



SETTING UP A
DIRECT SELLING
COMPANY
IN MALAYSIA



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OVERVIEW of Malaysia



MALAYSIA

Population - 30 million*

- 50.1% Malay
- 22.6% Chinese
- 11.8% Indigenous
- 6.7% Indian
- 8.8% Others

*Source – Wikipedia 2015

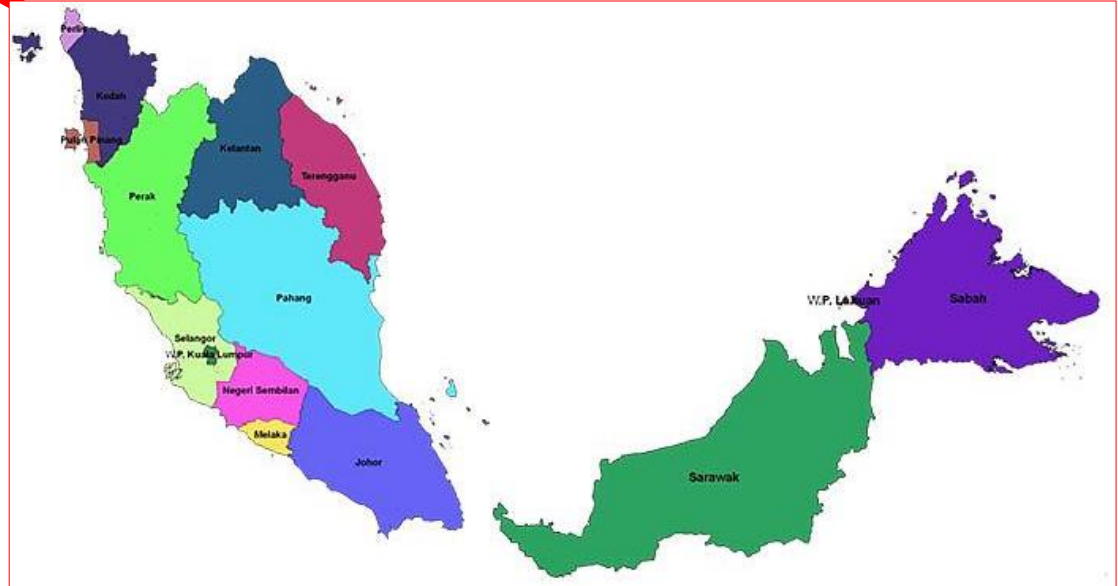
ECONOMIC OVERVIEW

GDP (PPP) 2015 estimate

- Total \$ 800 billion
- Per capita \$ 25,833
(1 USD = RM 3.81, as at July 2015 – may fluctuate)

Rate of Inflation

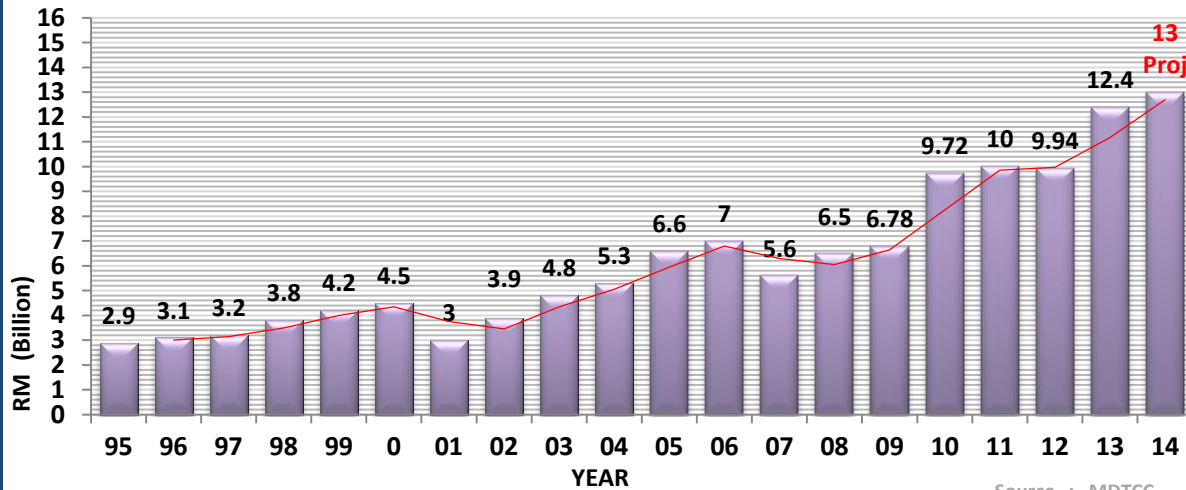
2010	-	1.7%
2011	-	3.2%
2012	-	1.7%
2013	-	2.1%



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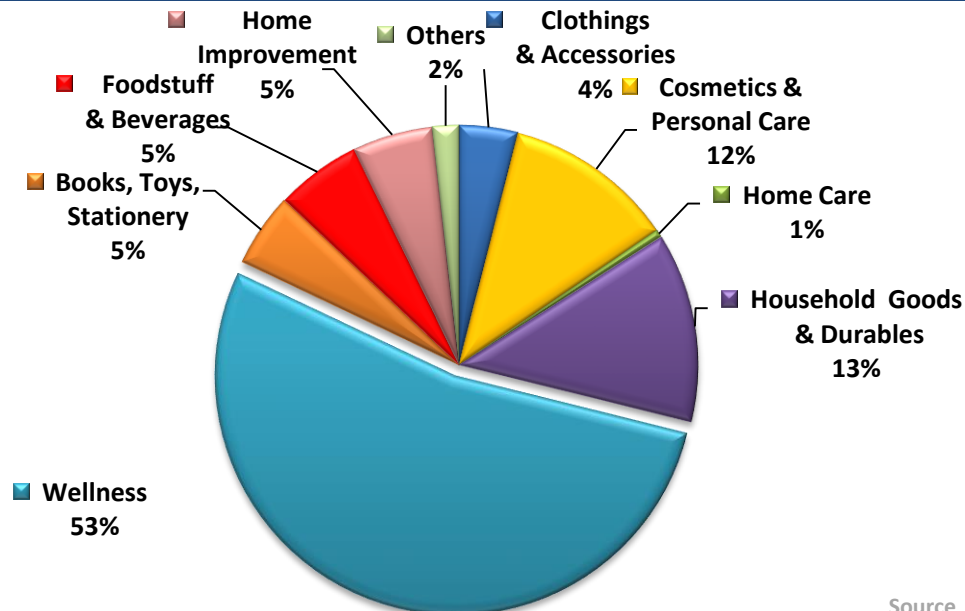
Direct Selling in Malaysia

INDUSTRY PERFORMANCE OVER 20 YEARS



Currently ranked 4th in Asia Pacific and 9th globally in Estimated Retail Sales Turnover by the World Federation of Direct Selling Associations' (WFDSA) 2015 statistical data.

% OF SALES TURNOVER BY PRODUCT



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Where to begin?

PREPARATION - A company needs products that are suitable for Direct Selling. These products should be able to generate repeat orders. Ensure that you have a valid Single Level Marketing (SLM) or Multi-Level Marketing Plan (MLM). Please refer to Section 27A (Page 45) of the Direct Sales and Anti Pyramid Schemes Act 1993 to ensure that your plan does not have any of the ten (10) Pyramid Scheme elements.



1 Register your Direct Selling company
(Estimated approval time of one day to a week)



2 Obtain all necessary registrations for your products. For example;

- Product Registration for ALL Health Supplements, and
- KKLIU approval for advertising for Supplements
(Estimated approval time of three to eight months)
- Food Label Certification for ALL Food Products
(Estimated approval time of one to three months)
- Halal Certification (if necessary)
- Energy Commission Certification for Electrical Products



3 Apply for your Direct Sales License.
(Estimated approval time of one to six months)



4 Register for all other regulatory requirements

SETTING UP A DIRECT SELLING COMPANY IN MALAYSIA

General regulatory guide to start a Direct Selling company



1

COMPANIES COMMISSION OF MALAYSIA (SSM) under the Ministry of Domestic Trade, Co-Operatives and Consumerism (MDTCC)

- Register your company with Companies Commission of Malaysia (SSM).
- For companies with a MLM Plan, a paid-up capital of RM5 million is required for companies with foreign equity. For 100% Malaysian-owned company, the paid-up capital is RM1.5 million.
- For companies with a SLM Plan, a paid-up capital of RM5 million is required for companies with foreign equity. For 100% Malaysian-owned company, the paid-up capital is RM500 thousand.
- More info at <http://www.ssm.com.my/en>

2

NATIONAL PHARMACEUTICAL CONTROL BUREAU (BPFK) under the Ministry of Health (MOH)

- Product Registration is required for ALL Health Supplements and related products.
- More info at <http://portal.bpfk.gov.my/index.cfm>
- A kkliu number is required for all Registered Product advertisements. Apply from the Pharmaceutical Services Division.
- For Cosmetic Products, all cosmetics must be notified to BPFK. Any advertisement relating to cosmetic products must comply with the Cosmetics Advertising Code and have no medical claims.
- More info on kkliu and Cosmetic Notification at <http://www.pharmacy.gov.my/v2/en>



FOOD SAFETY AND QUALITY DIVISION (BKMM) under MOH

- For Food Products, a certification is required for all Food Labels. More info available at <http://fsq.moh.gov.my/v4/>

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General regulatory guide to start a Direct Selling company

3 Application for DIRECT SALES LICENCE (AJL) from MDTCC

- *With Nos 1 and 2 completed, submit your application for the AJL.*
- *Application must include a Marketing Plan (Single Level or Multi-Level) and list of Products (include price breakdown). Applicants will be called for a presentation to the AJL Approval Committee of MDTCC.*
- *More info available at <http://www.kpdnkk.gov.my>*

4 OTHER REQUIREMENTS

- **INLAND REVENUE BOARD MALAYSIA, MINISTRY OF FINANCE**
Preparation for Taxation including Company Tax and CP58 Statements to Independent Distributors (CP58)
<http://www.hasil.gov.my/index.php>
- **ROYAL MALAYSIAN CUSTOMS DEPARTMENT, MINISTRY OF FINANCE**
Registration for Goods and Services Tax (GST)
<http://gst.customs.gov.my/en/Pages/default.aspx>
- **DEPARTMENT OF PERSONAL DATA PROTECTION MALAYSIA, MINISTRY OF COMMUNICATIONS AND MULTIMEDIA MALAYSIA**
Registration with the PDP Department
<http://www.pdp.gov.my/index.php/en/>
- **DEPARTMENT OF ISLAMIC DEVELOPMENT MALAYSIA (JAKIM)**
Halal registration for products (if necessary)
<http://www.islam.gov.my/en>
- **ENERGY COMMISSION MALAYSIA (ST)**
Application for certification of electrical products
<http://www.st.gov.my/index.php>
- **OTHERS (where applicable)**

OTHER RELEVANT INFORMATION

- The Ministry of Domestic Trade, Co-operatives and Consumerism **DO NOT CHARGE** application, submission, processing or any other fee for the application of the Direct Sales License. The only fee that is to be paid is the Direct Sales License Fee, which amounts to RM500 per year and to be paid ONLY upon approval of the license.
- The following is the link to a copy of the Direct Selling and Anti-Pyramid Schemes Act 1993;
<http://www.dsam.org.my/wp-content/uploads/2015/06/Act%20500%20-%20Direct%20Sales%20and%20Anti-Pyramid%20Scheme%20Act%201993.pdf>
- For more information, please contact DSAM at info@dsam.org.my or at +603 7726 9232

Thank you