

So, you have finally made the decision to start your own business. Congratulations!

A QUICK GUIDE TO INCORPORATING A COMPANY IN MALAYSIA

Some of you may have been working for many years for someone else and have now decided to start something of your own. Some other, may be new entrepreneurs, starting up a business for the first time. Whichever applies, it is going to be the start of an exciting new journey, filled with passion as you work to build and grow your own company.

But as the saying goes, the journey of a thousand miles begins with the first step. And in this situation, the first step is usually, incorporating a company.

Why incorporate?

You may ask yourself this question. It's a hassle, it costs money, there are compliance obligations, etc. The answer? You are absolutely right! Incorporating a company is not necessarily the best way forward for every new entrepreneur. For some of you, you might be better off registering a sole proprietorship, or simply acting as an individual

"freelancer". It is not a one-size-fits-all business vehicle.

But for most traditional-type businesses out there, a corporate presence must take shape in the form of a company. The "Sdn Bhd" or "private limited" needs to be visible to potential customers, partners, investors, financiers. It really depends on the requirements of each individual.

If you have decided that incorporating a company is the best way forward for your new business, check out this easy-to-follow guide.

Step 1: Decide what type of company to incorporate. In selecting the right type of company, best to opt for a company limited by shares, the most common type of company. You will need a minimum of 2 subscribers to the shares of the company, a minimum of 2 directors, and a company secretary. These 2 directors and the company secretary must have their main, or only, place of residence in Malaysia.

Step 2: Do a name search. There are rules and regulations on the kinds of names that can (and cannot) be registered as a company name. To this end, a name search must be conducted to ensure availability and registrability. Form 13A together with a fee of RM 30 will need to be submitted to the Companies Commission of Malaysia, also known as Suruhanjaya Syarikat Malaysia or SSM.

Step 3: Prepare incorporation documents. Two documents need to be prepared, one known as the Memorandum of Association and another known as the Articles of Association. Also required to be submitted is Form 48A which is a statutory declaration by a director or promoter before appointment, as well as a declaration of compliance in the form of Form 6 (this statutory declaration will be made by the Company Secretary).

In addition, the original version of Form 13A, a copy of the letter from SSM approving the company name and a copy of each directors' IC as well as that of the Company Secretary's, must be compiled for submission. Together, these may be referred to as the Incorporation Documents.

Step 4: Lodge the Incorporation Documents and pay the fees. Incorporation Documents must be submitted to SSM within 3 months from the date of approval of the company's name by SSM, failing which a fresh application for a name search must be done. With regard to fees, each application to incorporate a company must be submitted together with the prescribed fee. The fee is predetermined based on the authorised share capital of the company in RM.

Step 5: Wait for the Certificate of Incorporation. A Certificate of Incorporation will be issued by SSM upon compliance with the incorporation procedures and submission of the duly completed Incorporation Documents.

In conclusion, while it is possible to conduct the whole process by yourself using SSM's online services, it might be penny wise pound foolish to do so.

You could make mistakes, spend an inordinate amount of time struggling to understand the documentation and trying to find out what to do next, and even have your documentation rejected by SSM owing to a technical error or non-compliance. So unless you have prior experience doing this for previous companies, or are yourself a lawyer or

company secretary, it might be best not to attempt to do it yourself. Instead, it might be more advisable to retain the services of a small company secretarial firm to take care of the paperwork for you – even though it would be cheaper to do it yourself online.

As a final tip, when selecting a company secretarial firm, go for a small-sized one that services non-listed companies, by reason of the fact that firms servicing large public listed companies are likely to charge more.

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