

of the investment, and its Malaysian content. Pioneer status also involves tax exemptions on dividends. Enterprises ineligible for pioneer status may receive other forms of incentives and tax relief depending on the location, investment priority, Malaysian content, and employment criteria.

## Forms of Business Organization

In Malaysia, a business enterprise may be organized in the form of a single proprietorship, a partnership, a corporation, or a branch office (of a foreign company). The limited company (corporation) is one of the most common forms of business entities adopted by foreign investors. All businesses must be registered; a company's application must be accompanied by a copy of the Memorandum and Articles of Association and a list of directors, at least two of whom must be resident in Malaysia. A limited company must end its title with Berhad or Bhd. A private company must end its title with the word Sendirian or Sdn preceding the word Berhad or Bhd. Malaysian authorities do not favour the establishment of branches of foreign companies.

## Taxation

Companies and branches are subject to corporate tax of 40 per cent and a development tax of 5 per cent. There is also an excess profits tax of 5 per cent levied on resident companies under certain conditions. Dividends and profits may be freely remitted abroad and there are no restrictions on the repatriation of capital. With respect to both personal income tax and corporate tax, a double taxation agreement is in force between Canada and Malaysia.

## Malaysian Export Regulations

Exports are generally free of control except for the exchange control regulations designed to ensure that export documents are received in Malaysia within six months, and the licences required for the export of primary products such as rubber, tin, palm oil, and timber. The export of strategic materials and products is controlled to assure adequate domestic supply. Finally, all exports to South Africa and Israel are prohibited.