 1,077 trillion rupiah (\$119 billion).

After Thailand amended its laws in 2006 and 2008, more than 85 transactions that failed to comply with the disclosure standards were suspended. Thirteen were deemed prejudicial and were therefore canceled, thus preventing damage to the companies involved and preserving their value. Companies were not deterred either, as more than 30 new companies joined the stock exchange since 2005 bringing the number of listed companies to 523.

What do the Protecting Investors indicators measure?

Extent of disclosure index (0–10)

- Who can approve related-party transactions
- Requirements for external and internal disclosure in case of related-party transactions

Extent of director liability index (0–10)

- Ability of shareholders to hold the interested party and the approving body liable in case of a prejudicial related-party transaction
- Available legal remedies (damages, repayment of profits, fines, imprisonment and rescission of the transaction)
- Ability of shareholders to sue directly or derivatively

Ease of shareholder suits index (0–10)

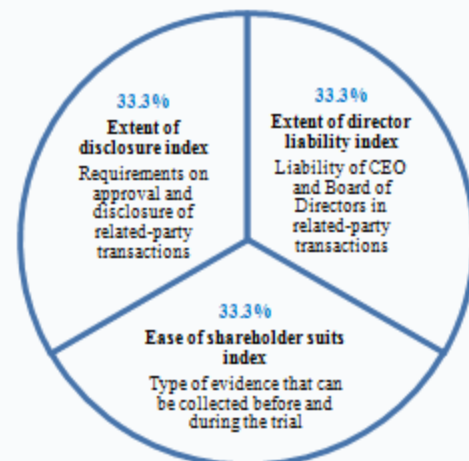
- Documents and information available during trial
- Access to internal corporate documents (directly or through a government inspector)

Strength of investor protection index (0–10)

- Simple average of the extent of disclosure, extent of director liability and ease of shareholder suits indices

Protecting Investors: minority shareholder rights in related-party transactions

Rankings are based on 3 subindicators



Case Study Assumptions

The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange (or at least a large private company with multiple shareholders),
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.

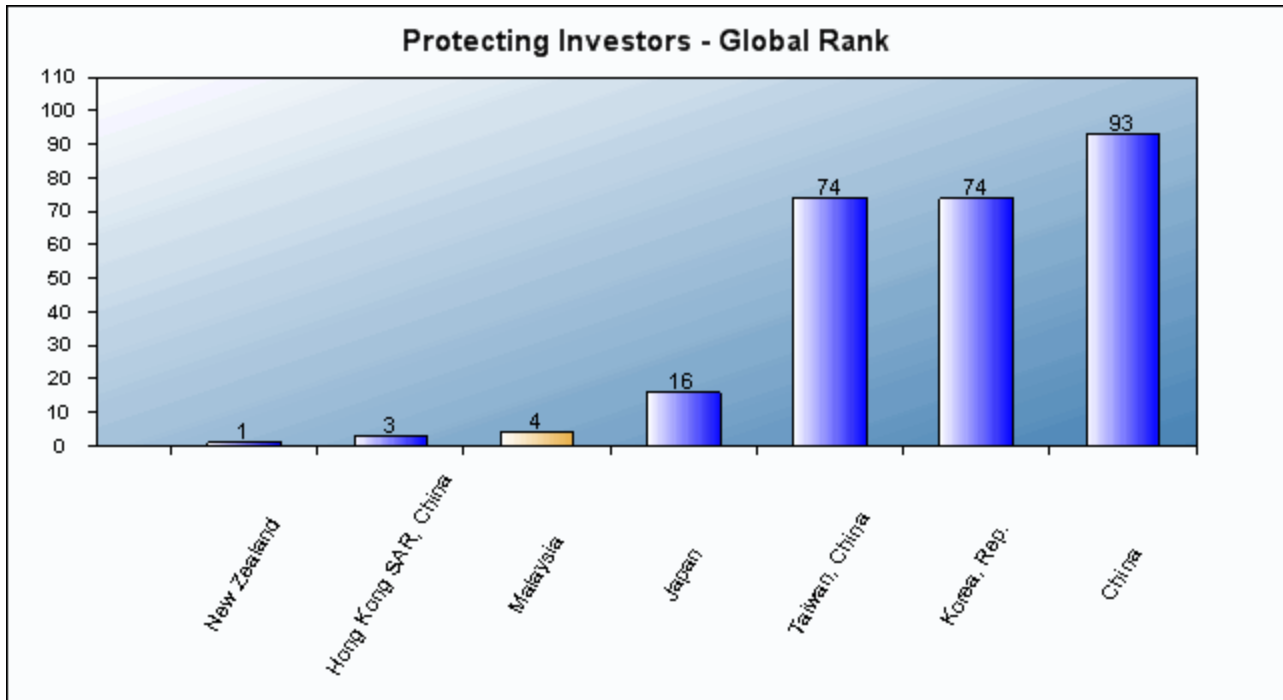
The transaction

- Mr. James, a director and the majority shareholder of the company, proposes that the company purchase used trucks from another company he owns.
- The price is higher than the going price for used trucks, but the transaction goes forward.
- All required approvals are obtained, and all required disclosures made, though the transaction is prejudicial to the purchasing company.
- Shareholders sue the interested parties and the members of the board of directors.

1. Benchmarking Protecting Investors Regulations:

Malaysia is ranked 4 overall for Protecting Investors.

Ranking of Malaysia in Protecting Investors - Compared to good practice and selected economies:



The following table shows Protecting Investors data for Malaysia compared to good practice and comparator economies:

Good Practice Economies	Strength of investor protection index (0-10)
New Zealand	9.7

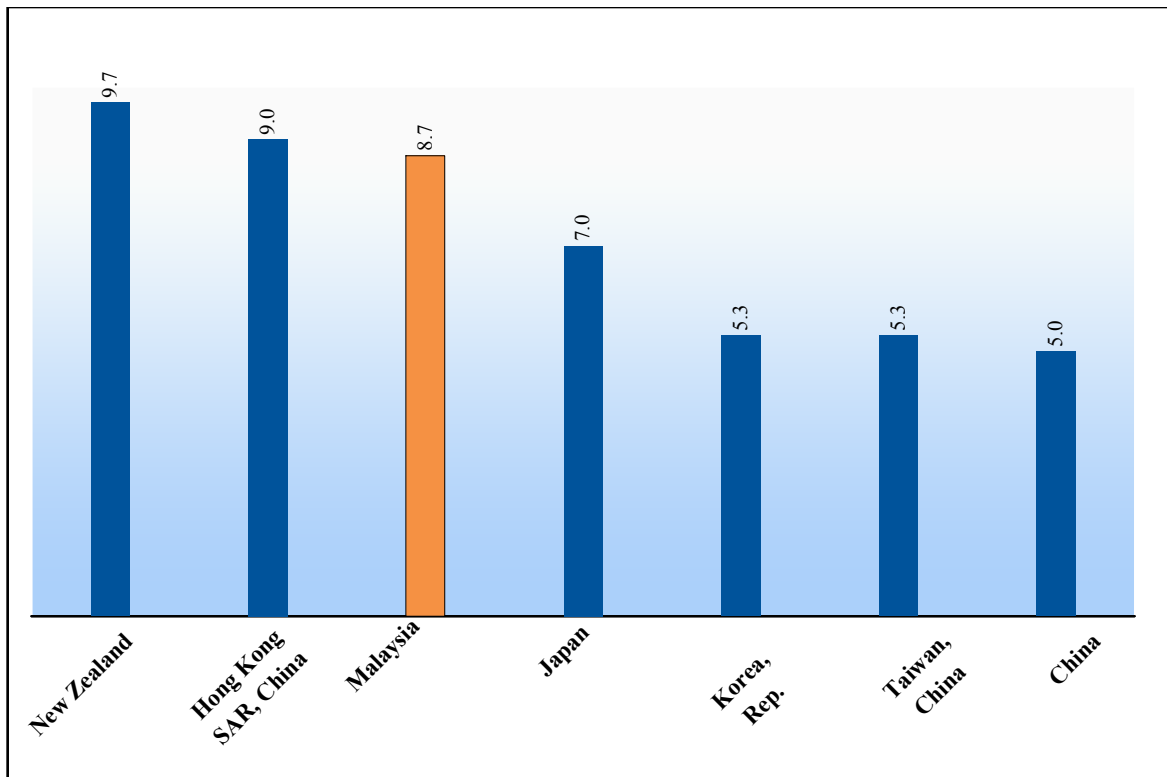
<i>Selected Economy</i>	
Malaysia	8.7

<i>Comparator Economies</i>	
China	5.0
Hong Kong SAR, China	9.0
Japan	7.0
Korea, Rep.	5.3
Taiwan, China	5.3

2. Historical data: Protecting Investors in Malaysia

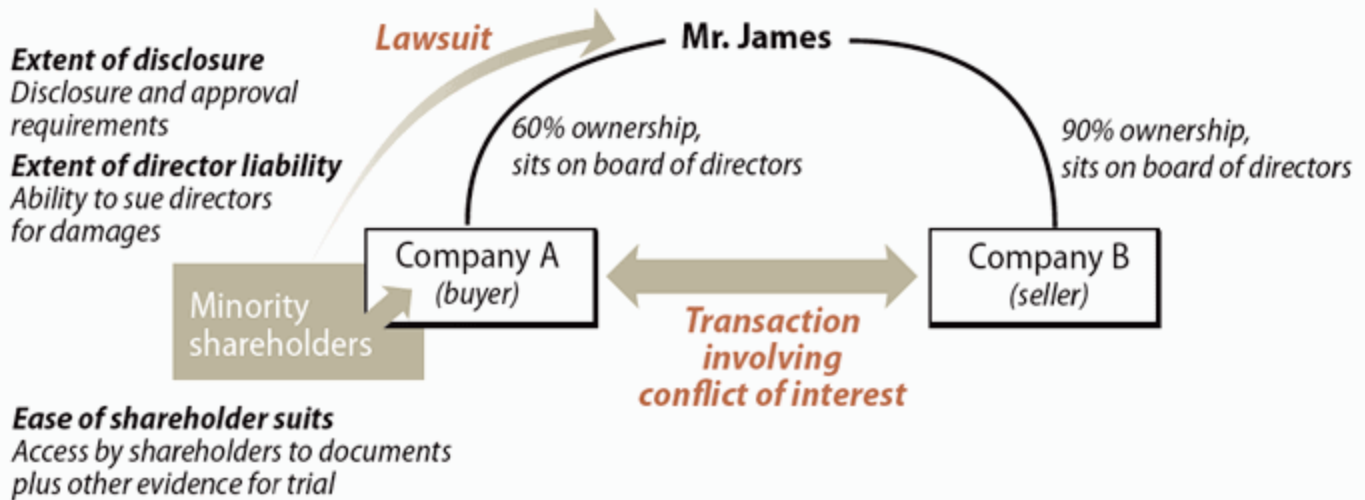
Protecting Investors data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	4	4
Strength of investor protection index (0-10)	8.7	8.7	8.7	8.7

3. The following graph illustrates the Protecting Investors index in Malaysia compared to best practice and selected Economies:



Note: The higher the score, the greater the investor protection.

How well are minority shareholders protected against self-dealing in related-party transactions?



The table below provides a full breakdown of how the disclosure, director liability, and shareholder suits indexes are calculated in Malaysia.

Protecting Investors Data (2010)	Indicator
Extent of disclosure index (0-10)	10
What corporate body provides legally sufficient approval for the transaction?	3
Whether immediate disclosure of the transaction to the public and/or shareholders is required?	2
Whether disclosure of the transaction in published periodic filings (annual reports) is required?	2
Whether disclosure of the conflict of interest by Mr. James to the board of directors is required?	2
Whether an external body must review the terms of the transaction before it takes place?	1
Extent of director liability index (0-10)	9
Whether shareholders can hold Mr. James liable for the damage that the Buyer-Seller transaction causes to the company?	2
Whether shareholders can hold the approving body (the CEO or board of directors) liable for the damage that the Buyer-Seller transaction causes to the company?	2
Whether a court can void the transaction upon a successful claim by a shareholder plaintiff?	1
Whether Mr. James pays damages for the harm caused to the company upon a successful claim by the shareholder plaintiff?	1

Whether Mr. James repays profits made from the transaction upon a successful claim by the shareholder plaintiff?	1
Whether fines and imprisonment can be applied against Mr. James?	1
Whether shareholders can sue directly or derivatively for the damage that the Buyer-Seller transaction causes to the company?	1
Ease of shareholder suits index (0-10)	7
Whether the plaintiff can obtain any documents from the defendant and witnesses during trial?	4
Whether the plaintiff can directly question the defendant and witnesses during trial?	2
Whether the plaintiff can request categories of documents from the defendant without identifying specific ones?	0
Whether shareholders owning 10% or less of Buyer's shares can request an inspector to investigate the transaction?	0
Whether the level of proof required for civil suits is lower than that of criminal cases?	1
Whether shareholders owning 10% or less of Buyer's shares can inspect transaction documents before filing suit?	0
Strength of investor protection index (0-10)	8.7

Taxes are essential to provide public amenities, infrastructure and services which are crucial for a properly functioning economy. *Doing Business* data show that economies where it is more difficult and costly to pay taxes have larger shares of informal sector activity. More than 60% of economies have reformed in the last 6 years and are starting to see concrete results.

Some reform outcomes

Colombia introduced a new electronic system for social security and labor taxes in 2006 and by 2008 the social security contributions collected from small and medium-size companies rose by 42%, to 550 billion pesos.

Mauritius reduced the corporate income tax rate from 25% to 15% and removed exemptions and industry-specific allowances in 2006 and saw their corporate income tax revenue grow by 27% in the following year, and in 2008/09 it increased by 65%.

What do the Paying taxes indicators measure?

Tax payments for a manufacturing company in 2009
(number per year adjusted for electronic or joint filing and payment)

- Total number of taxes and contributions paid, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

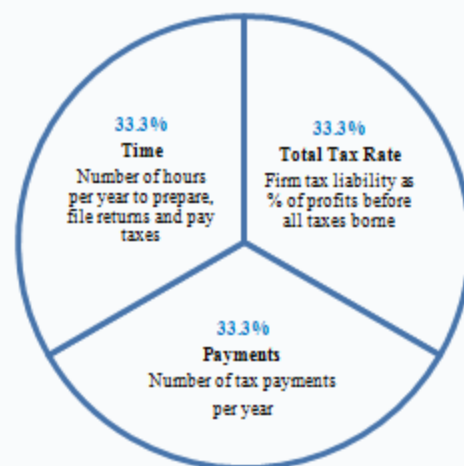
- Collecting information and computing the tax payable
- Completing tax return forms, filing with proper agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax rate (% of profit)

- Profit or corporate income tax
- Mandatory social contributions and labor taxes paid by the employer
- Property and property transfer taxes
- Dividend, capital gains and financial transactions taxes
- Waste collection, vehicle, road and other taxes

Paying Taxes: tax compliance for a local manufacturing company

Rankings are based on 3 subindicators



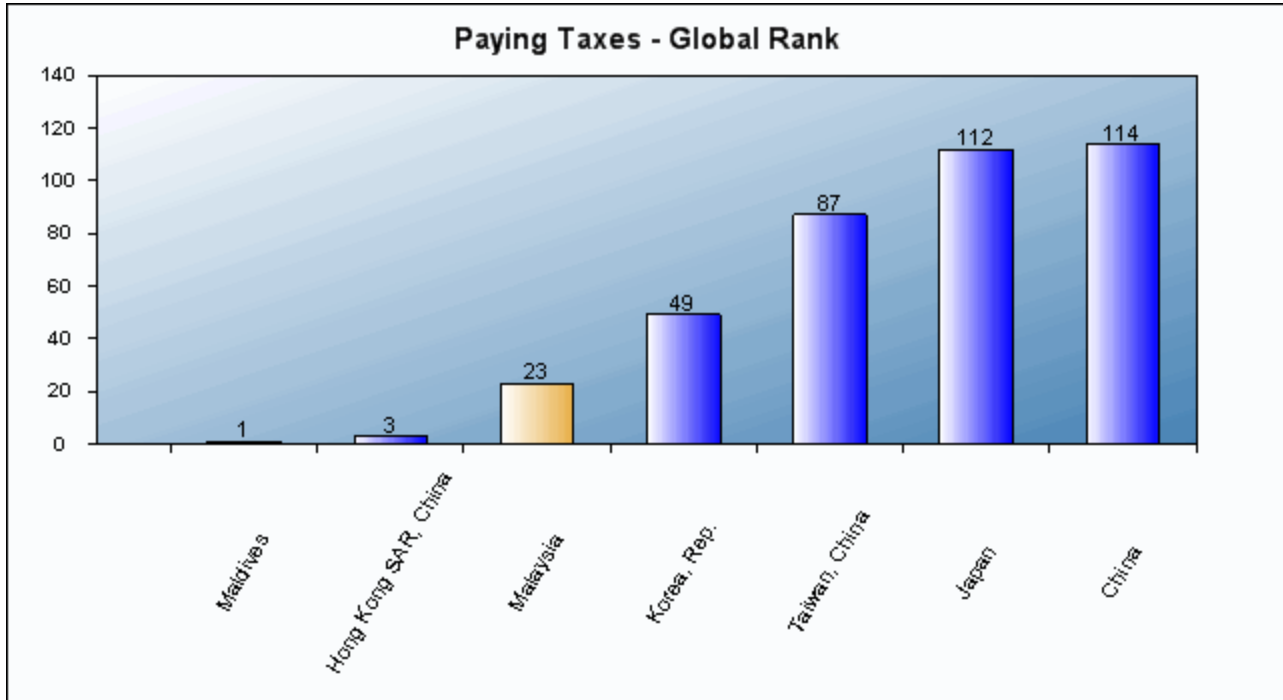
Case Study Assumptions

- TaxpayerCo is a medium-size business that started operations 2 years ago.
- Tax practitioners are asked to review its financial statements, as well as a standard list of transactions that the company completed during the year.
- Respondents are asked how much in taxes and mandatory contributions the business must pay and what the process is for doing so.
- The business starts from the same financial position in each economy. All the taxes and mandatory contributions paid during the second year of operation are recorded.
- Taxes and mandatory contributions are measured at all levels of government
- Taxes and mandatory contributions include corporate income tax, turnover tax, all labor taxes and contributions paid by the company.
- A range of standard deductions and exemptions are also recorded.

1. Benchmarking Paying Taxes Regulations:

Malaysia is ranked 23 overall for Paying Taxes.

Ranking of Malaysia in Paying Taxes - Compared to good practice and selected economies:



The following table shows Paying Taxes data for Malaysia compared to good practice and comparator economies:

Good Practice Economies	Payments (number per year)	Time (hours per year)	Total tax rate (% profit)
Maldives*	3	0	
Timor-Leste			0.2

<i>Selected Economy</i>			
Malaysia	12	145	33.7

<i>Comparator Economies</i>			
China	7	398	63.5
Hong Kong SAR, China	3	80	24.1
Japan	14	355	48.6
Korea, Rep.	14	250	29.8
Taiwan, China	17	269	41.9

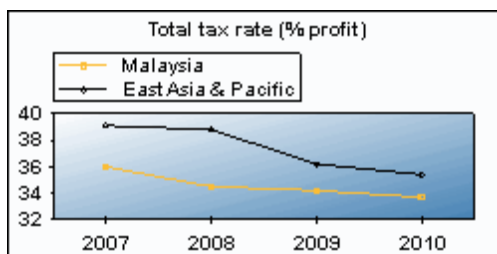
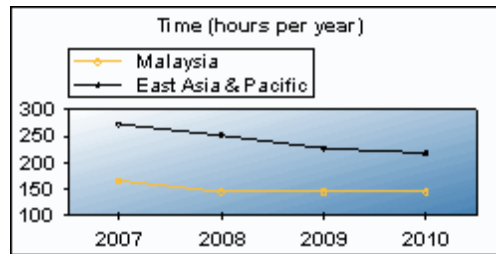
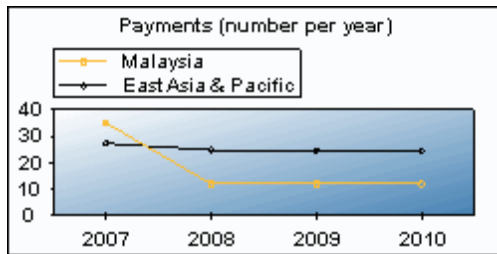
* The following economies are also good practice economies for :

Payments (number per year): Qatar

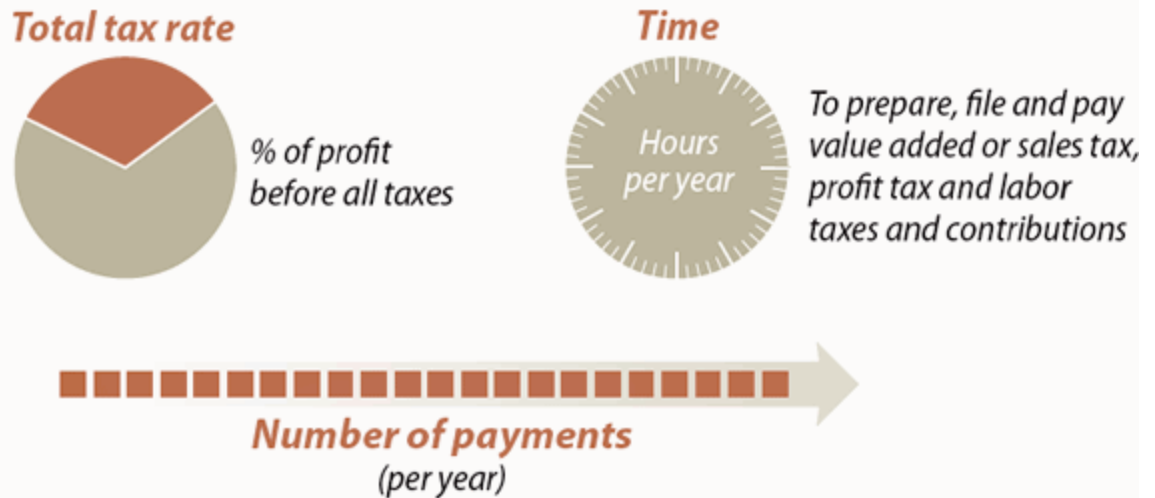
2. Historical data: Paying Taxes in Malaysia

Paying Taxes data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	24	23
Total tax rate (% profit)	36.0	34.5	34.2	33.7
Payments (number per year)	35	12	12	12
Time (hours per year)	166	145	145	145

3. The following graphs illustrate the Paying Taxes sub indicators in Malaysia over the past 4 years:



What are the time, total tax rate and number of payments necessary for a local medium-sized company to pay all taxes?



The table below addresses the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year in Malaysia, as well as measures of administrative burden in paying taxes.

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax rate (% profit)	Notes on TTR
Stamp duty	1			depending of the value of transaction	transaction value		
Sales tax	6		30	10.0%	sales		
Tax on interest	0	withheld		25.0%	interest income	0.00	
Property tax	1			12.0%	annual property value	0.60	
Vehicle tax	1			fixed fee (RM8,545)		0.80	
Social security contributions	1	online filing	87	variable	gross salaries	1.90	
Provident fund	1	online filing		variable	gross salaries	13.70	
Corporate income tax	1	online filing	28	20% on first RM500,000 and 25% on the balance	taxable profit	16.70	

Totals

12

145

33.7

Making trade between countries easier is increasingly important for business in today's globalized world. Excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential. Trade facilitation tools such as electronic data interchange systems, risk-based inspections, and single windows help improve an economy's trading environment and boost firms' international competitiveness. *Doing Business* trade indicators take into account documents, cost and time associated with every procedure for trading a standard shipment of goods by ocean transport. Research indicates that exporters in developing countries have much more to gain by a 10% drop in their trading costs than from a similar decrease of the tariffs applied to their products in global markets.

Some reform outcomes

In Georgia, reducing customs clearance time by a day has led to operational savings of an estimated \$288 per truck, or an annual \$133 million for the country's whole trading community given the growing amount of cross-border trade in recent years.

In Korea, predictable cargo processing times and rapid turnover by ports and warehouses provide a benefit to the Korean economy of some \$2 billion annually.

What do the Trading Across Borders indicators measure?

Trading Across Borders: exporting and importing by ocean transport

Rankings are based on 3 subindicators

Documents required to export and import (number)

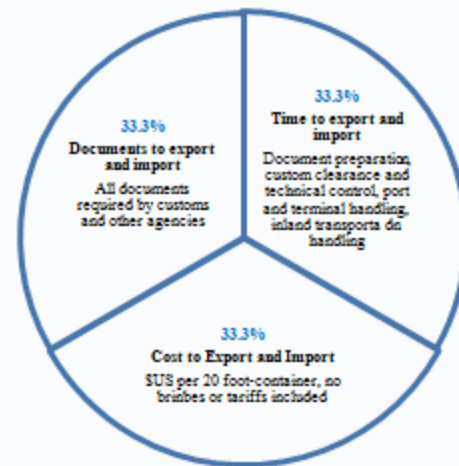
- Bank documents
- Customs clearance documents
- Port and terminal handling documents
- Transport documents

Time required to export and import (days)

- Obtaining all the documents
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Does not include ocean transport time

Cost required to export and import (US\$ per container)

- All documentation
- Inland transport and handling
- Customs clearance and inspections
- Port and terminal handling
- Official costs only, no bribes



Case Study Assumptions

The Business

- Has at least 60 employees and is located in the economy's largest business city
- Is a private, limited liability company, which exports more than 10% of its sales. It is fully domestically owned and does not operate in an export processing zone or an industrial estate with special export or import privileges

The traded product

- Is transported in a dry-cargo, 20-foot full container load; weighs 10 tons and is valued at \$20,000
- Is not hazardous or include military items; it does not require special phytosanitary or environmental safety standards, refrigeration or any other special environment
- Is one of the economy's leading export or import products

1. Benchmarking Trading Across Borders Regulations:

Malaysia is ranked 37 overall for Trading Across Borders.

Ranking of Malaysia in Trading Across Borders - Compared to good practice and selected economies:



The following table shows Trading Across Borders data for Malaysia compared to good practice and comparator economies:

Good Practice Economies	Documents to export (number)	Time to export (days)	Cost to export (US\$ per container)	Documents to import (number)	Time to import (days)	Cost to import (US\$ per container)
Denmark*		5				
France	2			2		
Malaysia			450			
Singapore					4	439

<i>Selected Economy</i>						
Malaysia	7	18	450	7	14	450

<i>Comparator Economies</i>						
China	7	21	500	5	24	545
Hong Kong SAR, China	4	6	625	4	5	600
Japan	4	10	1010	5	11	1060
Korea, Rep.	3	8	790	3	7	790
Taiwan, China	5	12	645	6	12	700

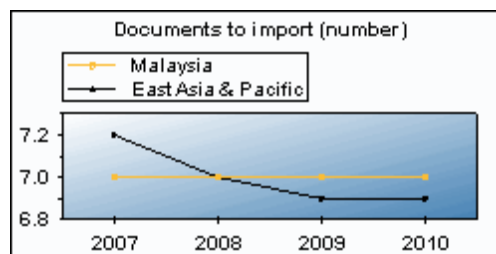
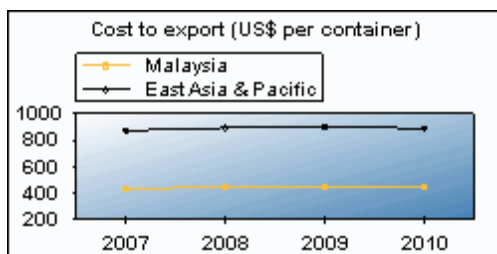
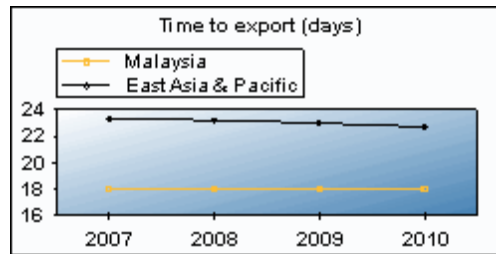
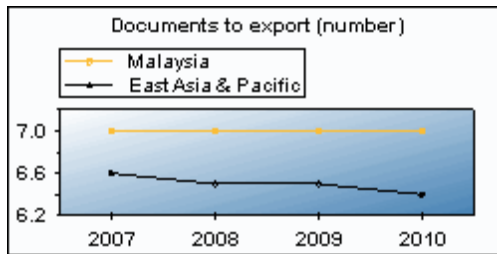
* The following economies are also good practice economies for :

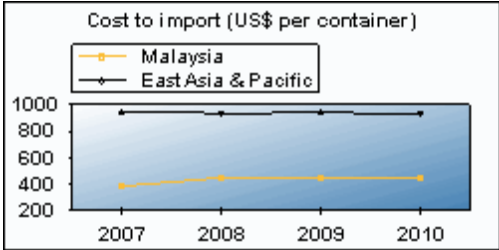
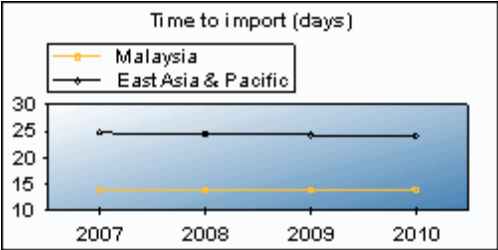
Time to export (days): Estonia

2. Historical data: Trading Across Borders in Malaysia

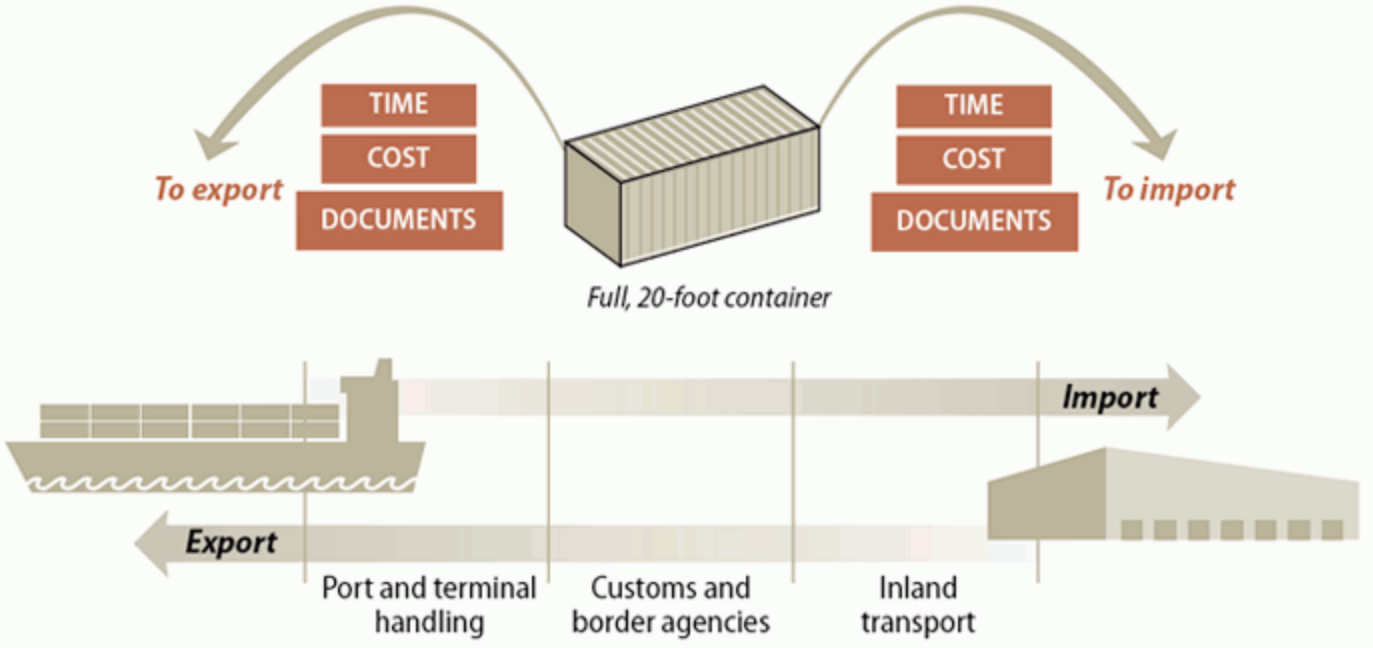
Trading Across Borders data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	37	37
Cost to export (US\$ per container)	432	450	450	450
Cost to import (US\$ per container)	385	450	450	450
Documents to export (number)	7	7	7	7
Documents to import (number)	7	7	7	7
Time to export (days)	18	18	18	18
Time to import (days)	14	14	14	14

3. The following graphs illustrate the Trading Across Borders sub indicators in Malaysia over the past 4 years:





How much time, how many documents and what cost to export and import across borders by ocean transport?



These tables list the procedures necessary to import and export a standardized cargo of goods in Malaysia. The documents required to export and import the goods are also shown.

Nature of Export Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	10	85
Customs clearance and technical control	2	65
Ports and terminal handling	3	135
Inland transportation and handling	3	165
Totals	18	450

Nature of Import Procedures (2010)	Duration (days)	US\$ Cost
Documents preparation	9	85
Customs clearance and technical control	1	65
Ports and terminal handling	2	135
Inland transportation and handling	2	165
Totals	14	450

Documents for Export and Import

Export

Bill of lading
Cargo release order
Certificate of origin
Commercial invoice
Customs export declaration
Packing list
Technical standard/health certificate

Import

Bill of lading
Cargo release order
Certificate of origin
Commercial invoice
Customs import declaration
Packing list
Terminal handling receipts

Well functioning courts help businesses expand their network and markets. Where contract enforcement is efficient, firms have greater access to credit and are more likely to engage with new borrowers or customers. *Doing Business* measures the efficiency of the judicial system in resolving a commercial sale dispute before local courts. Following the step-by-step evolution of a standardized case study, data relating to the time, cost and procedural complexity of resolving a commercial lawsuit are collected through study of the codes of civil procedure and other court regulations, as well as through surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

Some reform outcomes

In Rwanda the implementation of specialized commercial courts in May 2008 resulted in a significant decrease of the case backlog, and contributed to reduce the time to resolve a commercial dispute by nearly 3 months.

In Austria a "data highway" for the courts that allows attachments to be sent electronically has produced savings of €4.4 million in postage alone.

What do the Enforcing Contracts indicators measure?

Enforcing Contracts: resolving a commercial dispute through the courts

Rankings are based on 3 subindicators

Procedures to enforce a contract (number)

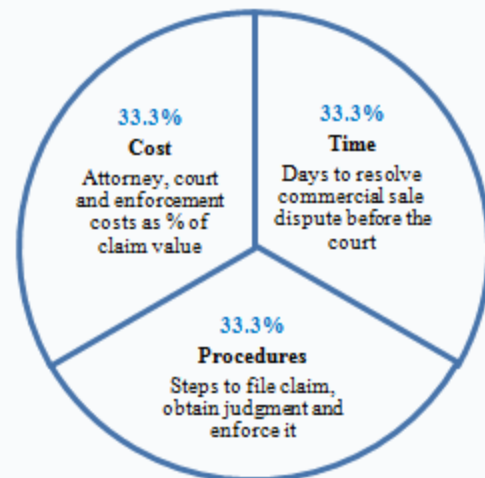
- Any interaction between the parties in a commercial dispute, or between them and the judge or court officer
- Steps to file the case
- Steps for trial and judgment
- Steps to enforce the judgment

Time required to complete procedures (calendar days)

- Time to file and serve the case
- Time for trial and obtaining judgment
- Time to enforce the judgment

Cost required to complete procedures (% of claim)

- No bribes
- Average attorney fees
- Court costs, including expert fees
- Enforcement costs



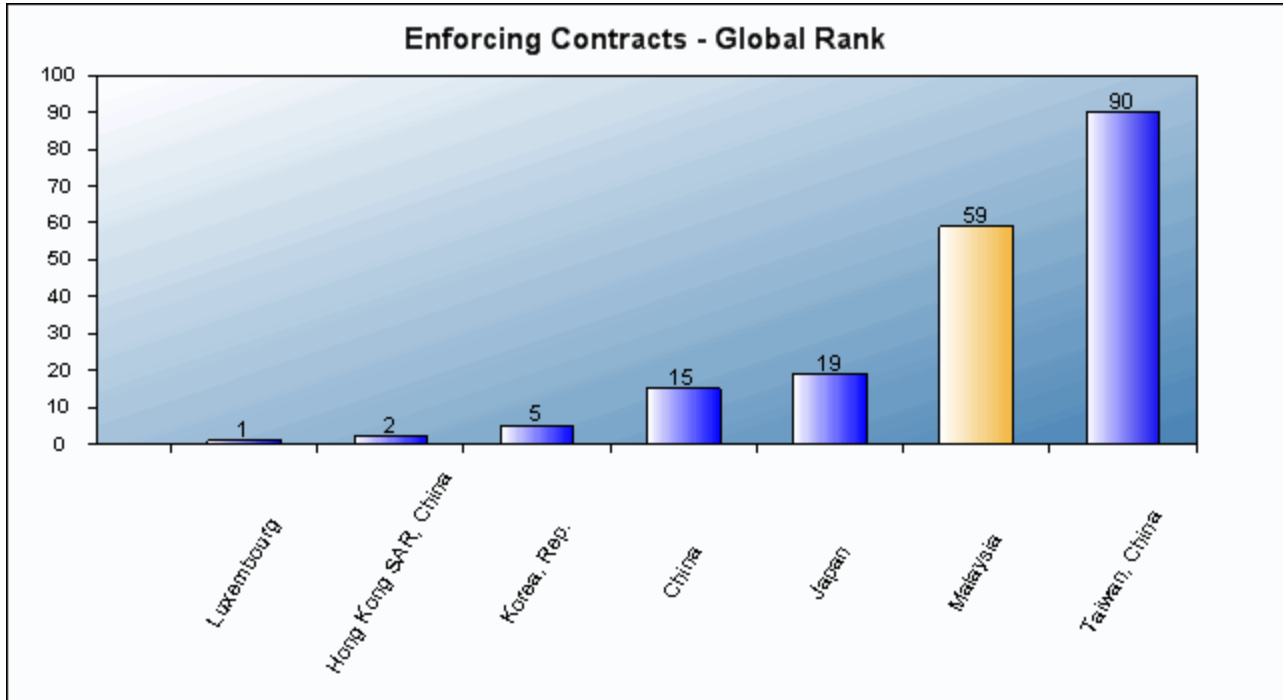
Case Study Assumptions

- Seller and Buyer are domestic companies
- Buyer orders custom-made goods, then does not pay
- Seller sues Buyer before competent court
- Value of claim is 200% of GNI per capita
- Seller requests pre-trial attachment to secure claim
- Dispute on quality of the goods requires expert opinion
- Judge decides in favor of Seller, no appeal
- Seller enforces judgment through a public sale of Buyer's movable assets.

1. Benchmarking Enforcing Contracts Regulations:

Malaysia is ranked 59 overall for Enforcing Contracts.

Ranking of Malaysia in Enforcing Contracts - Compared to good practice and selected economies:



The following table shows Enforcing Contracts data for Malaysia compared to good practice and comparator economies:

Good Practice Economies	Procedures (number)	Time (days)	Cost (% of claim)
Bhutan			0.1
Ireland	20		
Singapore		150	

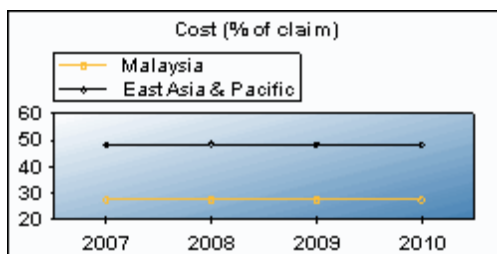
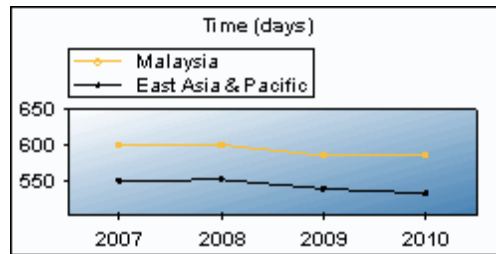
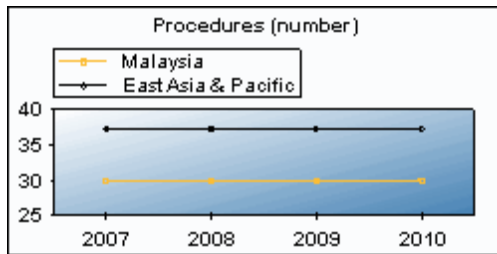
<i>Selected Economy</i>			
Malaysia	30	585	27.5

<i>Comparator Economies</i>			
China	34	406	11.1
Hong Kong SAR, China	24	280	19.5
Japan	30	360	22.7
Korea, Rep.	35	230	10.3
Taiwan, China	47	510	17.7

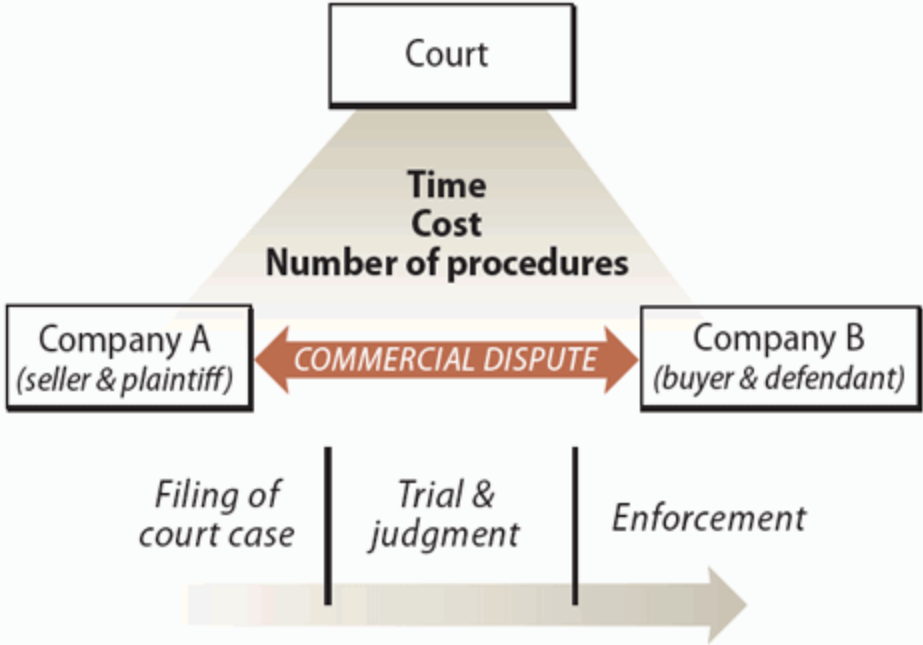
2. Historical data: Enforcing Contracts in Malaysia

Enforcing Contracts data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	59	59
Procedures (number)	30	30	30	30
Time (days)	600	600	585	585
Cost (% of claim)	27.5	27.5	27.5	27.5

3. The following graphs illustrate the Enforcing Contracts sub indicators in Malaysia over the past 4 years:



What are the time, cost and number of procedures to resolve a commercial dispute through the courts?



This topic looks at the efficiency of contract enforcement in Malaysia.

Nature of Procedure (2010)	Indicator
Procedures (number)	30
Time (days)	585
Filing and service	45.0
Trial and judgment	360.0
Enforcement of judgment	180.0
Cost (% of claim)*	27.50
Attorney cost (% of claim)	20.2
Court cost (% of claim)	1.1
Enforcement Cost (% of claim)	6.2

Court information: Kuala Lumpur Sessions Court ("Mahkamah Sesyen Kuala Lumpur")

* Claim assumed to be equivalent to 200% of income per capita.

A robust bankruptcy system functions as a filter, ensuring the survival of economically efficient companies and reallocating the resources of inefficient ones. Fast and cheap insolvency proceedings result in businesses' speedy return to normal operation and increase returns to creditors. By improving the expectations of creditors and debtors about the outcome of insolvency proceedings, well-functioning insolvency systems can facilitate access to finance, save more viable businesses, and thereby improve growth and sustainability in the economy overall.

Some reform outcomes

A study of the 2005 bankruptcy reform in Brazil found that it had led to an average reduction of 22% in the cost of credit for Brazilian companies, a 39% increase in overall credit and a 79% increase in long-term credit in the economy. The purpose of the reform was to improve creditor protection in insolvency proceedings.

Following the introduction of debtor-in-possession reorganizations in Korea in 2006, the number of reorganization filings increased from 76 in 2006 to 670 in 2009.

What does the Closing a Business indicator measure?

Closing a Business: insolvency proceedings against local company

Time required to recover debt (years)

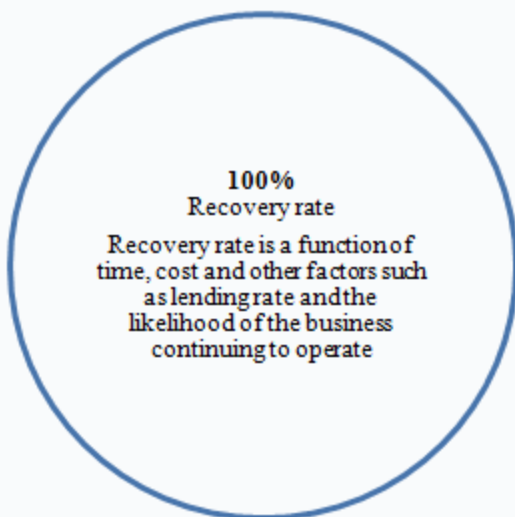
- Measured in calendar years
- Appeals and requests for extension are included

Cost required to recover debt (% of debtor's estate value)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- All other fees and costs

Recovery rate for creditors (cents on the dollar)

- Measures the cents on the dollar recovered by creditors
- Present value of debt recovered
- Costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Outcome for the business (survival or not) affects the maximum value that can be recovered



Case Study Assumptions

The Company

- is domestically owned
- is a limited liability company operating a hotel
- operates in the economy's largest business city
- has 201 employees, 1 secured creditor and 50 unsecured creditors
- has a higher value as a going concern and a lower value in a piecemeal sale of assets

1. Benchmarking Closing Business Regulations:

Malaysia is ranked 55 overall for Closing a Business.

Ranking of Malaysia in Closing Business - Compared to good practice and selected economies:



The following table shows Closing Business data for Malaysia compared to good practice and comparator economies:

Good Practice Economies	Recovery rate (cents on the dollar)	Time (years)	Cost (% of estate)
Ireland		0.4	
Japan	92.7		
Singapore*			1

<i>Selected Economy</i>			
Malaysia	39.8	2.3	15

<i>Comparator Economies</i>			
China	36.4	1.7	22
Hong Kong SAR, China	81.2	1.1	9
Japan	92.7	0.6	4
Korea, Rep.	81.7	1.5	4
Taiwan, China	82.2	1.9	4

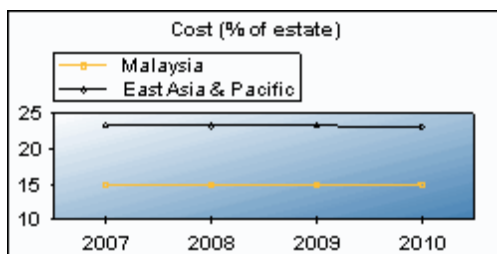
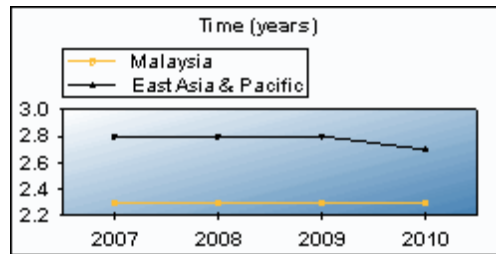
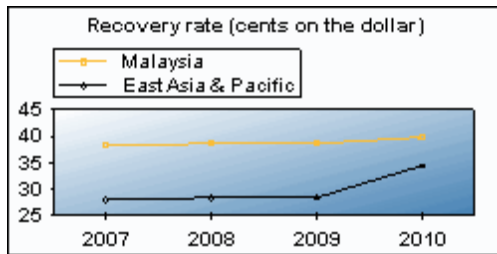
* The following economies are also good practice economies for :

Cost (% of estate): Colombia, Kuwait, Norway

2. Historical data: Closing Business in Malaysia

Closing a Business data	Doing Business 2008	Doing Business 2009	Doing Business 2010	Doing Business 2011
Rank	..	..	57	55
Time (years)	2.3	2.3	2.3	2.3
Cost (% of estate)	15	15	15	15
Recovery rate (cents on the dollar)	38.3	38.6	38.6	39.8

3. The following graphs illustrate the Closing Business sub indicators in Malaysia over the past 4 years:



Since 2004 Doing Business has been tracking reforms aimed at simplifying business regulations, strengthening property rights, opening access to credit and enforcing contracts by measuring their impact on 10 indicator sets . * Nearly 1,000 reforms have had an impact on these indicators. *Doing Business 2011*, covering June 2009 to June 2010, reports that 117 economies implemented 216 reforms to make it easier to start a business. 64% of economies measured by Doing Business have reformed this year, focusing on easing business start-up, lightening the tax burden, simplifying import and export regulations and improving credit information systems.

The top 10 most-improved in Doing Business 2011

Economy	Indicator									
	Starting a Business	Dealing with Construction Permits	Registering Property	Getting Credit	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business	Employing Workers
Kazakhstan	✓	✓				✓	✓			
Rwanda		✓		✓			✓			
Peru	✓	✓	✓				✓			
Vietnam	✓	✓		✓						
Cape Verde	✓		✓				✓			
Tajikistan	✓				✓		✓			
Zambia	✓						✓	✓		
Hungary		✓	✓				✓			✓
Grenada	✓		✓				✓			
Brunei Darussalam	✓						✓	✓		

 Positive Change
 Negative Change

* For *Doing Business 2011* the Employing Workers indicator is not included in the aggregate ease of doing business ranking.

Summary of changes to business regulation in top 10 most improved economies in *Doing Business 2011* and selected comparator economies.

Brunei Darussalam	Brunei Darussalam made starting a business easier by improving efficiency at the company registrar and implementing an electronic system for name searches. Brunei Darussalam reduced the corporate income tax rate from 23.5% to 22% while also introducing a lower tax rate for small businesses, ranging from 5.5% to 11%. The introduction of an electronic customs system in Brunei Darussalam made trading easier.
Cape Verde	Cape Verde made start-up easier by eliminating the need for a municipal inspection before a business begins operations and computerizing the system for delivering the municipal license. Cape Verde eased property registration by switching from fees based on a percentage of the property value to lower fixed rates. Cape Verde abolished the stamp duties on sales and checks.
China	China's new corporate income tax law unified the tax regimes for domestic and foreign enterprises and clarified the calculation of taxable income for corporate income tax purposes.
Grenada	Grenada eased business start-up by transferring responsibility for the commercial registry from the courts to the civil administration. The appointment of a registrar focusing only on property cut the time needed to transfer property in Grenada by almost half. Grenada's customs administration made trading faster by simplifying procedures, reducing inspections, improving staff training and enhancing communication with users.
Hong Kong SAR, China	Hong Kong SAR (China) abolished the fuel tax on diesel. Reforms implemented in the civil justice system of Hong Kong SAR (China) will help increase the efficiency and cost-effectiveness of commercial dispute resolution.
Hungary	Hungary implemented a time limit for the issuance of building permits. Hungary reduced the property registration fee by 6% of the property value. Hungary simplified taxes and tax bases. Amendments to Hungary's bankruptcy law encourage insolvent companies to consider reaching agreements with creditors out of court so as to avoid bankruptcy.
Japan	Japan made it easier to deal with insolvency by establishing a new entity, the Enterprise Turnaround Initiative Corporation, to support the revitalization of companies suffering from excessive debt but professionally managed.
Kazakhstan	Kazakhstan eased business start-up by reducing the minimum capital requirement to 100 tenge (\$0.70) and eliminating the need to have the memorandum of association and company charter notarized. Kazakhstan made dealing with construction permits easier by implementing a one-stop shop related to technical conditions for utilities. Kazakhstan strengthened investor protections by requiring greater corporate disclosure in company annual reports. Kazakhstan speeded up trade through efforts to modernize customs, including implementation of a risk management system and improvements in customs automation.
Korea, Rep.	Korea made it easier to deal with insolvency by introducing postfiling financing, granting superpriority to the repayment of loans given to companies undergoing reorganization.
Malaysia	Malaysia eased business start-up by introducing more online services. Malaysia's introduction of online stamping reduced the time and cost to transfer property.
Peru	Peru eased business start-up by simplifying the requirements for operating licenses and creating an online one-stop shop for business registration. Peru streamlined construction permitting by implementing administrative reforms. Peru introduced fast-track procedures at the land registry, cutting by half the time needed to register property. Peru made trading easier by implementing a new web-based electronic data interchange system, risk-based inspections and payment deferrals.
Rwanda	Rwanda made dealing with construction permits easier by passing new building regulations at the end of April 2010 and implementing new time limits for the issuance of various permits. Rwanda enhanced access to credit by allowing borrowers the right to inspect their own credit report and mandating that loans of all sizes be reported to the central bank's public credit registry. Rwanda reduced the number of trade documents required and enhanced its joint border management procedures with Uganda and other neighbors, leading to an improvement in the trade logistics environment.

Taiwan, China	Taiwan (China) eased business start-up by reducing the time required to check company names, register retirement plans and apply for health, pension and labor insurance. Taiwan (China) reduced the corporate income tax rate and simplified tax return forms, rules for assessing corporate income tax and the calculation of interim tax payments.
Tajikistan	Tajikistan made starting a business easier by creating a one-stop shop that consolidates registration with the state and the tax authority. Tajikistan strengthened investor protections by requiring greater corporate disclosure in the annual report and greater access to corporate information for minority investors. Tajikistan lowered its corporate income tax rate.
Vietnam	Vietnam eased company start-up by creating a one-stop shop that combines the processes for obtaining a business license and tax license and by eliminating the need for a seal for company licensing. Vietnam made dealing with construction permits easier by reducing the cost to register newly completed buildings by 50% and transferring the authority to register buildings from local authorities to the Department of National Resources and Environment. Vietnam improved its credit information system by allowing borrowers to examine their own credit report and correct errors.
Zambia	Zambia eased business start-up by eliminating the minimum capital requirement. Zambia eased trade by implementing a one-stop border post with Zimbabwe, launching web-based submission of customs declarations and introducing scanning machines at border posts. Zambia improved contract enforcement by introducing an electronic case management system in the courts that provides electronic referencing of cases, a database of laws, real-time court reporting and public access to court records.



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