

Licensing Framework of Logistics Services in Malaysia

The term Logistics Services refers to a supply chain management process that plans, implements and controls the efficient and effective flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customers' requirements

The main services in this area are as follows:

- Warehousing, storage and inventory management services.
- Transportation services.
- Freight forwarding/customs clearance and shipping services.

1. Warehousing Services

Activities that can be carried out in the warehouses are as follows:

- Warehousing;
- Bulk breaking;
- Re-packaging;
- Re-labelling of imported goods;
- Consolidation;
- Entreport; and
- Devending.

There are three types of warehouse licences as follows, depending on the warehousing requirements of the operator:

- 1 Ordinary Warehouse License;
- 2 Public Bonded Warehouse License; or
- 3 Private Bonded Warehouse License.

1.1 Equity Policy

Ordinary Warehouse:

There is no equity condition imposed by the Royal Malaysian Customs Department. Investors only need to obtain licence from the local authority.

Public Bonded Warehouse:

A company must have at least 30% Bumiputera equity.

Private Bonded Warehouse:

There is no equity condition imposed by the Royal Malaysian Customs Department.

2. Transportation Services

Based on Section 14 of the Commercial Vehicles Licensing Board Act 1987 ("CVLBA 1987"), to provide transportation services, two types of licence are available:

1. **Class A License** - to provide transportation services to third parties using commercial vehicles; and
2. **Class C License** – to provide services for their own use.

Both licences must be obtained from the Land Public Transport Commission (SPAD) for operators in Peninsular Malaysia and Commercial Vehicles Licensing Board (CVLB) for operators in Sabah and Sarawak, in accordance with the Commercial Vehicles Licensing Board Act, 1987.

2.1 Equity Policy

License Class A

The Company must have at least 51% Malaysian equity (including 30% bumiputra equity) and up to 49% foreign equity ownership allowed. The approval will be subject to the decision of the licensing committee. For courier services providers, up to 100% foreign equity ownership is allowed.

License Class C

Up to 100% foreign equity ownership is allowed.

3. Freight Forwarding / Customs Clearance and Shipping Services

Companies planning to operate as Freight Forwarding Agents/Customs Agent and Shipping Agents are required to obtain the relevant licences from the Royal Malaysian Customs Department in accordance with Section 90 of the Customs Act, 1967.

For a company to qualify for a Freight Forwarding Agents/Customs Agent Licence, it must obtain an International Integrated Logistics Services (IILS) status from MIDA before acquiring the licence from the Royal Malaysian Customs Department.

Paid-Up Capital Requirement

Activity	Paid-up Capital	Renewal Period
Freight forwarding/ Customs clearance and shipping services	Not less than RM100,000 For companies registered under Companies Act 2016	1 year (renewable)
	Not less than RM50,000 For companies registered under Registration of Business Act 1956	1 year (renewable)

Applications should be submitted to the Royal Malaysian Customs Department.

3.1 Equity Policy

Type	Requirement
Forwarding agent	100% foreign equity ownership allowed
Shipping agent	100% foreign equity ownership allowed

(Disclaimer) Information contained herein are based on private hearings and research on public information. Please be sure to reconfirm the accuracy thereof on your own through DD and other self-research methods.