

## COMMENT

# Starting a business in one day

**MOVING TARGETS:** CCM will continually seek improvements to facilitate the ease of doing business in Malaysia

**M**ANY of us will at one time or another think about going into business. And if we are serious about making that dream a reality in a legal way the first step we have to take is to register the business as a corporation.

Roll back a few years and you would find this quite an arduous task, having to go through 10 procedures requiring about 40 days for completion and incurring a cost of about 30 per cent of income per capita.

This was obviously not acceptable and conducive to doing business.

To address this problem, a focus group on "Starting A Business" was set up with Companies Commission of Malaysia (CCM) playing a leading role, under the auspices of the Private-Public Sector Task Force on Facilitating Business, Pemudah. Work started in 2010 and today the process is much simpler.

For the Ease of Doing Business 2013 Report, World Bank has assessed the process to consist of

three procedures which can be completed in about six days at a cost of about 15 per cent of income per capita. This has improved the World Bank's "Starting A Business" ranking for Malaysia from No. 116 in 2010 to No. 54 this year.

But this assessment is based on manual submission whereas if done online, time taken would only be one day via the MyCoID (Malaysia Corporate Identity) online system.

In this system, one can conduct the company name search, apply for company's name approval, file the company incorporation forms and register with Employees Provident Fund (EPF), Social Security Organisation (Socso) and Inland Revenue Board (IRB). The purchase of company seal, share certificates and statutory books from CCM is also done simultaneously.

The company secretary is no longer required to prepare the incorporation documents separately as this is done online.

Using MyCoID, the cost is only RM10 for simultaneous registra-

tion with five agencies (EPF, IRB, Socso, HRDF and SME Corp) instead of RM66 per registration with each agency when done manually, resulting savings of RM315.

Unfortunately uptake on usage of this system has been slow.

MyCoID was developed with the purpose to assign a single reference number derived from the company's incorporation number issued by CCM for local companies to transact or register with relevant government agencies.

This will enhance the efficiency of transactions between the members of the public and the relevant government agencies and reduce the time taken for government agencies to cross-refer information for verification purposes, thus enabling transactions to be carried out more expeditiously.

A system has been established to enable automatic transfer/sharing of data with participating agencies and a portal has been built for online lodgement of prescribed forms for companies.

Currently there are 5 participating agencies (EPF, IRB, Socso, HRDF and SME Corp) and the aim is to facilitate simultaneous registration with all participating agencies every time a new company is incorporated.

To further improve the "Starting A Business" process CCM is implementing the following:

**INTRODUCE** the 'Corporation Guaranteed Process' by merging

name search and incorporation into 1 procedure;

**MANDATORY** online application via MyCoID from May 16 starting in Kuala Lumpur, Selangor and Negri Sembilan;

**REDUCE** incorporation fee from RM3000 to RM1000 for companies with authorised share capital up to RM400,000; and

**TO** clarify with WB on interpretation of minimum capital requirement of RM2 as there is no such legal requirement in Malaysia under the Companies Act, 1965.

With these initiatives, the number of procedures will reduce to one, cost will be eight percent of income per capita and Malaysia's WB ranking will improve from No. 54 to No. 9. But starting a business is only one small part in the operations of a company and work at improving the operating environment for companies does not just stop at there.

CCM has been working for the past several years in modernising the Companies Act, 1965. Arising from extensive consultation with professional bodies, industry players and co-regulators, a draft bill has been prepared which is expected to be tabled in Parliament this year. The main thrust of the new bill has been to simplify laws and procedures and remove obstacles to facilitate the growth of private companies.

This will result in fewer procedures, less cost and easier access to

incorporation. Some examples are:

**COMPANIES** will be accorded unlimited capacity, hence will no longer be required to have the Articles of Associations and Memorandum of Articles at the point of incorporation;

**MIGRATION** to No Par Value (NPV) regime will promote transparency and clarity the confusion over the par value and the real (market) value of shares issued by companies. The concept of 'authorised capital' will also be dispensed with as companies will not be required to state its authorised share capital in an NPV environment. This will facilitate fund-raising activities, where companies may no longer be required to comply with extensive procedures every time it increases its share capital;

**INCORPORATION** fee will be at flat/fixed rate, based on the category or type of the company;

**A COMPANY** can be incorporated by only one member and that member can also be the director; and

**THE** requirements for certificates of incorporation and company seals will become optional.

CCM must be commended for all these changes which all Malaysian companies are looking forward to. And I don't think changes are going to end here, as I am sure CCM will continually seek improvements to facilitate the ease of doing business in Malaysia.



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