

Buzz@biz

Capitalising on growth in SEA markets

Rising incomes. Competitive cost. Growth opportunities.

When it comes to delivering growth in new markets, the emerging economies in Southeast Asia are an obvious choice. With rising disposable incomes, relatively young demographics and a strong ambition to succeed, emerging economies are projected to be in the 'driving seat' of global growth in 2013 and beyond.

Though opportunities abound, competition is rife. Find out what the three priorities are to get things right from our PwC Alert, 'Growth in new markets: It's all about how'.

Also, take a look at the three-steps recommended to achieve competitive growth abroad in our 'Growth across borders: Factors to consider for outbound investment' publication.

The other publications featured in this 8th issue of Buzz@biz will give you more insights on the business practices, prospects and opportunities in Southeast Asian countries.

Issue 8, January 2013

Buzz@biz is PwC's e-newsletter that helps you whiz through key information and insights on corporate, legal, or regulatory topics relevant to your business.

What should the next issue of Buzz@biz be about? Email your suggestions and feedback to vivian.s.ko@my.pwc.com



What's inside

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2. Regulatory updates
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Are you ready for the growth and challenges in the emerging markets?

Gain more insights from our thought leadership

World in 2050 - The BRICs and beyond: Prospects, challenges and opportunities

This latest report highlights the shift in the global economic centre of gravity. However, it also indicates that even emerging economies face growth challenges. Find out what the potential risks are that could derail emerging market growth.

The Southeast Asian tigers roar again: this time for real

Southeast Asia is a rising star of the global market, led by its five fastest-growing countries: Indonesia, Malaysia, the Philippines, Thailand, and Vietnam. This publication discusses how Southeast Asia comes of age, its competitive advantage of a burgeoning population, the advantage of early entry into this market and also how it is opening up to deals, foreign investment, and trade opportunities.

Southeast Asia – Investment Opportunities, Tax & Other Incentives

This publication provides a detailed analysis of tax and other incentives offered to investors in all the ASEAN countries. It's a useful tool for both foreign investors and ASEAN investors seeking to expand in the region in advance of the ASEAN Economic Community (AEC) in 2015.

Growth in new markets: It's all about how

Tapping growth in new markets is all about how. In this new report, we bring you practical examples of how top-performing global companies are minimising the risks of globalisation and maximising their chances of long term success in new markets. We also highlight the three priorities needed to get things right.

PwC Alert, Issue 104: Growth across borders -Factors to consider for outbound investment

The "Three-Step Approach" in this publication recommends that outbound investors should think about Structuring (S), Implementation (I) and Repatriation (R) to achieve competitive growth abroad. Investing companies need to have both entry and exit strategies to navigate through various complex and ever-changing tax, and regulatory environments of different countries.

Kuala Lumpur, Malaysia: Launchpad to Southeast Asia, An investment guide

As Malaysia's commercial and financial centre, Kuala Lumpur is an ideal hub to access Southeast Asia's US\$2 trillion market. It also offers a profitable and cost effective place to do business supported by a pro-business Government undertaking efforts to create a vibrant and business competitive environment for investors. Take a further look at Kuala Lumpur and see how it can be your launchpad into Southeast Asia with this booklet.

** Click on the publications title to download the soft copy.*

“Southeast Asia is expected to grow faster than the Asia average and to add about 174 million people by 2050.”

*Asian Development Bank,
'Asia 2050: Realizing the Asian Century'*

Other related publications

- Global Economy Watch, January 2013
- 16th Annual Global CEO Survey - Dealing with disruption: Adapting to survive and thrive
- Business location matters: Considerations when selecting your shared services location
- PwC Alert Issue 88, March 2011: Seizing ETP opportunities
- Paying Taxes 2013: The global picture
- Cities of Opportunity, 2012
- Myanmar business guide
- Doing business and investing in China

** Click on the publications title to download the softcopy.*

You may also find the recent “Malaysia: Investment in the Services Sector - Policies, Incentives and Facilities” guide from MIDA useful. [Click here](#) to access the report.



Regulatory updates

Compliance

Are you ready for PDPA?

You might have read in the newspapers recently that the Personal Data Protection Act 2010 (PDPA) will be coming into force soon. The Act regulates the processing of personal data* with regards to commercial transactions. Penalty for non-compliance will be between RM 100k – 500k and/or imprisonment of between 1 – 3 years.

So how will PDPA affect your business? The Act sets out the rights and obligations of a data subject and data user, and affects the personal data life-cycle management process, from the point personal data is collected, used, stored and destroyed. It applies to your customers, employees and third party service providers' personal data. Companies' ways of doing business will definitely be affected as business processes will need to be refined to comply with the PDPA requirements. Most importantly, a central repository may be required to capture consent. The process becomes more complex when cross border personal data transfer is involved.

So what will you be doing about this? If you're unsure of what you need to do or where to start, we do assist our clients to be PDPA-compliant. Please do not hesitate to contact us for more information

- Ong Ai Lin, Senior Executive Director (email: ai.lin.ong@my.pwc.com)
- Christine Albert, Manager (email: christine.x.albert@my.pwc.com)

** Personal data relates directly or indirectly to a data subject, who is identified or is identifiable from that information or from that and other information in the possession of a data user, including any sensitive personal data and expression of opinion about the data subject. For example: name, identity card number, date of birth, mobile number and etc.*

Bursa Malaysia has amended the Main Market and ACE Market Listing Requirements to strengthen board quality and enhance the transparency of listed issuers' corporate governance (CG) practices

The salient CG amendments made are in the following areas:

- Aligning disclosure of CG statements with the Malaysian Code on Corporate Governance (MCCG) 2012 in annual reports
- Mandating poll voting for related party transactions which require specific shareholder approval
- Limiting the number of directorships in listed issuers from 10 to 5
- Mandating the establishment of a nominating committee and requiring disclosure of its activities
- Enhancing disclosures in annual reports in relation to directors' training

Guidance for more meaningful disclosures in the corporate governance statements for listed issuers are also available in the CG amendments.

All listed issuers with financial years ending on or after 31 December 2012 must provide their corporate governance statements based on the MCCG 2012 in their annual reports. The other CG amendments will become effective on or after 1 June 2013.

For more information on the Listing Requirements amendments and their effective dates, go to Bursa Malaysia's website. To obtain a copy of the CG Blueprint 2011 and the MCCG 2012, go to Securities Commission's website.

Taxation

Implementation of the Thin Capitalisation Rules has been deferred

The Ministry of Finance (in their letter dated 11 December 2012 to the Inland Revenue Board, Bank Negara Malaysia and Chartered Tax Institute of Malaysia) has deferred the implementation of the Thin Capitalisation Rules. Originally expected to be implemented at the end of December 2012, it will now be deferred to 31 December 2015.

New Public Rulings and Guidelines issued by the Inland Revenue Board

Public Rulings		Guidelines
6/2012	Reinvestment Allowance	This revised public ruling incorporates updates from the 2009, 2011 and 2012 Budget proposals, including explaining the meaning of 'qualifying project', 'manufacturing' and 'factory'. This replaces Public Ruling 2/2008.
7/2012	Taxation of unit holders of Real Estate Investment Trusts (REITs) / Property Trust Funds (PTFs)	This public ruling outlines the tax treatment on unit holders in respect of income received from REITs/PTFs. This replaces guidelines issued in 2005.
8/2012	REITs / PTFs – An Overview	This public ruling explains the key features of conventional REITs/PTFs and Islamic REITs in Malaysia.
9/2012	Taxation of REITs / PTFs	This public ruling outlines the tax treatment for Malaysian REITs/PTFs including treatment of rental income, deductibility of expenses, claim of capital allowance and industrial building allowance, distribution of income of REITs/PTF to unit holders, and payment of withholding tax. This replaces guidelines issued in 2005.
10/2012	Tax treatment of Malaysian Ship	This public ruling explains the tax treatment of a Malaysian ship and the income tax exemption of shipping income of a resident person prior to year of assessment (YA) 2014.
11/2012	Employee Share Scheme Benefit	This revised public ruling covers the tax treatment in respect of benefits arising from employee share schemes.
12/2012	Share Schemes Benefit for Cross Border Employees	This public ruling explains the tax treatment in respect of benefits arising from an employee share scheme received by employees from Malaysia who are seconded to work overseas, and foreign national employees who are seconded to Malaysia.

Rules and Orders recently gazetted

Income Tax Rules and Orders	What's in it and effective date
Income Tax (Industrial Building Allowance) (Kindergarten) Rules 2013	Provides for industrial building allowance on qualifying building expenditure on buildings constructed or purchased, and used in a business of provision and maintenance of a kindergarten approved by the Ministry of Education, effective from YA2013.
Income Tax (Industrial Building Allowance) (Child Care Centre) Rules 2013	Provides for industrial building allowance on qualifying building expenditure on buildings constructed or purchased, and used in a business of a child care centre registered with the Department of Social Welfare, effective from YA 2013.
Income Tax (Exemption) Order 2013	Provides 5 years income tax exemption for income from the provision and maintenance of a child care centre, effective from YA2013.
Income Tax (Exemption) (No.9) Order 2012	Provides income tax exemption equivalent to the qualifying capital expenditure incurred for international schools in Malaysia. The exemption is effective for applications submitted to the Malaysian Investment Development Authority (MIDA) on or after 14 July 2010 but not later than 31 December 2015, and for qualifying capital expenditure incurred from YA 2010.
Income Tax (Exemption) (No.8) Order 2012	Provides income exemption for private/international schools in Malaysia. The exemption is effective for applications submitted to MIDA on or after 8 October 2011 but not later than 31 December 2015, and for private/international schools which have not commenced business prior to the said application.
Income Tax (Exemption) (No. 7) Order 2012	Provides income tax exemption equivalent to the qualifying capital expenditure incurred for private schools in Malaysia. The exemption is effective for applications to MIDA on or after 8 October 2011 but not later than 31 December 2015, and for private schools which have not commenced business prior to the said application.
Income Tax (Deduction for Contribution by Licensed Insurers to the Malaysian Motor Insurance Pool) Rules 2012	Provides for double deduction on contributions made by a licensed insurer to the Malaysian Motor Insurance Pool, effective from YA 2011 to YA 2015.
Stamp Duty (Remission)(No.3) Order 2012	Provides for remission of 50% of stamp duty on loan agreements for residential properties costing not more than RM400,000 which is executed on or after 1 January 2013 but not later than 31 December 2014.
Stamp Duty (Remission)(No.4) Order 2012	Provides for remission of 50% of stamp duty on the instrument of transfer for the purchase of residential property costing not more than RM400,000 which is executed on or after 1 January 2013 but not later than 31 December 2014.
Real Property Gains Tax (Exemption) Order 2012	Provides for the revised real property gains tax rates for real property disposals from 1 January 2013.

Latest from PwC

PwC at the 8th World Islamic Economic Forum, 4-6 Dec '12

PwC Malaysia has been World Islamic Economic Forum (WIEF)'s global knowledge partner for six years running.

This year's theme "Changing trends, new opportunities" was very relevant as it marked a structural change in our global economy - the arrival of Asia, increasing business complexity, new models of innovation and socio-economic imbalances.

As always, we prepared the Forum's delegate's brief and discussion agenda. [Click here](#) or on the picture to download.

During the event, six fresh partnerships were announced. Valued at RM28 billion (US\$ 9.1 billion), the developments will be around the Iskandar Malaysia region in Johor. For a quick brief on Iskandar Malaysia and how you can unlock its value, [click here](#) or on the picture.

PwC continues to support WIEF and looks forward to the 9th WIEF in London.

For more information on the 8th WIEF, please visit the official WIEF8 website.

Previous years' publications are also available at the official WIEF website.



Upcoming events

2013 GST Workshop

- 19 Feb; 21 May; 20 Aug; 19 Nov 2013

Myanmar: The Golden Land

A guide on investing in Myanmar

- 27 Feb 2013

Official launch:

Going beyond philanthropy? A sustainability strategy thought leadership by PwC

- 6 Mar 2013

For more information on the upcoming events, please contact Che Sham Ahmad at +(60) 3 2173 0410 or che.sham.ahmad@my.pwc.com

On The Academy's corporate programmes, please contact Yanti Abd Rahman at +(60) 3 2173 0213 or yanti.abd.rahman@my.pwc.com

Let's chat

Whether you're looking to build, diversify or do something new with your business in Asia and Malaysia, come talk to us...

Patrick SE Tay

Executive Director – Capital Project &
Investment/Economic Advisory
PricewaterhouseCoopers Capital Sdn Bhd
patrick.se.tay@my.pwc.com
+60 (3) 2173 0604

Lorraine Yeoh

Executive Director - Tax Advisory
PricewaterhouseCoopers Taxation Services Sdn Bhd
lorraine.yeoh@my.pwc.com
+60 (3) 2173 1499

Pauline Lum

Executive Director – Mergers & Acquisition/
International Tax
PricewaterhouseCoopers Taxation Services Sdn Bhd
pauline.ml.lum@my.pwc.com
+60 (3) 2173 1059

... on other issues and
PwC services, contact:

Pauline Ho

Partner - Assurance Services
PricewaterhouseCoopers (AF1146)
pauline.ho@my.pwc.com
+60 (3) 2173 0946

Jagdev Singh

Senior Executive Director - Taxation Services
PricewaterhouseCoopers Taxation Services Sdn Bhd
jagdev.singh@my.pwc.com
+60 (3) 2173 1469

Tan Siow Ming

Senior Executive Director - Advisory Services
PricewaterhouseCoopers Capital Sdn Bhd
siow.ming.tan@my.pwc.com
+60 (3) 2173 1228

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