SUBNATIONAL DOING BUSINESS

Doing Business in Malaysia 2020

Comparing Business Regulation in **6 Cities** and **4 Maritime Ports** with **189 Other Economies**

WORLD BANK GROUP

Doing Business in Malaysia 2020

Comparing Business Regulation in **6 Cities** and **4 Maritime Ports** with **189 Other Economies**

WORLD BANK GROUP

Resources on the *Doing Business* website

Doing Business in Malaysia 2020
http://www.doingbusiness.org/malaysia

Current features
News on the *Doing Business* project
http://www.doingbusiness.org

Rankings
How economies rank—from 1 to 190
http://www.doingbusiness.org/rankings

Data
All the data for 190 economies—topic rankings, indicator values, lists of regulatory procedures and details underlying indicators
http://www.doingbusiness.org/data

Studies
Access to previous editions of *Doing Business* as well as subnational and regional studies, case studies and customized economy and regional profiles
http://www.doingbusiness.org/reports

Methodology
The methodologies and research papers underlying *Doing Business*
http://www.doingbusiness.org/methodology

Research
Abstracts of papers on *Doing Business* topics and related policy issues
http://www.doingbusiness.org/research

Doing Business reforms
Short summaries of DB2020 business regulation reforms and lists of reforms since DB2006
http://www.doingbusiness.org/reforms

Subnational and regional studies
Differences in business regulations at the subnational and regional level
http://www.doingbusiness.org/subnational

Historical data
Customized data sets since DB2004
http://www.doingbusiness.org/custom-query

Law library
Online collection of business laws and regulations relating to business
http://www.doingbusiness.org/law-library

Entrepreneurship data
Data on new business density (number of newly registered companies per 1,000 working-age people) for 156 economies
http://www.doingbusiness.org/data/exploretopics/entrepreneurship

Ease of doing business score
Data benchmarking 190 economies to the best regulatory practice and an ease of doing business score calculator
https://www.doingbusiness.org/data/doing-business-score

Contents

AT A GLANCE

Doing Business in Malaysia 2020

The first subnational study in **Malaysia**

Full report: www.doingbusiness.org/malaysia

Doing Business in Malaysia 2020 focuses on business regulation and its enforcement across three *Doing Business* areas. The study goes beyond Kuala Lumpur to benchmark five other cities in the areas of dealing with construction permits and registering property.

It also measures the process of trading across borders through four Malaysian ports.

This study contains data current as of November 1, 2019, and includes comparisons with other economies based on data from *Doing Business 2020.*

Doing Business measures aspects of regulation that enable or hinder entrepreneurs in starting, operating or expanding a business—and provides recommendations and good practices for improving the business environment.

Benchmarks three *Doing Business* indicator sets covering areas of national and local jurisdiction or practice

Dealing with construction permits
Records the procedures, time and cost required for a small or medium-size domestic business to obtain the approvals needed to build a commercial warehouse and connect it to water and sewerage; assesses the quality control and safety mechanisms in the construction permitting system.

Registering property
Records the procedures, time and cost required to transfer a property title from one domestic firm to another so that the buyer can use the property to expand its business, use it as collateral or, if necessary, sell it; assesses the quality of the land administration system.

Trading across borders
Records the time and cost (excluding tariffs) to import and export goods; assesses three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting and importing a shipment of goods.

SIX cities	**George Town** *(Penang)*, **Johor Bahru** *(Johor)*, **Kota Kinabalu** *(Sabah)*, **Kuala Lumpur**, **Kuantan** *(Pahang)*, **Kuching** *(Sarawak)*	**FOUR ports**	**Johor Port** *(Johor Bahru)*, **Kuantan Port** *(Kuantan)*, **Penang Port** *(George Town)*, **Port Klang** *(Kuala Lumpur)*

Advantages and limitations of the ***Doing Business*** methodology

Focus on the law and practice
Makes the indicators "actionable" because the law is what policy makers can change.

Use of standardized case scenarios
Enables comparability across locations but reduces the scope of the data.

Reliance on expert respondents
Reflects knowledge of those with most experience.

Focus on domestic and formal sector
Keeps attention on the formal sector, where firms are most productive, but does not reflect the informal sector or foreign firms.

***Doing Business* does not cover:**
- ✘ Security
- ✘ Market size
- ✘ Macroeconomic stability
- ✘ State of the financial system
- ✘ Prevalence of bribery and corruption
- ✘ Level of training and skills of the labor force

SUBNATIONAL DOING BUSINESS

A collaboration of the World Bank Group (WBG) Global Indicators Group and the Malaysia Productivity Corporation

CHAPTER 1

Overview

- *Doing Business in Malaysia 2020,* the first subnational *Doing Business* study in the country, measures three regulatory areas that impact the local business environment: dealing with construction permits and registering property in six cities and trading across borders in four seaports.

- Kuala Lumpur stands out as a top performer across all areas, mainly due to its advanced electronic platforms.

- Across all cities, the quality of the regulatory framework is higher than the efficiency of the process to obtain a construction permit and transfer property.

- Action areas addressing common themes across indicators—such as internal coordination among different agencies, improved electronic platforms and a consistent application of the laws and requirements—will help to improve the various processes assessed in the study.

- Reform efforts need to focus on cities beyond Kuala Lumpur. Malaysian cities can adopt good practices implemented in Kuala Lumpur as they seek to strengthen their business environments and remove obstacles to doing business at the local level.

Thirty years ago, the Malaysian government launched Wawasan 2020, or Vision 2020, intending to achieve developed country status by 2020. The Vision outlined nine challenges to achieve over the subsequent three decades, one of which was "a prosperous society, with an economy that is fully competitive, dynamic, robust and resilient."[1] The government sought to grow the economy by eight times its 1990 size, requiring rapid GDP growth of around 7% annually. Malaysia nearly achieved this impressive goal: between 1990 and 2018, annual GDP growth averaged nearly 6%, with GDP rising from $81.8 billion in 1990 to almost five times that size in 2018.[2]

Business regulation that is clear, simple and coherent can provide the stable and predictable rules that firms need to function effectively, encouraging sustainable long-term growth and diversified economic development.[3] Efforts to improve Malaysia's regulatory management system were outlined in the Tenth Malaysia Plan (2011–15). The Plan tasked the Malaysia Productivity Corporation with conducting a review of both existing regulation (to identify unnecessary rules and costs) and new regulation (to determine its potential economic impact).[4]

To ensure that the modernization of the regulatory regime extends beyond the federal level, the government made promoting regulatory reform at the state and local levels a key element of the Eleventh Malaysia Plan (2016–20). The Plan explicitly targets increasing productivity to achieve more sustainable, inclusive, and rapid economic growth.[5]

Recognizing that global competition for investment and talent is increasingly between cities, the Plan underscores the importance of investment in all Malaysian cities, not just the largest business hubs. The government's regulatory reform efforts seek to benefit entrepreneurs throughout the country. Small and medium-size enterprises (SMEs) constitute 98.5% of businesses in Malaysia.[6] These firms contribute more than one-third of the country's GDP, nearly one-fifth of its exports and about two-thirds of employment.[7] However, similar to income per capita, the distribution of SMEs per capita remains uneven across Malaysia. Kuala Lumpur is the main economic hub of the country, with 0.08 SMEs per capita, while Malaysia's other states and territories have between 0.01 and 0.04 SMEs per capita.[8]

Doing Business in Malaysia 2020 is the first subnational *Doing Business* study in Malaysia (box 1.1). By looking at business regulation across all levels of government, the study highlights both existing bottlenecks and good practices, both globally and within Malaysia. As such, it can serve as a powerful tool for policy makers to identify areas of focus beyond the main business city, Kuala Lumpur.

BOX 1.1 What is *Doing Business in Malaysia 2020*, and what does it measure?

Doing Business measures the business regulatory environment for small and medium-size domestic firms. It assesses whether an economy has good rules and processes to yield positive outcomes for entrepreneurs and increase economic activity. Recognizing that governments play a vital role in bolstering private sector development, *Doing Business* promotes smart regulation.[a] The key premise is simple: clear laws and regulations afford entrepreneurs the confidence and the opportunities to invest. Rules should be efficient, transparent, accessible and enforceable.

The city of Kuala Lumpur represents Malaysia as its largest business city in the annual *Doing Business* study, which measures 190 economies globally. However, the city of Kuala Lumpur does not tell the full story. Malaysia is a federation consisting of 13 states and three federal territories, spanning parts of the Malay Peninsula and the island of Borneo. Depending on where they operate their business, entrepreneurs may encounter differences in how local officials implement business regulations.

Doing Business in Malaysia 2020 benchmarks the six cities of George Town (Penang), Johor Bahru (Johor), Kota Kinabalu (Sabah), Kuala Lumpur, Kuantan (Pahang) and Kuching (Sarawak) in the areas of dealing with construction permits and registering property. It also benchmarks four Malaysian seaports—Johor Port, Kuantan Port, Penang Port and Port Klang (Kuala Lumpur)—in the area of trading across borders. The cities and ports, as well as the indicators, were selected in collaboration with the government of Malaysia to ensure geographic representation and indicator variation at the local level.

The study's objective is to provide a broader understanding of the business regulatory environment across Malaysia—beyond the city of Kuala Lumpur—and to highlight good practice examples and reform recommendations to help guide policy at the national and subnational levels.

***Doing Business in Malaysia 2020* measures six cities and four ports**

a. World Bank Group. 2013. *Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises.* Washington, DC: World Bank Group.

What are the main findings?

Although most areas are regulated nationally, variation exists in the implementation of legislation

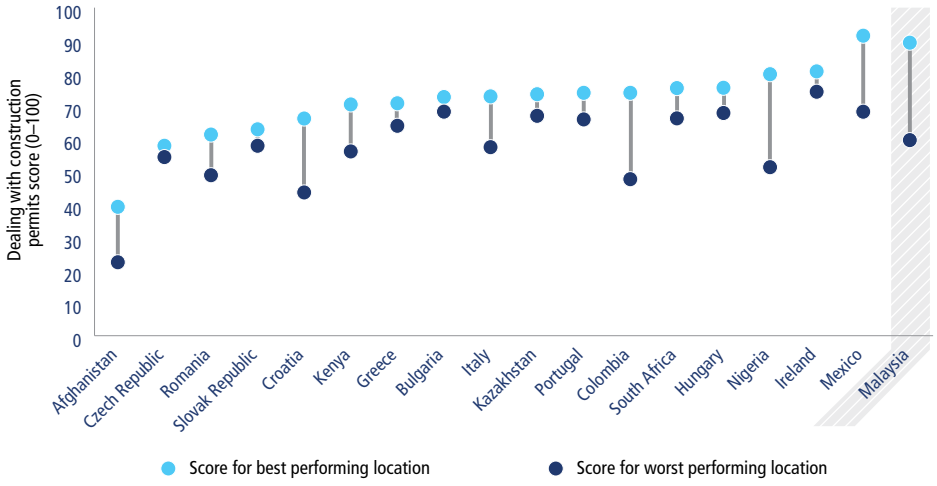
Much of the legislation that regulates the three benchmarked areas is set at the national level. The legal framework governing building permits and construction quality control is uniform across the country (per the Uniform Building By-Laws of 1984). The National Land Code of 1965 is the main canon of land law to administer land in Peninsular Malaysia; Sabah and Sarawak have their own land codes. In the area of trading across borders, the Customs Act of 1967 establishes Malaysia's customs legislative framework. However, there is a wide variation across all three benchmarked areas—but especially in dealing with construction permits and registering property—on the number of requirements that an entrepreneur must undergo to complete each respective process. Although this variation is partly indicative of the lack of consistent implementation of laws and regulations, it also reflects states having adopted their own processes on the ground. For example, there are fewer procedures needed to obtain a construction permit in Kuala Lumpur because of the existence of a functional One Stop Center (OSC), a single entity that coordinates all legally-required permits, clearances and approvals on behalf of the applicant. In registering property, improvements to the Electronic Land Administration System (e-Tanah) have streamlined the due diligence process for property transfers in Kuala Lumpur.

The variation in performance among Malaysian cities is more substantial than that in other economies benchmarked in subnational *Doing Business* studies

Data collected by subnational studies in 78 economies over the past 15 years show that there can be substantial variation in performance among locations within an economy, even when legislation is implemented at the national level. Malaysia is no exception. Indeed, Malaysia shows one of the most heterogeneous performances among its benchmarked cities, with substantial variations in city scores. These scores show how far each city is from global best practice in absolute terms and provide the basis for the ranking.

The gap between the city with the best and worst performance on dealing with construction permits, for example, is more than 27 points (figure 1.1). Kuala Lumpur scores higher than Singapore—and high enough to rank in the top three economies globally. In contrast, Kuching performs below the regional average for East Asia and the Pacific (EAP). The time to complete the construction permitting process is the main reason for variation in

FIGURE 1.1 Different locations, different regulatory processes, and same economy



Source: Doing Business database.

Note: The dealing with construction permits score shows how far a location is from the best performance achieved by any economy on that indicator. The score is normalized to range from 0 to 100 (the higher the score, the better). For more information, see the chapter About *Doing Business* and *Doing Business in Malaysia 2020* and the data notes. The economies shown above are those benchmarked at the subnational level since the methodology changes were made to the dealing with construction permits indicator set in 2015.

city performance. The time to obtain all permits and clearances to build a warehouse and connect it to the water and sewerage network ranges from 53 days in Kuala Lumpur to 231 days in Kuching—a 178-day difference. In Romania, it takes 159 fewer days in Oradea, the fastest city, than in Timisoara, the slowest. And in Kazakhstan, the time variation between the fastest and slowest cities is just 45 days.

The registering property indicator set shows similar results. In Malaysia, the score difference between the city with the best and worst performance is more than 30 points. This gap is even higher than in Nigeria—which assessed 37 locations—where the difference between the best and worst-performing locations was 29 points. Like dealing with construction permits, the variation in registering property is driven mainly by time. The process takes 288 fewer days in the fastest city (Kuala Lumpur) than in the slowest (Kuching). In Portugal, the difference is just nine days; in Italy, it is 10 days; and in South Africa, 43 days.

Kuala Lumpur stands out as a top performer across all areas

Dealing with construction permits and registering property is easiest in Kuala Lumpur (table 1.1). Kuala Lumpur performs significantly better than the other cities in dealing with construction permits, mainly due to its full implementation of the OSC. As a result, the permitting process to build a commercial warehouse and connect it to utilities takes just nine procedures and 53 days. In contrast, this process takes more than twice as long (118 days) in Kuantan, the second-fastest city. And in the city with the second-fewest procedures, Johor Bahru, the construction permitting process takes 19 procedures to complete.

Kuala Lumpur also performs best in registering property, but the gap with the second-most efficient city, Johor Bahru, is less pronounced. It takes just six procedures to register property in Kuala Lumpur compared with eight procedures in most of the other benchmarked cities. Furthermore, it takes 16.5 days to transfer a property title between two domestic firms in Kuala Lumpur, compared with 25 days in Johor Bahru. Kuala Lumpur's e-Tanah system—an online single window platform for property searches—is the main reason for the city's more efficient performance.

In the area of trading across borders, Port Klang, located near Kuala Lumpur, is the most efficient of the four benchmarked ports (table 1.2). While it is not the cheapest port, it is the fastest for border compliance and documentary compliance for both exports and imports. Port Klang's efficiency is the result of its full exploitation of a sophisticated electronic document interchange system. Although stakeholders in all Malaysian ports use this system, only Port Klang has shifted to an entirely paperless document workflow for both exports and imports.

TABLE 1.1 Doing business in Malaysia—where is it easier?

	Dealing with construction permits		Registering property	
City (State)	Rank (1–6)	Score (0–100)	Rank (1–6)	Score (0–100)
George Town (Penang)	4	66.1	3	71.1
Johor Bahru (Johor)	3	72.2	2	72.4
Kota Kinabalu (Sabah)	5	63.3	5	62.3
Kuala Lumpur	1	89.0	1	78.0
Kuantan (Pahang)	2	73.0	4	70.4
Kuching (Sarawak)	6	61.7	6	47.5

Source: Doing Business database.

Note: Rankings are based on the indicator score, which shows how far a location is from the best performance achieved by any economy on each *Doing Business* indicator. The score is normalized to range from 0 to 100 (the higher the score, the better). Data for Kuala Lumpur were revised since the publication of *Doing Business 2020*. For more information, see the chapter About *Doing Business* and *Doing Business in Malaysia 2020* and the data notes. The complete data set is available on the *Doing Business* website at http://www.doingbusiness.org.

TABLE 1.2 Trading across borders in Malaysia—where it is easier?

Location	Trading across borders score (0–100)	Product	
		Export	Import
Johor Port	76.5	HS 15 – Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	HS 8708 – Parts and accessories of motor vehicles (auto parts)
Port Klang	88.5	HS 85 – Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	
Kuantan Port	78.5	HS 39 – Plastics and articles thereof	
Penang Port	75.2	HS 85 – Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	

Source: Doing Business database.

Note: The trading across borders score shows how far a location is from the best performance achieved by any economy on each *Doing Business* indicator. The score is normalized to range from 0 to 100 (the higher the score, the better). For more information, see the chapter About *Doing Business* and *Doing Business in Malaysia 2020* and the data notes. The complete data set is available on the *Doing Business* website at http://www.doingbusiness.org.

Initiatives improving electronic platforms have mainly focused on Kuala Lumpur

Kuala Lumpur's high efficiency in registering property and trading across borders reflects its advanced electronic platforms.

In the area of property registration, Kuala Lumpur made improvements to its online single window platform for property searches, e-Tanah. The city progressively linked several agencies to allow users to retrieve information from the land registry, the company registry and the insolvency department with a single search. In the other benchmarked cities, users conduct the land title, company and bankruptcy searches separately.

Kuala Lumpur's port, Port Klang, also utilizes advanced electronic platforms. Initiatives throughout Malaysia to improve the trading process by reducing paper-based submissions have been most successful in Port Klang. When clearing goods for export and import, for example, traders can submit all documentation electronically without the need for in-person visits to the customs or port offices. Although electronic submission is also available in Penang Port, it takes longer for the customs brokers to find out if they are missing any documentation if they only submit documents electronically. Therefore, the majority of customs brokers follow up with a hard copy submission because in-person submissions allow the trader to immediately learn if they are missing any documentation, thereby expediting the approval process.

Port Klang is also the only Malaysian port to adopt a digital delivery system (e-Terminal Plus), enabling the streamlining of processes across workstreams. For example, the system allows shipping lines to issue delivery orders electronically, reducing processing times. Moreover, the seamless integration of e-Terminal Plus with the customs system ensures that the container status is reflected in real-time once it is released by customs, allowing customs brokers to apply for the e-Gate pass online. E-Terminal Plus also has a smartphone application, enhancing user flexibility.

Malaysian cities perform better on average than their EAP regional peers, but lag Asia-Pacific Economic Cooperation (APEC) peers

Kuala Lumpur ranks in the top 25% of economies globally in dealing with construction permits and registering property and just below the top 25% in trading across borders (figure 1.2). In dealing with construction permits, it is one of the top-performing cities worldwide. Malaysia's secondary cities also fare well on a global scale and would be placed in the top 50% of economies globally on dealing with construction permits. Malaysian cities outperform their EAP peers in all areas, but particularly in registering property, where the average score for the benchmarked Malaysian cities is ten points higher than the EAP average (67.0 versus 57.5). Malaysian cities perform only slightly better than their EAP counterparts in dealing with construction permits.

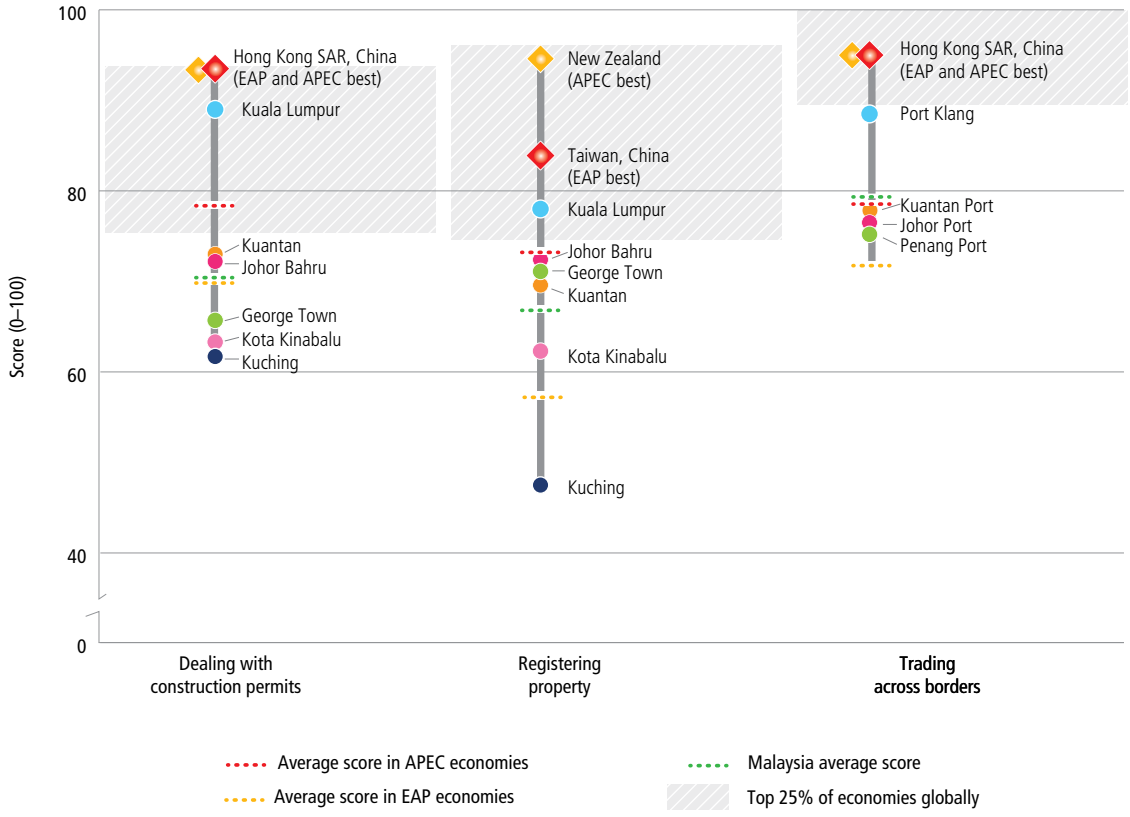
Comparing Malaysia's cities to APEC economies reveals a mixed story.[9] APEC economies outperform Malaysian cities in dealing with construction permits and registering property, but particularly in dealing with construction permits. With an average score of 78.8 for dealing with construction permits, APEC economies—which are in the top 25% of economies globally in this area—score eight points higher than the Malaysian average (70.9).

Contrasting differences in scores between Malaysian cities gives a more nuanced story. A stark variation exists in dealing with construction permits and registering property. Kuching, for example, scores lowest on both indicator sets and is far below the EAP average. For registering property, Kuching is in the bottom 25% of economies globally. In contrast, Penang Port—the lowest-scoring port in trading across borders— performs better than the EAP average and would be placed in the top 50% of economies globally. Interestingly, there is a 13-point gap between Port Klang and Penang Port on the trading across borders score—as opposed to a 27-point difference in dealing with construction permits—and a 30.5-point difference between Kuching and Kuala Lumpur in registering property.

Cities in Peninsular Malaysia outperform those in East Malaysia

The differences between Peninsular and East Malaysia go beyond geography. States in East Malaysia, for example, have a distinct judicial court structure, as well as separate immigration regulations and land codes.[10] Whereas the National Land Code[11] is the main canon of land law in Peninsular Malaysia, the states of Sabah and Sarawak in East Malaysia have their own land codes: the Sarawak Land Code[12] and Sabah Land Ordinance.[13] In practice, this translates into significant variations in the process of conveying and building property between East and Peninsular Malaysia. All of Peninsular Malaysia has the same requirements to transfer property, and the same agency—the Department of Director-General of Land and Mines—acts as the regulator. Sabah (Kota Kinabalu) and Sarawak (Kuching) are regulated by their own Department of Land and Survey and exhibit large differences, both among themselves and when compared to the average in Peninsular Malaysia. East Malaysia's average score for registering property is almost 20 points below the average in Peninsular Malaysia (figure 1.3).

FIGURE 1.2 Malaysian cities outperform their EAP regional peers on average across all three indicators



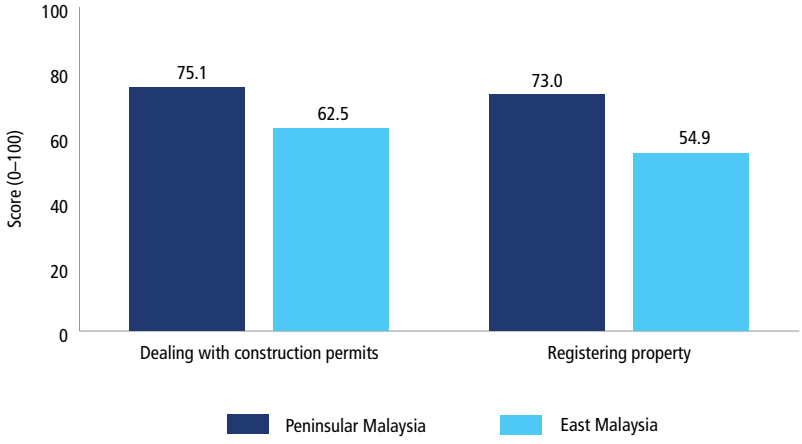
APEC = Asia-Pacific Economic Cooperation

EAP = East Asia and the Pacific

Source: Doing Business database.

Note: The average for Malaysia for dealing with construction permits and registering property is the average for the six cities measured. APEC averages for dealing with construction permits and registering property are based on economy-level data for the 21 APEC member economies. EAP averages for dealing with construction permits and registering property are based on economy-level data for the 25 EAP economies. The average for Malaysia for trading across borders is the average of the four ports measured. The APEC average for trading across borders is based on economy-level data for the 18 APEC economies that either export or import by sea (Australia; Brunei Darussalam; Chile; China; Hong Kong SAR, China; Indonesia; Japan; Republic of Korea; Malaysia (represented by Port Klang); New Zealand; Papua New Guinea; Peru; Philippines; Russian Federation; Singapore; Taiwan, China; Thailand; and Vietnam). The APEC best performer is among these 18 economies. The EAP average for trading across borders is based on economy-level data for the 23 EAP economies that either export or import by sea (Brunei Darussalam; Cambodia; China; Fiji; Hong Kong SAR, China; Indonesia; Kiribati; Malaysia (represented by Port Klang); Marshall Islands; Federated States of Micronesia; Myanmar; Palau; Papua New Guinea; Philippines; Samoa; Singapore; Solomon Islands; Taiwan, China; Thailand; Timor-Leste; Tonga; Vanuatu; and Vietnam). Similarly, the EAP best performer is among these 23 economies.

FIGURE 1.3 Cities in Peninsular Malaysia outperform those in East Malaysia



Source: Doing Business database.

Note: The scores for East Malaysia are the average of the scores of Kota Kinabalu and Kuching. The scores for Peninsular Malaysia are the average of the scores for George Town, Johor Bahru, Kuala Lumpur and Kuantan. The score for each indicator is normalized to range from 0 to 100 (the higher the score, the better). For more information, see the chapter About *Doing Business* and *Doing Business in Malaysia 2020* and the data notes.

Although Kuching's Land Office reflects global good practices—resulting in its distinction as the city with the fastest registration procedures in Malaysia—the time to transfer property is delayed by nine months due to a requirement to obtain Land and Survey Department consent. On the other hand, Kota Kinabalu's Land Office, which lacks technological infrastructure, keeps most of its land titles in paper format. As a result, obtaining the title search and transferring the title takes the longest in Kota Kinabalu.

In the area of dealing with construction permits, additional requirements apply that are specific to East Malaysia. The Central Board in Kota Kinabalu and the Land and Survey Department in Kuching, for example, must approve all construction projects, adding to the required number of procedures and time. As a result, getting a construction permit requires the most procedures in these two cities, at 22 in Kota Kinabalu and 23 in Kuching, and the longest time, at 212 and 231 days, respectively. East Malaysia subsequently scores significantly lower (62.5) than Peninsular Malaysia (75.1) for dealing with construction permits.

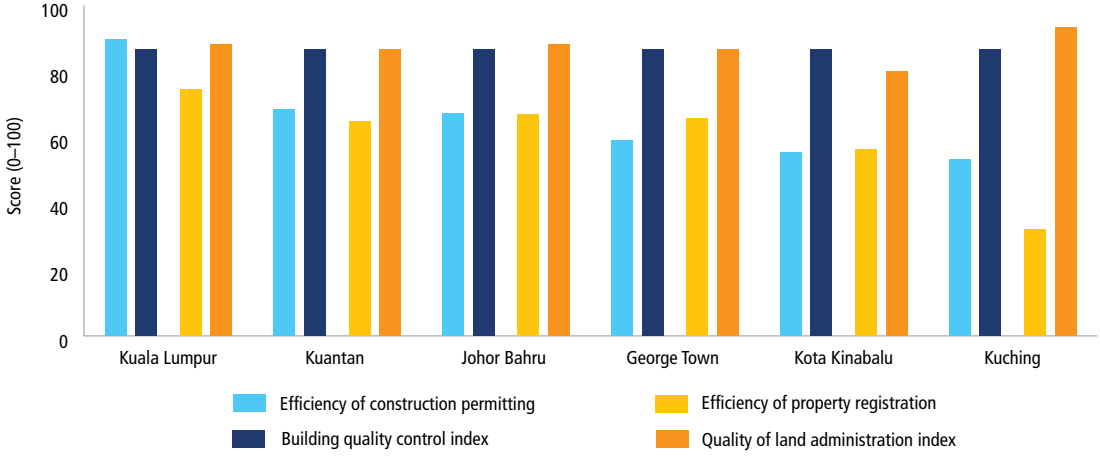
The quality of regulation is good in Malaysian cities, but procedural efficiency has room for improvement

Across all of the benchmarked cities, the quality of the regulatory framework (as measured by the building quality control index and the quality of land administration index)[14] is higher than the efficiency of the process to obtain a construction permit and transfer property (as measured by the number of procedures, and time and cost to undergo these processes) (figure 1.4). The only exception is Kuala Lumpur, where efficiency in the construction sector goes hand in hand with regulatory quality. Reforms over the past decade in Kuala Lumpur to improve procedural efficiency have successfully slashed the number of procedures and the overall time requirement.

Malaysia's national construction regulation benefits all benchmarked cities, which score 13 out of 15 possible points on the building quality control index (equivalent to a score of 86.7). Existing legislation holds the supervising engineer liable for the quality of construction and stipulates strict qualification requirements for professionals involved in reviewing the building plans and supervising the construction project. And across the country, building regulations are easily accessible online, as are the requirements for obtaining a building permit through the city council web portals.

On procedural efficiency—an area where local authorities have the most autonomy in developing and implementing regulatory rules—performance varies widely between the benchmarked cities; the average score is just 65.7.

FIGURE 1.4 Malaysian cities score higher on regulatory quality than procedural efficiency



Source: Doing Business database.

Note: The score for the efficiency of construction permitting is the average of the scores for the procedures, time and cost to deal with construction permits. The score for the efficiency of property registration is the average of the scores for the procedures, time and cost to transfer property. The scores are normalized to range from 0 to 100 (the higher the score, the better). For more details, see the chapter About *Doing Business* and *Doing Business in Malaysia 2020* and the data notes.

On registering property, all cities score high (average of 87.2) on the quality of land administration index, compared with an average score of 60.2 on procedural efficiency. All cities maintain cadastral plans in a computerized format, and have an electronic database for recording boundaries, checking plans and providing cadastral information. In addition, there is a specific and independent mechanism for filing complaints at each city's Land Office and the cadastral agency, the Valuation and Property Services Department. Cadastral maps are accessible to everyone, and all privately-held land plots in every city are formally registered and mapped. Lastly, all of the benchmarked cities have robust land dispute resolution mechanisms.

Performance varies considerably on procedural efficiency. It is, to a large extent, determined by the local application of national regulation, distinct local guidelines and differences in the applied technology and automation of the processes.

The time to do business varies widely across the country

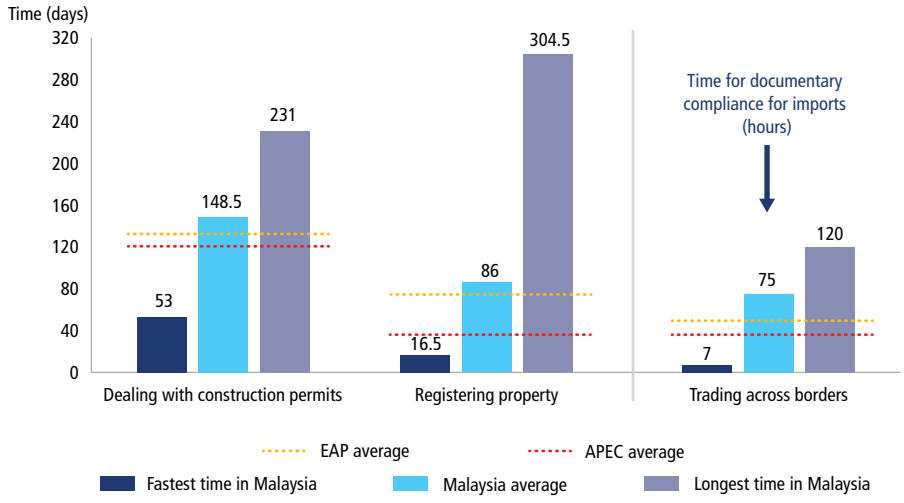
For all three indicator sets, the associated time requirement varies dramatically throughout Malaysia. Registering property shows the largest time difference—it takes 16.5 days to register property in Kuala Lumpur, but more than ten months in Kuching (figure 1.5). The longer time to obtain the required approvals from the city council means that it takes 231 days on average to deal with construction permits in Kuching. In contrast, it takes just 53 days in Kuala Lumpur. Documentary compliance for imports takes just seven hours in Port Klang, compared to 120 hours in Johor Port. These wide variations in time reflect not only different regulatory requirements—but also different levels of efficiency at government agencies and ports. Even where legislative requirements are similar, service provision standards can diverge, with either a negative or positive impact on the experience of entrepreneurs.

A lack of coordination between agencies negatively impacts procedural efficiency across the board

Poor coordination between the relevant agencies hinders doing business across all three benchmarked areas. Agencies tend to work in silos, making processes more burdensome for entrepreneurs. In the area of property registration, municipalities, the Inland Board Revenue and Land Offices do not share information on ownership—instead, property owners must undergo several steps to complete all requirements for registration. Improving interagency communication would reduce interactions with the public, cutting steps and costs. Most importantly, it would enhance the quality of the land administration system by keeping the land ownership and cadastral databases up to date.

A lack of interagency coordination also reduces efficiency in the area of construction permitting. Only Kuala Lumpur has a fully-implemented OSC that coordinates all legally-required permits, clearances and approvals.

FIGURE 1.5 Time is the area with the largest variation across the three indicator sets



APEC = Asia-Pacific Economic Cooperation

EAP = East Asia and the Pacific

Source: Doing Business database.

Note: The average for Malaysia for dealing with construction permits and registering property is the average for the six cities measured. APEC averages for dealing with construction permits and registering property are based on economy-level data for the 21 APEC member economies. EAP averages for dealing with construction permits and registering property are based on economy-level data for the 25 EAP economies. The average for Malaysia for trading across borders is the average of the four ports measured. The APEC average for trading across borders is based on economy-level data for the 17 APEC economies that import by sea (Australia; Brunei Darussalam; Chile; China; Hong Kong SAR, China; Indonesia; Japan; Republic of Korea; Malaysia (represented by Port Klang); New Zealand; Papua New Guinea; Peru; Philippines; Singapore; Taiwan, China; Thailand; and Vietnam). The EAP average for trading across borders is based on economy-level data for the 22 EAP economies that import by sea (Brunei Darussalam; China; Fiji; Hong Kong SAR, China; Indonesia; Kiribati; Malaysia (represented by Port Klang); Marshall Islands; Federated States of Micronesia; Myanmar; Palau; Papua New Guinea; Philippines; Samoa; Singapore; Solomon Islands; Taiwan, China; Thailand; Timor-Leste; Tonga; Vanuatu; and Vietnam).

Similar OSCs introduced elsewhere in Peninsular Malaysia in 2007 have been largely ineffective because the agencies represented at the OSC can take longer to obtain the approvals for the applicant than having the applicant visit the agency in person. Furthermore, many OSCs are not comprehensive—for example, the excavation permit process is not included in Johor Bahru and Kuantan. Implementing a one-stop shop may be a first step in simplifying the process of obtaining construction permits. Still, efficiency gains will only come with increased coordination and automated information sharing between agencies.

Companies that trade internationally face similar hurdles. In most of Malaysia, agencies involved in the exporting and importing process use separate platforms to interact with customs, port officials and permit-issuing agencies. Moreover, paper copies typically must be presented in person to multiple officials, with the entrepreneur acting as an interlocutor.

Comparing regulation across cities

Dealing with construction permits

Across Malaysia, dealing with construction permits requires, on average, 19 procedures, takes 148.5 days and costs 2.3% of the warehouse value. The number of procedures ranges from nine in Kuala Lumpur to 23 in Kuching. On average, Malaysian entrepreneurs must complete four more procedures than their EAP counterparts. Apart from Kuala Lumpur, the differences across the other five benchmarked cities are mostly the result of preconstruction requirements imposed by local authorities—such as separate approvals from water and sewerage authorities, excavation permits, land clearances, and a fire safety clearance. Differences also exist during the construction period. George Town, Johor Bahru and Kuching, for example, require a site inspection to verify the commencement of construction works, and all cities (except Kuala Lumpur) require an inspection to verify that the materials used for connections to the water grid meet the prescribed standards.

Regulation can also impact the time to obtain a construction permit. In Malaysia, this time can vary from less than two months in Kuala Lumpur to over seven months in both Kota Kinabalu and Kuching, mostly on account of the varying approvals required from the city council, and the water, sewerage and fire authorities. In Kota Kinabalu and Kuching, extra requirements related to land use add time. Upon the completion of the construction project, securing additional clearances can take from two weeks in Kuala Lumpur to more than three months in Kota Kinabalu and Kuching.

The cost of construction permits varies from 1.3% of the warehouse value in Kuala Lumpur to 5% in George Town. Contribution fees for drainage and road infrastructure are the main cost variant for dealing with construction permits across Malaysia. These fees, which are set independently by each city council, are highest in George Town, where total contribution fees for the case study warehouse comprise 94% of the total cost of construction permitting (compared to just 6% in Kuching).

The score on the building quality control index is the same across all benchmarked cities—13 out of 15 possible points—reflecting uniformity in building regulations, including those related to liability and qualification requirements for construction professionals. Construction supervision requirements are enforced across Malaysia, although there is no national legal framework that guides construction practitioners on risk-based building inspections.

Registering property

Transferring property in Malaysia can be a cumbersome process involving visits to the municipality, attorney's office, Land Office and the Inland Revenue Board of Malaysia. Nationally, an entrepreneur must complete six to ten procedures, wait on average 86 days and pay 4.2% of the property value to complete the transfer. Registering property is easiest in Kuala Lumpur, where it takes six steps and 16.5 days and costs 4.1% of the property value, due to its more sophisticated online single window platform to carry out property searches and encumbrances checks. In Kuching, the same process requires ten different steps that take 304.5 days and costs 4.2% of the property value.

It costs less to transfer property in Malaysia on average than in EAP economies, but it requires more procedures and time. The longest delays in Malaysia—and the main source of time variance—are in Kuching and Kota Kinabalu, for different reasons. Kuching has the shortest wait times for procedures at the Land Office, but a requirement to obtain consent from the Land and Survey Department adds nine months to the process. Kota Kinabalu's Land Office, on the other hand, is the slowest in Malaysia—it is the only Land Office that keeps paper land ownership records, which causes long delays to the title search and property transfer process.

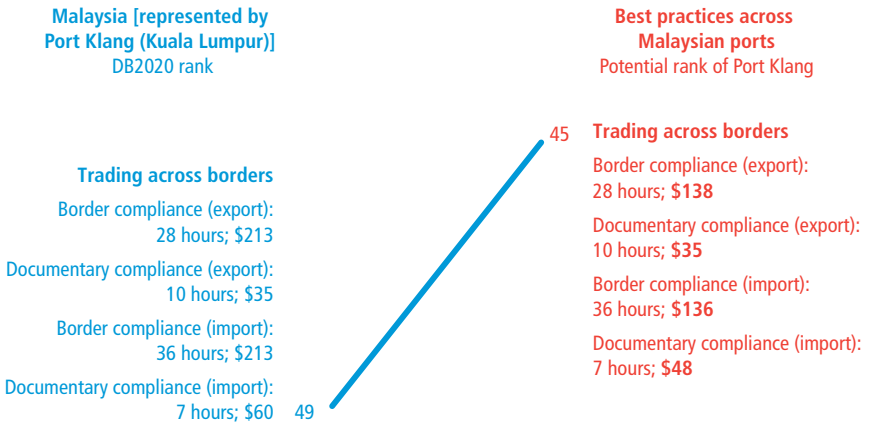
For the quality of land administration, scores range from 24 out of 30 points in Kota Kinabalu to 28 points in Kuching. Kuching stands out because land ownership information and maps are linked and stored in a single database, it has a service charter, and information on ownership is accessible by anyone.

Trading across borders

Of the benchmarked ports, trading through Port Klang is easiest. While port and customs practices are most efficient in Port Klang, the cost of border compliance is higher for both exporting and importing on account of elevated customs broker and terminal handling fees. Businesses pay lower costs for port services at Kuantan Port, the Malaysian port with the lowest cost of border compliance—$138 and $136 for exports and imports, respectively. While rankings are relative, if Port Klang were to lower its costs to the level of Kuantan Port for border compliance for exports and imports—and the level of Johor Port, Kuantan Port and Penang Port for documentary compliance for imports—Malaysia would have ranked 45 out of 190 economies on the ease of trading across borders in the global *Doing Business 2020* study, four positions higher than its actual rank (figure 1.6).

For exports, border compliance time varies from 28 hours in Port Klang to 57 hours in Kuantan Port; for imports, from 36 hours in Port Klang to 72 hours in Penang Port. These variations stem mostly from differences in the efficiency of customs procedures and container dwelling times at the port. Initiatives to streamline processes and shift to a paperless document workflow in Port Klang have eliminated the need for interactions between customs brokers and customs officers and port operators. The starkest

FIGURE 1.6 If all good practices on cost across Malaysia's ports were adopted, Malaysia's global ranking would improve



Source: Doing Business database.

Note: The rankings in the global *Doing Business* study are relative and based on other economies' performances. For the actual rank in trading across borders, Malaysia is represented by Port Klang (Kuala Lumpur). The hypothetical best rank for trading across borders shown above is based on the best performances recorded among all four ports benchmarked within the country, assuming no other economy has made improvements.

variation in the time to undergo documentary compliance for imports is between Port Klang (seven hours) and Johor Port (120 hours).

Trading across borders in Malaysia is less expensive for exports and imports than in other economies that trade the same category of goods. However, border compliance times tend to be higher in Malaysia than in EAP and APEC economies exporting the same category of goods.

The way forward

Malaysia has a successful track record of improving its business environment. The country, as represented by Kuala Lumpur, has improved its global rank for the ease of doing business by nine positions over the past decade—to 12 in *Doing Business 2020*. Now is the time to focus reform efforts on Malaysia's secondary cities to help them catch up with the capital.

Sharing the same national legal framework facilitates the adoption of good practices. Reform-minded local officials can achieve tangible improvements by replicating successful measures already implemented in Kuala Lumpur or elsewhere in Malaysia.

Comparisons between locations in the same country can be strong drivers of reform—it is difficult for local governments and policy makers to justify why doing business in their city or province is more burdensome than

in neighboring locations. Promoting peer-to-peer learning would provide opportunities for national, provincial and municipal policy makers to share their good practices in some areas while learning from others about what has worked better elsewhere. The results would benefit all. Even small administrative improvements that do not require major regulatory changes can make a big difference in the life of a small or medium-size firm.

Doing Business in Malaysia 2020 reveals areas where obstacles exist and highlights opportunities for improvement based on local and international good practices. Cross-cutting issues emerge that require leadership from national and local policy makers. These include the need for: (i) increased coordination among agencies, (ii) a consistent application of the laws and requirements, and (iii) an increased focus on secondary cities when implementing reform initiatives.

Each topic chapter under the "What can be improved?" section identifies opportunities for improvement (table 1.3). Some reforms include administrative changes that can be implemented in a short period of time. Others may be more complex and require more financial and human resources, in addition to more technical capacity.

Focus reform efforts on cities beyond Kuala Lumpur

National reform initiatives to improve Malaysia's business environment have centered almost exclusively on Kuala Lumpur. It is unsurprising, therefore, that Kuala Lumpur outperforms its national peers in all benchmarked areas. The results of these reform efforts are impressive: the improvement of Malaysia (represented by Kuala Lumpur) in the *Doing Business* global ranking is a testament to this progress. However, other cities in Malaysia have been left behind.

Malaysian cities can adopt the good practices implemented in Kuala Lumpur as they seek to strengthen their business environment and remove obstacles to doing business at the local level. With the support of the central government, they should be empowered to introduce solutions that make service delivery more efficient and inclusive at the point of contact with customers. The central government could incentivize local ownership and initiatives to improve business regulation in various ways. It could, for example, support the expansion of the Special Task Force to Facilitate Business (Pasukan Petugas Khas Pemudahcara Perniagaan, or PEMUDAH), a collaboration between the public and private sectors that initiates and drives regulatory reforms and improvements to improve the ease of doing business. Currently, the public members of PEMUDAH are mostly from national agencies and the Kuala Lumpur City Hall—and most improvements identified by the body between 2008 and 2017 were in Kuala Lumpur.[15]

Local PEMUDAH branches could be created in each city, comprised of local public agencies and private sector actors, that discuss city-specific challenges and replicate good practices from Kuala Lumpur (where applicable), tailored to local circumstances. A national representative could also be part of each city committee to facilitate national-level monitoring of reforms.

Malaysia could also follow the example of APEC and set measurable targets to monitor the progress of cities in achieving regulatory goals. Improving the region's business regulatory environment has been a focus of APEC, and member economies have pledged to carry out regulatory reforms both collectively and unilaterally.[16] To help monitor and assess progress toward these commitments, APEC sets measurable targets with specific timelines. While these are regional targets, APEC also encourages members to draft domestic plans that will aid in achieving APEC-wide targets.

APEC has also selected "champion economies" to provide capacity building assistance to other members. Malaysia could consider replicating this model by identifying Kuala Lumpur as a "champion city" to assist other Malaysian cities in adopting good practices. APEC found that the progress of such capacity building activities among members exceeded targets in 2016.[17]

Economies further afield also offer inspiration. Mexico, for example, uses its national reform agenda to leverage competition among its states to reform. The federal government's "Fondo PYME" (SME Fund)[18] offers financing opportunities to promote economic growth, productivity and innovation. Calls for proposals are advertised online each year. Private firms, but also state governments, municipal governments and the judiciary, have access to a variety of program funds. As of 2015, 27 of Mexico's 32 states had obtained resources for different regulatory reform-related projects. The amounts ranged from MXN 800,000 ($40,415) for the creation of a Regulatory Reform Committee to MXN 3.5 million ($176,814) for the implementation of online procedures and a Geographic Information System. Mexico also set up a dedicated National Commission for Regulatory Reform (CONAMER), which helps states map regulatory processes, identify bottlenecks and share good practices.

South Africa provides another good example. South Africa created a dedicated program, the Cities Support Program (CSP),[19] to support the reform efforts of local governments. Housed in the South African National Treasury, CSP support takes four main forms: monitoring progress, fostering accountability, providing technical assistance and facilitating peer learning. South Africa's subnational *Doing Business* studies have been requested and conducted in the context of the CSP's monitoring role. The CSP used the subnational studies to advance the conversation around regulatory reform at the local level and serve as input to help relevant municipalities design action plans for reform. The CSP continues to monitor the implementation of these action plans on a quarterly basis. Progress is reported at City Budget Forum meetings. The CSP also organizes peer learning events so that locations can share good practices related to specific regulatory areas. Beyond the CSP's central coordination team, each municipality also has a CSP City Lead—located in their planning or economic development department—who works directly with municipal coordinators and focal points. This organizational structure allows the CSP to draw both municipal executives and technical staff into the reform process.

Improve coordination between agencies

Local and national authorities across Malaysia could streamline business service delivery by strengthening coordination. Authorities' lack of internal coordination makes processes more burdensome for entrepreneurs across all benchmarked indicators. In all cities except Kuala Lumpur, for example, the construction permitting process involves securing a large number of separate approvals and clearances, both before and after construction. Well-functioning OSCs would benefit these entrepreneurs significantly. Kuala Lumpur—which the other cities could emulate—has successfully undertaken additional efforts to ensure that its OSC effectively coordinates approvals, clearance letters and inspections from various authorities.

Analogous to the process of obtaining construction permits, agencies work in silos at different stages of the property registration process. Each completes its part of the property transfer process, but the agencies lack coordination and have a limited understanding of the client's complete experience. The process is complex and uncertain, as information on the property and ownership is segmented and unharmonized. Improved coordination between municipal cadastres, Land Offices, the Valuation and Property Services Department and the Inland Revenue Board could achieve greater time efficiency.

The creation of a common database of cadastral maps and land ownership data represents another step toward greater integration and efficiency. Such unified databases exist in Kota Kinabalu and Kuching, as well as 23 economies measured by *Doing Business*.[20] This platform could serve as a one-stop shop for conveyancers, reducing the number of interactions needed to transfer property. Kuala Lumpur has taken a step in this direction by implementing a digital platform that allows users to conduct land title, company, and winding-up searches online through a single window. Establishing a similar system across Malaysia has the potential to streamline property transfers on a subnational level (once fully implemented and adopted by the majority of users).

Similarly, a lack of coordination at local ports between government agencies can result in redundant processes. Traders in Malaysia use a variety of electronic platforms—there are separate systems for interactions with customs, port officials and permit-issuing agencies. The introduction of an electronic single window linking all relevant government agencies would allow all actors involved in the trading process to connect directly, thereby standardizing the process, increasing efficiency and avoiding duplication. Malaysia could consider actively participating in the further development and enhancement of the single window that connects and integrates electronic platforms of the Association of Southeast Asian Nations (ASEAN) Member States.[21]

Introduce or improve electronic platforms throughout the country

The findings of *Doing Business in Malaysia 2020* suggest that the country's level of process digitalization could be improved significantly. In dealing with construction permits and registering property, procedures are not automated across indicators and—where they are—functionality is limited. For example, although George Town, Johor Bahru and Kuantan have electronic portals where users can submit building plans digitally, construction companies must follow up afterward with several paper copies of the plans. When transferring property, lawyers outside of Kuala Lumpur must check multiple sources to complete due diligence. Electronic portals must be more than simple document submission and consultation channels. The systems currently in place lack any form of automated checking, file tracking or enhanced electronic communication functionalities. Cities across Malaysia could explore enhancing their platform to allow for two-way communication, through which clarifications can be requested, information is available on public utilities and land offices and clear guidelines are provided. And although the improved e-Tanah system has helped to streamline the property transfer process in Kuala Lumpur, the country still lacks a platform for the online submission of applications.

Similarly, despite the availability of electronic document submission, authorities in Malaysia's ports continue to require documents in paper copy. Traders in Johor Port, Kuantan Port and Penang Port can register the customs declaration electronically for both imports and exports. However, they must subsequently follow up with paper copies and await approval of their documentation. These ports could follow the example of Port Klang, where the customs clearance process is fully automated and there is no need for in-person interaction. They could also explore implementing an automated risk-based customs clearance system. Under such a system, selected export and import products are classified as "low-risk" and undergo an automated clearance process, allowing customs authorities to focus on high-risk shipments requiring further review.

Ensure consistent implementation of requirements and documentation

Having clear regulations that outline the processes and required documents for government transactions—such as applying for a building permit, for example—is an important first step in improving the business environment. However, if regulations are not enforced consistently, entrepreneurs face unpredictability and, ultimately, delays. Private sector experts interviewed for this study identified inconsistencies in the implementation of regulations in Malaysia as a key obstacle to doing business.

Local authorities are responsible for enforcing the law for all building projects—irrespective of size or risk-level—constructed in their jurisdiction.

Regulations stipulate the overall process for building plan approval and construction quality control. However, although the law is technically uniform across Peninsular Malaysia, its interpretation varies by location. Distinct local practices on how to obtain approvals and clearances have evolved. The internal technical departments of planning, building and engineering operate with considerable discretion in applying the by-laws. They can also introduce specific—and sometimes unwritten—requirements into the building plan review process. Among the issues cited most by the construction experts interviewed for this study were inconsistently-applied requirements for parking, landscaping, height control and building materials. In addition to the general guidelines that are currently available, Malaysian cities would benefit from establishing detailed checklists or manuals that stipulate the project review process. The City of Sydney (the local government authority), which has developed detailed application guides and other online resources—including historical archives of proposed and approved building plans—provides a relevant example of good practice for Malaysian cities to follow.[22]

Importers and exporters across Malaysia also noted inconsistencies in requirements. For example, while the website of the Royal Malaysian Customs Department provides useful information on customs duties, free zones and legal norms in Malay, customs brokers noted that customs officers often classify imported goods inconsistently. To increase predictability, customs brokers will wait and submit documents to a known customs officer. The website of the Customs Department could be improved to more clearly disclose information on export and import procedures, document checklists for customs clearance, product classification and any updates on changes in processes and documentation. Other relevant agencies (such as port authorities or agencies overseeing health, environment or safety issues) should also be included in the links section. Links to these agencies could include relevant information such as requirements for certificates of origin and phytosanitary documents, among others.

TABLE 1.3 Summary of reform recommendations to improve the ease of doing business in Malaysia

Suggested reforms	Relevant departments
Dealing with construction permits	
Ensure that existing one stop centers are fully functional	National • Building Associations (Institute of Architects and Institute of Engineers) Local • One Stop Center Counters at Local Councils • Building Departments • City Planning Departments • Engineering Departments • Public Works Departments • Fire and Rescue Departments • Water Authorities • Sewerage Authorities • Utility Corridor Authorities
Expand the data available to construction professionals to facilitate information-gathering	
Introduce new or enhance existing online platforms	
Ensure consistency and transparency across all cities when evaluating new construction projects	
Enforce self-regulation by qualified professionals and clarify the scope of inspections conducted by the authorities	
Consider reducing the burden on entrepreneurs for infrastructure development	
Accelerate the approval of zoning plans	
Enhance the risk-based classification system and fast-track approval options	
Registering property	
Continue the digitalization process and implement e-Tanah in other Malaysian cities	National • Inland Revenue Board • Valuation and Property Services Department (JPPH) • Department of Land and Mines Local • Land and Survey Department of Sarawak • Land Offices • Valuation and Property Management Department at City Hall
Improve stakeholder coordination throughout the property registration process	
Implement a unified or linked database between the Land Office and cadastre	
Improve transparency by expanding access to information on land ownership	
Consider streamlining the consent process in Kuching and making it transparent	
Trading across borders	
Improve the transparency and accessibility of information on customs and port procedures	National • Ministry of Finance • Ministry of International Trade and Industry • Royal Malaysian Customs Department • Ministry of Agriculture and Agro-based Industry • Ministry of Energy, Science, Technology, Environment and Climate Change (Department of Environment) • Ministry of Transport Local • Port authorities Private Sector • Port operators (Johor Port Bhd., Westports Malaysia Sdn. Bhd., Kuantan Port Consortium Sdn. Bhd., Penang Port Sdn. Bhd.) • Customs brokers, freight forwarding agents • Carriers (shipping lines, trucking companies) • Dagang Net Technologies Sdn. Bhd.
Improve coordination of agencies involved in export and import processes to streamline procedures and increase awareness on government initiatives	
Introduce an electronic single window for trade	
Enhance the functionality of the customs information system	

Note: The list of agencies includes the main ministries and agencies relevant to each regulatory area, but others might also be implicated. For a detailed explanation of each recommendation, refer to the "What can be improved?" section of each indicator chapter. For more information on which agencies fall under the purview of each recommendation, refer to the city and port profiles.

Notes

1. Available at https://www.pmo.gov.my/vision-2020/malaysia-as-a-fully-developed-country/.
2. World Bank national accounts data, available at https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=MY. GDP is expressed in constant 2010 U.S. dollars.
3. Djankov, Simeon, Caralee McLiesh and Rita Ramalho. 2006. "Regulation and Growth." Economics Letters 92: 395–401.
4. Malaysia, Economic Planning Unit. 2011. *Tenth Malaysia Plan 2011–2015*. Putrajaya, Malaysia: Government of Malaysia. Available at https://www.pmo.gov.my/dokumenattached/RMK/RMK10_Eds.pdf.
5. Malaysia, Economic Planning Unit. 2015. *Eleventh Malaysia Plan 2016–2020: Anchoring Growth on People*. Putrajaya, Malaysia: Government of Malaysia. Available at https://policy.asiapacificenergy.org/sites/default/files/11th%20Malaysia%20plan.pdf.
6. Department of Statistics Malaysia. 2016. "Economic Census 2016." Available at https://www.dosm.gov.my/v1/index.php?r=column/cone&menu_id=RDRSYVRzK1JFcmh0dm5mV1I4NkFJQT09.
7. Department of Statistics Malaysia. 2016. "Economic Census 2016." Available at https://www.dosm.gov.my/v1/index.php?r=column/cone&menu_id=RDRSYVRzK1JFcmh0dm5mV1I4NkFJQT09.
8. Department of Statistics Malaysia. 2016. "Economic Census 2016." Available at https://www.dosm.gov.my/v1/index.php?r=column/cone&menu_id=RDRSYVRzK1JFcmh0dm5mV1I4NkFJQT09.
9. APEC's 21 member economies are Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong SAR, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russian Federation; Singapore; Taiwan, China; Thailand; the United States; and Vietnam.
10. These rights were granted as part of Sarawak's 18-point agreement and Sabah's 20-point agreement with the Federation of Malaya during the formation of the expanded federation.
11. National Land Code (Act 56 of 1965).
12. Sarawak Land Code (Chapter 81 of 1958).
13. Sabah Land Ordinance (Chapter 68 of 1930).
14. For more information on the building quality control index and the quality of land administration index, please see the data notes.
15. For the full list of improvements, see http://www.mpc.gov.my/pemudah/improvements-2017/.
16. World Bank. 2012. *Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises*. Washington, DC: World Bank Group.
17. APEC Secretariat, APEC Policy Support Unit. 2018. *APEC's Ease of Doing Business—Interim Assessment 2015–2017*. Singapore: APEC Secretariat. Available at https://www.apec.org/Publications/2018/08/APECs-Ease-of-Doing-Business.
18. For more information on Mexico's SME fund, see http://www.fondopyme.gob.mx/.
19. More information about South Africa's Cities Support Program can be found at https://csp.treasury.gov.za/Pages/default.aspx.

20. The economies with a unified database are Antigua and Barbuda; Armenia; Belarus; Cyprus; Czech Republic; Djibouti; Finland; Georgia; Ireland; Japan; Kosovo; Kyrgyz Republic; Lithuania; Malta; the Netherlands; New Zealand; North Macedonia; Romania; Russia; Samoa; Taiwan, China; Turkey; and Uzbekistan.
21. For more information on the ASEAN Single Window, see https://asw.asean.org/index.php/12-news/1-what-is-asean-single-window.
22. See the Archives and Historical Resources section of the City of Sydney's webpage at https://archives.cityofsydney.nsw.gov.au/nodes/view/495002.

CHAPTER 2

About *Doing Business* and *Doing Business in Malaysia 2020*

- *Doing Business* measures aspects of business regulation affecting domestic small and medium-size firms located in the largest business city of 190 economies. In addition, for 11 economies a second city is covered.
- *Doing Business* covers 12 areas of business regulation. Ten of these areas—starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency—are included in the ease of doing business score and ease of doing business ranking. *Doing Business* also measures regulation on employing workers and contracting with the government, which are not included in the ease of doing business score and ease of doing business ranking.
- *Doing Business in Malaysia 2020* covers three *Doing Business* indicators: dealing with construction permits, registering property and trading across borders.

Doing Business is founded on the principle that economic activity benefits from clear rules: rules that allow voluntary exchanges between economic actors, set out strong property rights, facilitate the resolution of disputes and provide contractual partners with protections against arbitrariness and abuse. Such rules are much more effective in promoting growth and development when they are efficient, transparent and accessible to those for whom they are intended.

Rules create an environment where new entrants with drive and innovative ideas can get started in business and where productive firms can invest, expand and create new jobs. The role of government policy in the daily operations of small and medium-size domestic firms is a central focus of the *Doing Business* data. The objective is to encourage regulation that is efficient, transparent and easy to implement so that businesses can thrive. *Doing Business* data focus on 12 areas of regulation affecting small and medium-size domestic firms in the largest business city of an economy. The project uses standardized case studies to provide objective, quantitative measures that can be compared across 190 economies.

Factors measured by *Doing Business* and subnational *Doing Business* studies

Doing Business captures several important dimensions of the regulatory environment affecting domestic firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency (table 2.1). *Doing Business* also measures aspects of employing workers and contracting with the government (public procurement), which are not included in the ranking.

Subnational *Doing Business* focuses on the indicators that are most likely to vary from city to city, such as those on dealing with construction permits or registering property. Indicators that use a legal scoring methodology, such as those on getting credit or protecting minority investors, are typically excluded because they mostly look at national laws with general applicability.

TABLE 2.1 What *Doing Business* and subnational *Doing Business* studies measure—12 areas of business regulation

Indicator set	What is measured
Typically included in subnational *Doing Business* studies	
Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company for men and women
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system for men and women
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes for men and women
Not typically included in subnational *Doing Business* studies	
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time and total tax and contribution rate for a firm to comply with all tax regulations as well as post-filing processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Employing workers	Flexibility in employment regulation
Contracting with the government	Procedures and time to participate in and win a works contract through public procurement and the public procurement regulatory framework

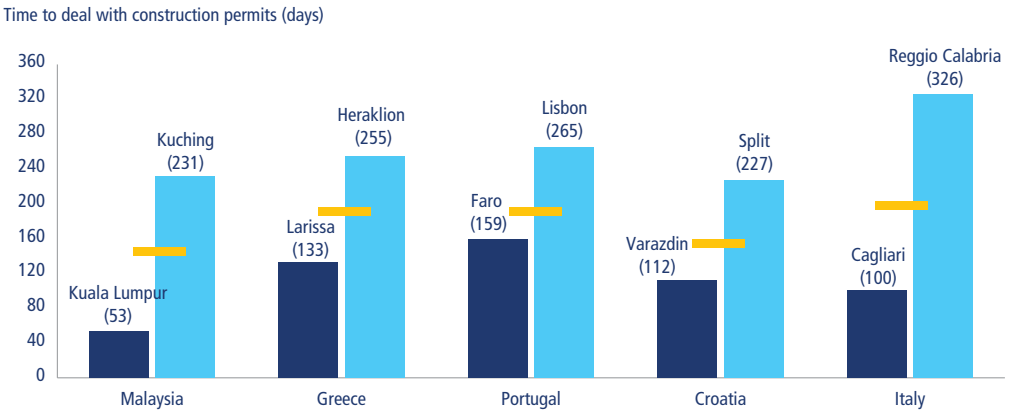
Note: The employing workers and contracting with the government indicator sets are not part of the ease of doing business ranking in *Doing Business 2020*.

Doing Business measures aspects of business regulation affecting domestic small and medium-size firms defined on the basis of standardized case scenarios and located in the largest business city of each economy. In addition, for 11 economies a second city is covered.

Subnational *Doing Business* studies cover a subset of the 11 areas of business regulation that *Doing Business* covers across 190 economies. Subnational studies expand the *Doing Business* analysis beyond the largest business city of an economy. They measure variation in regulations or in the implementation of national laws across locations within an economy (as in this study) or a region (as in the European Union). Projects are undertaken at the request of governments.

Data collected by subnational studies show that there can be substantial variation within an economy, including in Malaysia (figure 2.1). In Croatia in 2018, for example, dealing with construction permits took 112 days in Varazdin and twice that time in Split. And in Malaysia, the time ranged from 53 days in Kuala Lumpur to more than four times as long in Kuching. Indeed, within the same economy, one can find locations that perform as well as economies ranking in the top 20 on the ease of dealing with construction permits and locations that perform as poorly as economies ranking in the bottom 40 on that indicator.

FIGURE 2.1 Different locations, different regulatory processes, and same economy



Source: Subnational *Doing Business* database.

Note: The average time shown for each economy is based on all cities covered by the data: six cities in Malaysia in 2019, six cities in Greece in 2019, eight cities in Portugal in 2018, five cities in Croatia in 2018 and 13 cities in Italy in 2019.

The subnational *Doing Business* studies create disaggregated data on business regulation. But they go beyond a data collection exercise. They have proved to be strong motivators for regulatory reform at the local level:

- The data produced are comparable across locations within the economy and internationally, enabling locations to benchmark their results both locally and globally. Comparisons of locations that are within the same economy and therefore share the same legal and regulatory framework can be revealing: local officials find it hard to explain why doing business is more difficult in their jurisdiction than in a neighboring one.
- Pointing out good practices that exist in some locations but not others within an economy helps policy makers recognize the potential for replicating these good practices. This can prompt regulatory reform discussions across different levels of government, providing opportunities for local governments and agencies to learn from one another and resulting in local ownership and capacity building.

Since 2005 subnational studies have covered 543 locations in 78 economies, including Brazil, Colombia, the Arab Republic of Egypt, Mozambique, Poland, Spain and Serbia. Twenty economies—including Indonesia, Kazakhstan, Kenya, Mexico, Nigeria, the Philippines, the Russian Federation, South Africa, and the United Arab Emirates—have undertaken two or more rounds of subnational data collection to measure progress over time. Ongoing studies include those in Brazil (27 cities), China (Chongqing), the European Union (Austria, Belgium and the Netherlands), Honduras (San Pedro Sula), Peru (12 cities) and the United Arab Emirates (two emirates).

Doing Business in Malaysia 2020 is the first subnational *Doing Business* study for Malaysia. It benchmarks business regulation and its enforcement in six cities (George Town, Johor Bahru, Kota Kinabalu, Kuala Lumpur, Kuantan and Kuching) in the areas of dealing with construction permits and registering property, and four ports (Johor Port, Kuantan Port, Penang Port and Port Klang) in the area of trading across borders.

How the indicators are selected

The design of the Do*ing Business* indicators has been informed by theoretical insights gleaned from extensive research.[1] In addition, background papers developing the methodology for most of the *Doing Business* indicator sets have established the importance of the rules and regulations that *Doing Business* measures for economic outcomes such as trade volumes, foreign direct investment, market capitalization in stock exchanges and private credit as a percentage of GDP.[2]

Doing Business in Malaysia 2020 covers three *Doing Business* indicator sets (or topics)—dealing with construction permits, registering property and trading across borders. These were chosen based on their relevance to the national context and their ability to show variation across the locations covered.

Some *Doing Business* indicators give a higher score for more regulation and better-functioning institutions (such as courts or credit bureaus). Higher scores are given for stricter disclosure requirements for related-party transactions, for example, in the area of protecting minority investors. Higher scores are also given for a simplified way of applying regulation that keeps compliance costs for firms low—such as by easing the burden of business start-up formalities with a one-stop shop or through a single online portal. Finally, the scores reward economies that apply a risk-based approach to regulation as a way to address social and environmental concerns—such as by placing a greater regulatory burden on activities that pose a high risk to the population and a lesser one on lower-risk activities. Thus, the economies that rank highest on the ease of doing business are not those where there is no regulation, but those where governments have managed to create rules that facilitate interactions in the marketplace without needlessly hindering the development of the private sector.

The ease of doing business score and ease of doing business ranking

Doing Business presents results for two aggregate measures: the ease of doing business score and the ease of doing business ranking, which is based on the ease of doing business score. The ease of doing business ranking compares economies with one another, whereas the ease of doing business scores benchmark economies with respect to regulatory best practice, showing the proximity to the best regulatory performance on each *Doing Business* indicator. This study focuses only on the doing business score and ranking for individual indicator sets (except for trading across borders, where only the doing business score is presented).

When compared across years, the ease of doing business score shows how much the regulatory environment for local entrepreneurs in an economy has changed over time in absolute terms, whereas the ease of doing business ranking shows only how much the regulatory environment has changed relative to that in other economies.

Doing Business in Malaysia 2020 includes indicator scores and rankings for the six selected cities on dealing with construction permits and registering property and indicator scores for the four selected ports on trading across borders. The score measures a location's performance with respect to a measure of regulatory best practice for each topic. For registering property, for example, Georgia, Norway, Portugal and two other economies have the lowest number of procedures required (1). Georgia and Qatar hold the shortest time to register property (1 day), while Saudi Arabia has the lowest cost (0.0). No economy has reached the best performance of 30 points on the quality of land administration index (table 2.2).

Calculation of the doing business score for each topic

Calculating the ease of doing business score for each of the three topics for each city involves two main steps. In the first step individual component indicators are normalized to a common unit where each of the 16 component indicators y is rescaled using the linear transformation (worst – y)/(worst – best). In this formulation the highest score represents the best regulatory performance on the indicator across all economies covered by *Doing Business* since 2005 or the third year in which data for the indicator were collected. Both the best regulatory performance and the worst regulatory performance are established every five years on the basis of the *Doing Business* data for the year in which they are established and remain at that level for the five years regardless of any changes in data in interim years.[3]

Thus, an economy may establish the best regulatory performance for an indicator even though it may not have the highest score in a subsequent year. Conversely, an economy may score higher than the best regulatory performance if the economy reforms after the best regulatory performance is set. For example, the best regulatory performance for the time to get electricity is set at 18 days. In the Republic of Korea it now takes 13 days to get electricity while in the United Arab Emirates it takes just 7 days. Although the two economies have different times, both economies score 100 on the time to get electricity because they have exceeded the threshold of 18 days.

TABLE 2.2 Which economies set the best regulatory performance?

Topic and indicator	Economy establishing best regulatory performance	Best regulatory performance	Worst regulatory performance
Dealing with construction permits			
Procedures (number)	No economy was a best performer as of May 1, 2019.	5	30[b]
Time (days)	No economy was a best performer as of May 1, 2019.	26	373[c]
Cost (% of warehouse value)	No economy was a best performer as of May 1, 2019.	0.0	20.0[c]
Building quality control index (0–15)	China; Luxembourg; United Arab Emirates[d]	15	0[e]
Registering property			
Procedures (number)	Georgia; Norway; Portugal[f]	1	13[b]
Time (days)	Georgia; Qatar	1	210[c]
Cost (% of property value)	Saudi Arabia	0.0	15.0[c]
Quality of land administration index (0–30)	No economy has reached the best performance yet.	30	0[e]
Trading across borders			
Time to export			
Documentary compliance (hours)	Canada; Poland; Spain[g]	1[h]	170[c]
Border compliance (hours)	Austria; Belgium; Denmark[i]	1[h]	160[c]
Cost to export			
Documentary compliance (US$)	Hungary; Luxembourg; Norway[j]	0	400[c]
Border compliance (US$)	France; Netherlands; Portugal[k]	0	1,060[c]
Time to import			
Documentary compliance (hours)	Republic of Korea; Latvia; New Zealand[l]	1[h]	240[c]
Border compliance (hours)	Estonia; France; Germany[m]	1[h]	280[c]
Cost to import			
Documentary compliance (US$)	Iceland; Latvia; United Kingdom[n]	0	700[c]
Border compliance (US$)	Belgium; Denmark; Estonia[o]	0	1,200[c]

Source: Doing Business database.

a. No economy was a best performer as of May 1, 2019, due to data revisions.
b. Worst performance is defined as the 99th percentile among all economies in the *Doing Business* sample.
c. Worst performance is defined as the 95th percentile among all economies in the *Doing Business* sample.
d. Another three economies score 15 out of 15 on the building quality control index.
e. Worst performance is the worst value recorded.
f. Two more economies record one procedure to register property.
g. Another 23 economies also have a documentary compliance time to export of no more than 1 hour.
h. Defined as 1 hour even though in many economies the time is less.
i. Another 16 economies also have a border compliance time to export of no more than 1 hour.
j. Another 17 economies also have a documentary compliance cost to export of 0.0.
k. Another 16 economies also have a border compliance cost to export of 0.0.
l. Another 27 economies also have a documentary compliance time to import of no more than 1 hour.
m. Another 22 economies also have a border compliance time to import of no more than 1 hour.
n. Another 27 economies also have a documentary compliance cost to import of 0.0.
o. Another 25 economies also have a border compliance cost to import of 0.0.

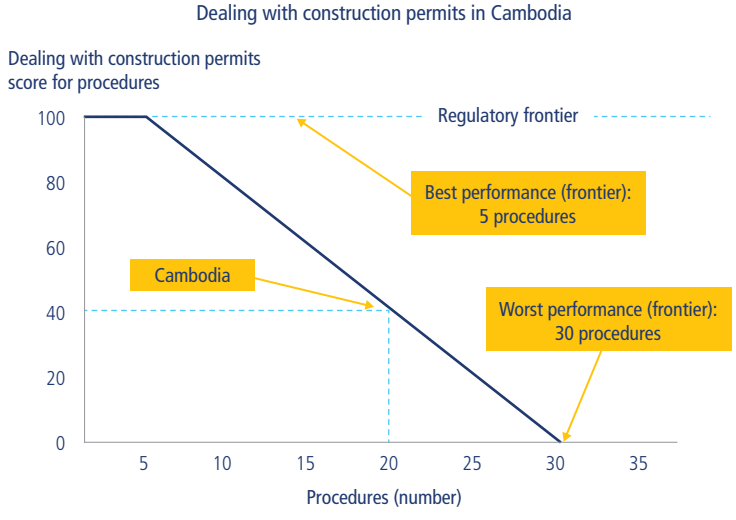
For scores on indexes such as the building quality control index or the quality of land administration index, the best regulatory performance is set at the highest possible value (although no economy has yet reached that value in the case of the latter). For the different times to trade across borders, the best regulatory performance is defined as one hour even though in many economies the time is less than that.

In the same formulation, to mitigate the effects of extreme outliers in the distributions of the rescaled data for most component indicators (very few economies need 700 days to complete the procedures to start a business, but many need 9 days), the worst performance is calculated after the removal of outliers. The definition of outliers is based on the distribution for each component indicator. To simplify the process two rules were defined: the 95th percentile is used for the indicators with the most dispersed distributions (including the time and cost indicators), and the 99th percentile is used for number of procedures (figure 2.2). No outlier is removed for component indicators bound by definition or construction, including legal index scores (such as the quality of land administration index or the quality of judicial processes index).

In the second step for calculating the ease of doing business score for each topic, the scores obtained for individual indicators for each city are aggregated through simple averaging into one score for each topic.

A city's topic score is indicated on a scale from 0 to 100, where 0 represents the worst regulatory performance and 100 the best. All topic ranking calculations are based on scores without rounding.

FIGURE 2.2 How are scores calculated for indicators? An example



Source: Doing Business database.

Variability of cities' scores across topics

Each *Doing Business* topic measures a different aspect of the business regulatory environment. The scores and associated rankings of a city can vary, sometimes significantly, across topics. One way to assess the variability of a city's regulatory performance is to look at its scores across topics. Consider the example of Portugal (represented by Lisbon). Its aggregate ease of doing business score is 76.5. It scores 90.9 for starting a business and 100.0 for trading across borders, but only 62.0 for protecting minority investors and 45.0 for getting credit.

Variation in performance across topics is not unusual. It reflects differences in the degree of priority that government authorities give to particular areas of business regulation reform and in the ability of different government agencies to deliver tangible results in their area of responsibility.

Topic rankings

The rankings for dealing with construction permits and registering property range from 1 to 6. The ranking of cities is determined by sorting the aggregate doing business scores for each topic.

Advantages and limitations of the methodology

The *Doing Business* methodology is designed to be an easily replicable way to benchmark specific characteristics of business regulation—how they are implemented by governments and experienced by private firms on the ground. Its advantages and limitations should be understood when using the data.

Ensuring comparability of the data across a global set of economies is a central consideration for the *Doing Business* indicators, which are developed using standardized case scenarios with specific assumptions. One such assumption is the location of a standardized business—the subject of the *Doing Business* case study—in the largest business city of the economy. The reality is that business regulations and their enforcement may differ within a country, particularly in federal states and large economies. Gathering data for every relevant jurisdiction in each of the 190 economies covered by *Doing Business* is infeasible. Nevertheless, where policy makers are interested in generating data at the local level, beyond the largest business city, and learning from local good practices, *Doing Business* has complemented its global indicators with subnational studies. Also, starting with *Doing Business 2015*, coverage was extended to the second-largest city in economies with a population of more than 100 million (as of 2013).

Doing Business recognizes the limitations of the standardized case scenarios and assumptions. Although such assumptions come at the expense of generality, they also help to ensure the comparability of data. Some *Doing Business* topics are complex, so it is important that the standardized cases are defined carefully. For example, the standardized case scenario usually involves a limited liability company or its legal equivalent. There are two

reasons for this assumption. First, private limited liability companies are the most prevalent business form (for firms with more than one owner) in many economies around the world. Second, this choice reflects the focus of *Doing Business* on expanding opportunities for entrepreneurship: investors are encouraged to venture into business when potential losses are limited to their capital participation.

Another assumption underlying the *Doing Business* indicators is that entrepreneurs have knowledge of and comply with applicable regulations. In practice, entrepreneurs may not be aware of what needs to be done or how to comply with regulations and may lose considerable time trying to find out. Alternatively, they may intentionally avoid compliance—by not registering for social security, for example. Firms may opt for bribery and other informal arrangements intended to bypass the rules where regulation is particularly onerous. Levels of informality tend to be higher in economies with especially burdensome regulation. Compared with their formal sector counterparts, firms in the informal sector typically grow more slowly, have poorer access to credit and employ fewer workers—and these workers remain outside the protections of labor law and, more generally, other legal protections embedded in the law.[4] Firms in the informal sector are also less likely to pay taxes. *Doing Business* measures one set of factors that help explain the occurrence of informality and provides policy makers with insights into potential areas of regulatory reform.

Many important policy areas are not covered by *Doing Business*; even within the areas it measures, the scope is narrow. *Doing Business* does not measure the full range of factors, policies and institutions that affect the quality of an economy's business environment or its national competitiveness. It does not, for example, capture aspects of macroeconomic stability, development of the financial system, market size, the incidence of bribery and corruption or the quality of the labor force.

Data collection in practice

The *Doing Business* data are based on a detailed reading of domestic laws, regulations and administrative requirements as well as their implementation in practice as experienced by private professionals. The study covers 190 economies—including some of the smallest and poorest economies, for which other sources provide little or no data. The data are collected through several rounds of communication with expert respondents (both private sector practitioners and government officials), through responses to questionnaires, conference calls, written correspondence and visits by the team. *Doing Business* relies on four main sources of information: the relevant laws and regulations, *Doing Business* respondents, the governments of the economies covered and the World Bank Group regional staff. For a detailed explanation of the *Doing Business* methodology, see the data notes at www.doingbusiness.org.

Subnational *Doing Business* follows similar data collection methods. However, subnational *Doing Business* studies are driven by client demand and do not follow the same timeline as global *Doing Business* publications (figure 2.3).

Relevant laws and regulations

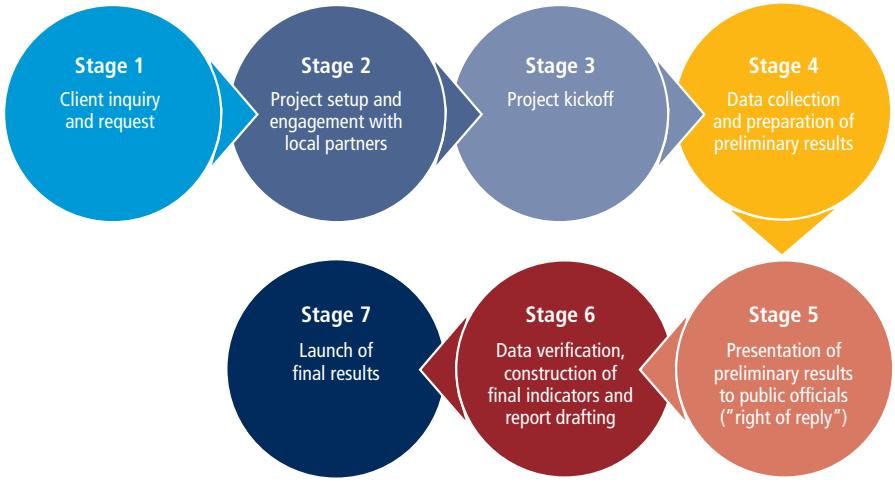
Indicators presented in *Doing Business in Malaysia 2020* are based on laws and regulations. In addition to filling out questionnaires, *Doing Business* respondents submit references to the relevant laws, regulations and fee schedules. The team collects the texts of the relevant laws and regulations and checks the questionnaire responses for accuracy. The team examines the relevant building codes, for example, to check what inspections are legally required while building a warehouse.

Extensive consultations with multiple contributors are conducted by the team to minimize measurement errors for the rest of the data. For some indicators—for example, those on dealing with construction permits and registering property—the time component is based on what actual practice looks like. This approach introduces a degree of judgment by respondents on what actual practice looks like. When respondents disagree, the time indicators reported represent the median values of several responses given under the assumptions of the standardized case.

Expert respondents

For *Doing Business in Malaysia 2020*, more than 300 professionals across the selected six cities and four ports assisted in providing the data that inform the three areas covered. The subnational *Doing Business* website and the

FIGURE 2.3 Typical stages of a subnational *Doing Business* project



acknowledgments section of this study list the names and credentials of those respondents wishing to be acknowledged.

Selected on the basis of their expertise in these areas, respondents are professionals who routinely administer or advise on the legal and regulatory requirements in the specific areas covered by *Doing Business in Malaysia 2020*. Because of the focus on legal and regulatory arrangements in registering property, most of the respondents for this indicator are legal professionals. Architects, engineers and other professionals answered the questionnaires related to dealing with construction permits. Customs brokers, freight forwarders and other professionals answered the questionnaires related to trading across borders. Certain local and national government officials (such as registrars from the property registry and customs officials) also provide information that is incorporated into the indicators.

The *Doing Business* approach is to work with legal practitioners or other professionals who regularly undertake the transactions involved. Following the standard methodological approach for time-and-motion studies, *Doing Business in Malaysia 2020* breaks down each process or transaction, such as obtaining a construction permit or transferring a property title, into separate steps to ensure a better estimate of time. The time estimate for each step is given by practitioners with significant and routine experience in the transaction.

Governments and World Bank Group regional staff

After receiving the completed questionnaires from the respondents for *Doing Business in Malaysia 2020*, verifying the information against the law, and conducting follow-up inquiries to ensure that all relevant information is captured, the subnational *Doing Business* team shared the preliminary findings with the government and relevant public authorities in each city. Through this process, government officials had the opportunity to comment on the preliminary data in meetings with World Bank Group staff as well as in writing ("right of reply" period). Having public officials discuss and comment on the preliminary results has proven to be an important activity, not only to improve the quality of the study but also to enhance the dialogue between the local governments and the World Bank Group at the subnational level.

Uses of the *Doing Business* data

Doing Business was designed with two main types of users in mind: policy makers and researchers. It is a tool that governments can use to design sound business regulatory policies. Nevertheless, the *Doing Business* data are limited in scope and should be complemented with other sources of information. *Doing Business* focuses on a few specific rules relevant to the case studies analyzed. These rules and case studies are chosen to be illustrative of the business regulatory environment, but they do not constitute a comprehensive description of that environment. By providing a unique data

set that enables analysis aimed at better understanding the role of business regulation in economic development, *Doing Business* is also an important source of information for researchers.

Governments and policy makers

Doing Business offers policy makers a benchmarking tool useful in stimulating policy debate, both by exposing potential challenges and by identifying good practices and lessons learned. Despite the narrow focus of the indicators, the initial debate in an economy on the results they highlight typically turns into a deeper discussion on areas where business regulatory reform is needed, including areas well beyond those measured by *Doing Business*. In economies where subnational studies are conducted, the *Doing Business* indicators go one step further in offering policy makers a tool to identify good practices that can be adopted within their economies.

The *Doing Business* indicators are "actionable." For example, governments can set the minimum capital requirement for new firms, invest in company and property registries to increase their efficiency, or improve the efficiency of tax administration by adopting the latest technology to facilitate the preparation, filing and payment of taxes by the business community. Governments also undertake court reforms to shorten delays in the enforcement of contracts. Some *Doing Business* indicators, however, capture procedures, time and costs that involve private sector participants, such as lawyers, notaries, architects, electricians or freight forwarders. Governments have little influence in the short run over the fees these professions charge, though much can be achieved by strengthening professional licensing regimes and preventing anticompetitive behavior. In addition, governments have no control over the geographic location of their economy, a factor that can adversely affect businesses.

Over the past decade governments have increasingly turned to *Doing Business* as a repository of actionable, objective data providing unique insights into good practices worldwide as they have come to understand the importance of business regulation as a driving force of competitiveness. To ensure the coordination of efforts across agencies, economies such as Colombia, Kuwait and Malaysia have formed regulatory reform committees. These committees use the *Doing Business* indicators as one input to inform their programs for improving the business environment. More than 70 other economies have also formed such committees. Governments have reported more than 3,800 regulatory reforms, 1,316 of which have been informed by *Doing Business* since 2003.[5]

Many economies share knowledge on the regulatory reform process related to the areas measured by *Doing Business*. Among the most common venues for this knowledge sharing are peer-to-peer learning events—workshops where officials from different governments across a region or even across the globe meet to discuss the challenges of regulatory reform and to share their experiences.

Researchers

Doing Business data are widely used by researchers in academia, think tanks, international organizations and other institutions. Since 2003, thousands of empirical articles have used *Doing Business* data or its conceptual framework to analyze the impact of business regulation on various economic outcomes.[6]

Notes

1. Djankov, Simeon. 2016. "The Doing Business Project: How It Started: Correspondence." *Journal of Economic Perspectives* 30 (1): 247–48.
2. These papers are available on the *Doing Business* website at http://www.doingbusiness.org/methodology.
3. The next update will be published in *Doing Business 2021* along with several other methodological changes such as the introduction of the contracting with the government indicators.
4. Schneider, Friedrich. 2005. "The Informal Sector in 145 Countries." Department of Economics, University Linz, Linz, Austria; La Porta, Rafael, and Andrei Shleifer. 2008. "The Unofficial Economy and Economic Development." Tuck School of Business Working Paper 2009-57, Dartmouth College, Hanover, NH, available at Social Science Research Network (SSRN), http://ssrn.com/abstract=1304760.
5. These are reforms for which *Doing Business* is aware that information provided by *Doing Business* was used in shaping the reform agenda.
6. Since the publication of the first *Doing Business* study in 2003, more than 3,700 research articles discussing how regulation in the areas measured by *Doing Business* influences economic outcomes have been published in peer-reviewed academic journals and over 1,300 of these are published in the top 100 journals. Another 10,000 are published as working papers, books, reports, dissertations or research notes.

CHAPTER 3

Dealing with construction permits

- Dealing with construction permits is easiest in Kuala Lumpur and most challenging in Kuching.
- Kuala Lumpur has progressively improved the efficiency of its construction permitting process and adopted international good practices. The process is about two months faster in Kuala Lumpur than in the next most-efficient city, Kuantan, and costs nearly 77% less than the average for Malaysia.
- The six cities benchmarked in *Doing Business in Malaysia 2020* score 13 of 15 possible points on the building quality control index; these scores are among the highest globally. However, despite an advanced legal framework with clear liability and building quality control mechanisms, there is still a duplication of responsibilities between government agencies and the private sector.
- Among the main bottlenecks to greater efficiency are the incomplete implementation of Malaysia's One Stop Centers, the practice of multiple, uncoordinated inspections and a lack of coordination between government agencies involved in approving construction projects.

The construction sector is a driving force of the Malaysian economy. According to the Malaysian Central Bank, the sector grew by 4.7% in 2019, outpacing economic growth overall.[1] However, the construction sector, which employed roughly 1.2 million workers in 2019, faces important challenges. Employment in the sector contracted by 3.5% in 2019.[2] With a relatively low level of technological adoption—fewer than 20% of firms report the use of advanced software in the design or execution of construction projects—the sector has also been slow in the uptake of advanced construction methods such as Industrialized Building Systems.

In response to these challenges, the Malaysian authorities and industry associations are redoubling their efforts to encourage the professionalization of the construction sector, and to facilitate more efficient public-private interactions. Malaysia's building permitting system is under increasing scrutiny as a source of inefficiency. Building permitting across Malaysia continues to rely on a long sequence of interactions with separate authorities and a low degree of coordination, which leads to project delays and inconsistent building quality control practices. While many Malaysian cities have formally adopted the One Stop Center 3.0 Plus (OSC3+) model, the process of obtaining building approvals remains largely uncoordinated, resulting in longer waiting times, inefficient quality supervision and a high rejection rate.[3]

Efficient construction permitting requires coordination between a wide range of public agencies. Streamlining the process—by, for example, reducing the required number of clearances and approvals to complete a construction project—can lead to significant cost and time savings, particularly for small and medium-size architecture, engineering and construction firms. By establishing clear and streamlined procedures, the private sector can benefit from a faster and more predictable permitting process while ensuring safety and quality standards.

How does construction permitting work in Malaysia?

The Street, Drainage and Building Act of 1974 (Act 133) and the Uniform Building Bylaws of 1984 govern all construction activity in the four cities benchmarked in Peninsular Malaysia.[4] Sarawak and Sabah, located in East Malaysia, have different legal frameworks, namely the Building Ordinance of 1994 and the Building Bylaws of 1951, respectively. Construction standards are mandatory across Malaysia.[5] Several other government agencies prescribe building requirements through specific regulations within their area of control. The Fire Services Department, for example, is responsible for enforcing standards under the Fire Services Act 1988, in addition to fire control requirements covered in Parts VII and VIII of the Uniform Building Bylaws of 1984. The authorities responsible for water and sewerage connections are bound by the same regulations but can impose varying requirements and procedures on contractors in charge of new utility connections.

Malaysia relies mainly on self-regulation for building quality control. The Principal Submitting Person (PSP)—which must be either a certified and registered architect or engineer—is ultimately responsible for and must attest to the quality and safety of each construction project. There are several clearances and approvals that the PSP must secure before construction can begin (figure 3.1).

Across all cities, the PSP must first obtain the technical conditions for the utility connections that are required to design the building plans. Clearances must also be secured from the fire authority, the sewerage authority and the water authority. Although One Stop Centers (OSCs)—which, in theory, coordinate the building plan approval process—have existed in Malaysia since 2007, it is common for the PSP to submit the building plans in person to these three authorities, both to save time and avoid a potential rejection of the proposed project. Local city councils issue the building permit. In all cities except Kuala Lumpur, to begin piping works for water and sewerage connections, permits for either excavation or underground mapping must also be obtained separately.

Once the construction project is approved, but before works can begin, the PSP must submit a notice of commencement of construction (B form). City Hall authorities do not undertake any technical inspections during the construction process in any city. The PSP is fully responsible for the supervision of building works at the construction site and is legally required to ensure compliance with legislation and that technical conditions are followed. Similarly, the PSP is responsible for reporting and rectifying any defects discovered during the construction phase.

Upon completion of construction, the PSP must collect 21 completion forms (G forms)[6] signed by various construction and engineering professionals covering the various aspects of the construction works and issue a certificate of completion and compliance (CCC). The CCC certifies that the construction project was completed in accordance with the approved building plans. It also attests that the PSP supervised the project in all phases (as required by the bylaws). The fire, water and sewerage authorities must also conduct their final inspections before countersigning the forms.

FIGURE 3.1 Dealing with construction permits in other cities require between 10 and 14 more procedures than in Kuala Lumpur

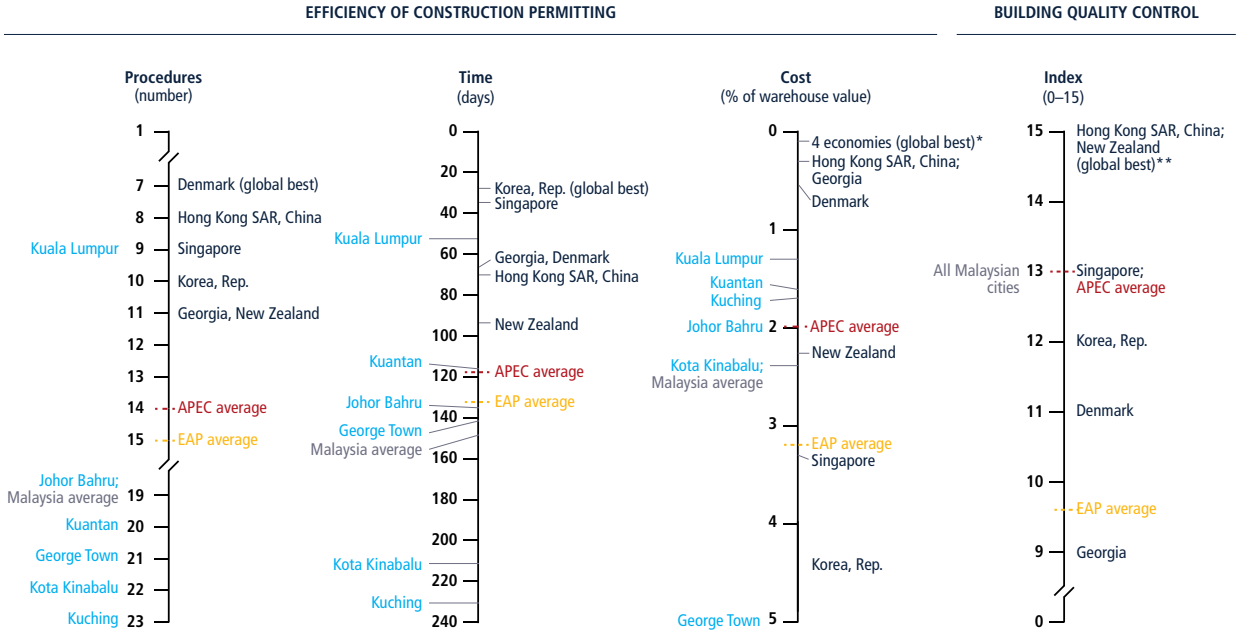
Source: Doing Business database.

* This procedure is completed during construction in Kota Kinabalu and Kuching.

How do the results compare at the regional level?

Across Malaysia, dealing with construction permits requires on average 19 procedures, takes 148.5 days and costs 2.3% of the warehouse value (figure 3.2). The process takes four procedures more than the average in the East Asia and Pacific (EAP) region, and five more than the average in Asia-Pacific Economic Cooperation (APEC) economies. Among neighboring economies, only Brunei Darussalam, the Philippines and Cambodia have a more complex process. Malaysia's construction permitting process is also nearly 17 days slower than the EAP average and one month slower than the APEC average. However, it is far less costly than the EAP regional average (3.2% of the warehouse value). Dealing with construction permits is more expensive in Singapore (3.3%) and the Republic of Korea (4.4%) than in Malaysia.

FIGURE 3.2 The construction permitting process is slower in Malaysia than in APEC and EAP, but less costly



APEC = Asia-Pacific Economic Cooperation

EAP = East Asia and the Pacific

Source: Doing Business database.

Note: EAP averages are based on economy-level data for the 25 EAP economies. APEC averages are based on economy-level data for the 21 APEC member economies. The averages for Malaysia are based on the six cities benchmarked in Malaysia. Other economies are represented by their largest city as measured by *Doing Business*.

* It costs 0.1% of the warehouse value in Mongolia, Qatar, St. Vincent and the Grenadines and Trinidad and Tobago.

** China, Rwanda and the United Arab Emirates also score 15 on the building quality control index.

The six cities benchmarked for *Doing Business in Malaysia 2020*—George Town, Johor Bahru, Kota Kinabalu, Kuala Lumpur, Kuantan and Kuching—score well on the building quality control index, with each city earning 13 out of 15 possible points. This performance is on par with that of Singapore and ahead of economies such as Korea (12 points) and Denmark (11 points).

How does the process vary within Malaysia?

Although the legal framework governing building permitting and construction quality control is uniform across Peninsular Malaysia, the efficiency of complying with formalities to complete a warehouse vary substantially, both within Peninsular Malaysia and even more so when compared with East Malaysia. It is easiest to deal with construction permits in Kuala Lumpur, where it takes only nine procedures, 53 days and costs 1.3% of the warehouse value (table 3.1). This is ten procedures less than in any other location in Malaysia and on par with Singapore, mainly due to the city's implementation of a fully functional OSC (box 3.1). Similarly, the time in Kuala Lumpur is about two months faster than the second-fastest city, Kuantan, and is the fifth-fastest city in the world. The cost is 77% less than the average for Malaysia. Dealing with construction permits is most difficult in Kuching, where it takes the longest time (nearly eight months), has the most procedures (23) and costs 1.7% of the warehouse value.

TABLE 3.1 Dealing with construction permits in Malaysia—where is it easier?

City (State)	Rank	Score (0–100)	Procedures (number)	Time (days)	Cost (% of warehouse value)	Building quality control index (0–15)
Kuala Lumpur	1	89.0	9	53	1.3	13
Kuantan (Pahang)	2	73.0	20	118	1.6	13
Johor Bahru (Johor)	3	72.2	19	136	2.0	13
George Town (Penang)	4	66.1	21	141	5.0	13
Kota Kinabalu (Sabah)	5	63.3	22	212	2.3	13
Kuching (Sarawak)	6	61.7	23	231	1.7	13

Source: Doing Business database.

Note: Rankings are based on the average score for the procedures, time and cost associated with dealing with construction permits, as well as for the building quality control index. The score is normalized to range from 0 to 100 (the higher the score, the better). Data for Kuala Lumpur were revised since the publication of *Doing Business 2020*. For more details, see the chapter About *Doing Business* and *Doing Business in Malaysia 2020*. The complete data set is available on the *Doing Business* website at http://www.doingbusiness.org.

BOX 3.1 Kuala Lumpur introduced a holistic approach to construction permitting in 2012 for simpler construction projects

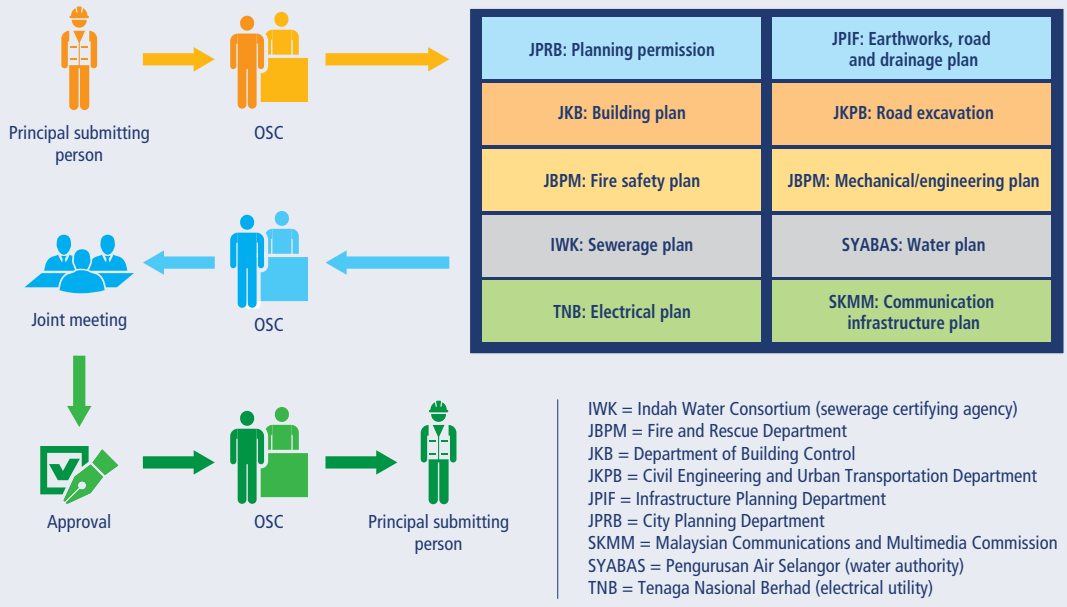
Kuala Lumpur is the only benchmarked Malaysian city with a fully implemented one-stop-shop workflow and where a single entity, the OSC, facilitates all legally-required permits, clearances and approvals. In May 2012, Kuala Lumpur City Hall overhauled the building permitting process for non-residential construction by streamlining the approval process, improving coordination between government agencies (and with utility providers) and delegating supervision procedures to construction professionals.

Previously, applicants had to submit separate approval requests to at least 14 different authorities, file three separate notifications, receive four distinct inspections and wait for five reports and clearances. Following the launch of the OSC, applicants only interact with a single focal point (see figure). The OSC not only distributes applications to the relevant technical departments but also monitors the progress of the review process and enforces time limits to avoid unnecessary delays.

The OSC has improved the construction permitting process significantly, including by eliminating redundant procedures (the submission of notification for the commencement of construction, for example) and facilitating the clearances of several authorities on the builder's behalf. According to *Doing Business* data, in 2012 it took 127 days and 37 procedures to deal with construction permits in Kuala Lumpur. By 2013, following the creation of the OSC, 23 procedures had been streamlined, and only 14 procedures were required to complete the permitting process. By 2019, further improvements to the OSC had reduced the number of procedures to just nine, which can be completed in an average of 53 days.

The OSC process does not apply to all construction projects; it is limited to buildings not exceeding two stories on plots of no more than one acre located on flat land and outside of heritage zones. The projects can include different types of building such as fast food outlets, warehouses, houses of worship and petrol stations, among others. Plans that do not meet these criteria are subject to additional inspections and longer review times, similar to those of other Malaysian cities.

The OSC submission process streamlines and consolidates several procedures that require separate interactions in other Malaysian cities



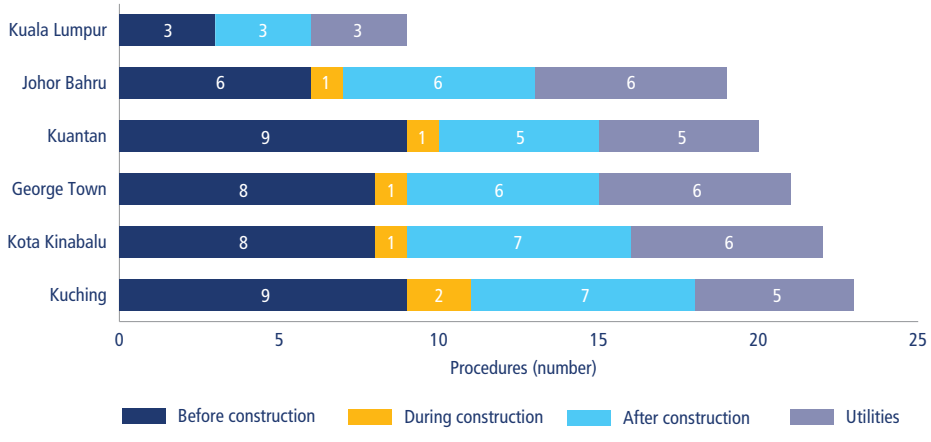
Source: Doing Business database.

Procedures

Whereas only nine procedures are required in Kuala Lumpur, construction elsewhere in Malaysia must comply with anywhere from 19 (as in Johor Bahru) to 23 procedures (Kuching). Between three and nine steps are required before construction begins; the remaining procedures are needed to obtain utility connections and approval for the occupancy of the new building (figure 3.3). Several procedures that have been streamlined or abolished in Kuala Lumpur still apply across the other five cities. It is common practice in those cities, for example, to submit building plans directly to the Fire Service Department and the local water authority for approval, which adds two procedures. Kuala Lumpur is also the only city that facilitates the coordination of final inspections. The builder is wholly responsible for arranging these inspections in the other five cities (inspections can range from four in Johor Bahru, Kuantan and Kuching to five in George Town and Kota Kinabalu). The builder must then request a clearance letter from each of these four to five authorities after the final inspection.

Certain requirements apply in some cities and not others. In George Town, Kota Kinabalu and Kuching, for example, local authorities conduct a final inspection of the building as a prerequisite to accepting the CCC. These inspections are no longer required for low-risk projects in Johor Bahru, Kuala Lumpur and Kuantan following a series of reforms enacted in 2007. In George Town, Johor Bahru and Kuching, an engineer representing the Building Authority conducts a simple, visual inspection to ensure that the works have begun within the allotted timeframe. In Kota Kinabalu and Kuantan, the water and sewerage authorities require a separate notification on the commencement of building works before construction can begin, as does the Department of Occupational Health and Safety in Kuching.

FIGURE 3.3 It takes between three and nine procedures to obtain approval to commence construction



Source: Doing Business database.

Construction companies in Johor Bahru and Kuantan must request a separate approval before initiating excavation works to install water, sewerage, electricity or telecommunications infrastructure.[7] This requirement delays the construction process and increases developer costs. In George Town, Kota Kinabalu and Kuching, excavation works for water and sewerage piping can begin without the need for costly electromagnetic detection and underground-penetrating radar scanning.

Specific procedural requirements apply in East Malaysia. For example, because legally-binding zoning plans do not cover the majority of land in Kota Kinabalu and Kuching, the land must be rezoned as part of the construction permitting process. For this reason, the Central Board (in Kota Kinabalu) and the Land and Survey Department (in Kuching) must approve all construction projects. Furthermore, a professional soil test by a geotechnical expert is almost always required in Kuching, as the city's uniquely challenging soil properties necessitate a detailed soil analysis.[8]

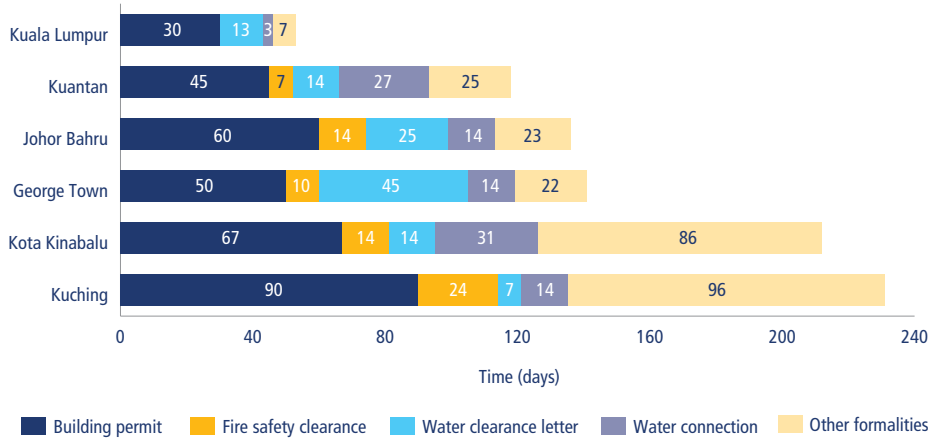
Time

The time to complete the construction permitting process varies significantly between the benchmarked cities. The process takes less than two months in Kuala Lumpur, but almost eight months in Kuching. It takes less than five months in three cities: Kuantan, Johor Bahru and George Town. In these cities—which have all implemented the OSC 3.0+ process in 2019—not only are construction permitting and zoning clearance turnaround times faster, but the processes for obtaining technical conditions and clearances from utility providers are also more efficient.

The process takes significantly longer in East Malaysia—more than seven months in both Kota Kinabalu and Kuching (figure 3.4). The time to issue the building permit in these two cities is partly to blame. Issuing the building permit takes one month in Kuala Lumpur but as long as 67 days in Kota Kinabalu and 90 days in Kuching. Delays stem from a permit review backlog as well as long wait times to obtain the signature of the mayor following that review. Also, in Kota Kinabalu, the engineering plans can only be submitted following the review and approval of the building plans; in other cities, plans can be submitted simultaneously. In addition, the lack of legally-binding zoning plans in East Malaysia means that land use approvals are required for most projects—obtaining this approval takes at least one month in both cities. In both Kota Kinabalu and Kuching, the municipal authorities, and not the PSP, issue the final occupation certificate, further increasing the wait time until the building is legally fit for occupation.

Significant variation also exists in the water and sewerage connection process, particularly in the time for the approval of the potable water supply plan and the time to obtain the final water connection. Water resource management falls under the jurisdiction of Malaysia's 13 states, each of which has a water services concession for water service provision and treatment (most are state water companies). The time to receive the clearance letter varies from seven days in Kuching to 45 days in George Town due to complex internal approval procedures. Similarly, it takes twice as long in

FIGURE 3.4 Obtaining the building permit takes three times longer in Kuching than in Kuala Lumpur



Source: Doing Business database.

Note: In Kuala Lumpur, the fire safety clearance is obtained at the same time as the water clearance letter from the OSC.

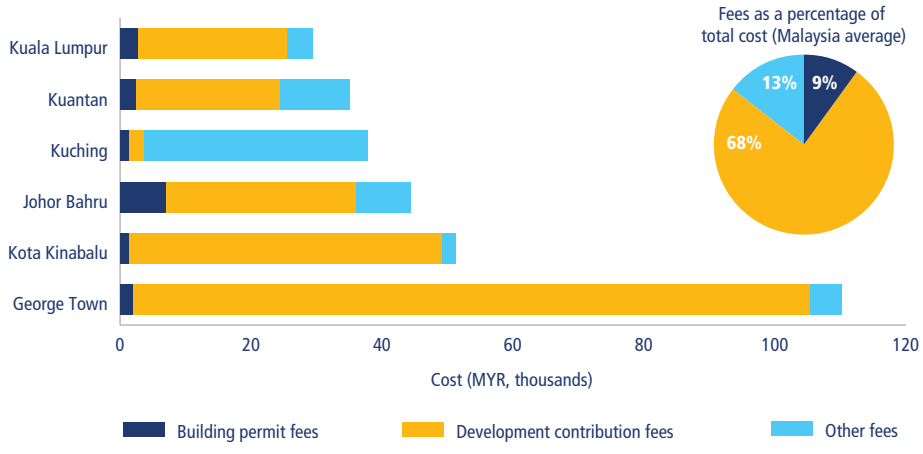
other cities to obtain the final water connection compared to Kuala Lumpur. Different service standards mean that the process ranges from three days in Kuala Lumpur to one month in Kota Kinabalu.

Water authorities in all benchmarked cities except Kuala Lumpur also request a 'materials inspection' before the laying of water pipes to ensure that the selected materials meet their specifications. This practice is inefficient, as licensed plumbers know the materials requirements well, and one of the G forms addresses the quality of the materials specifically. Unlike in Kuala Lumpur, these inspections occur regardless of the size or complexity of the project. With the exception of Kuching, all cities have expanded their sewerage grids, and construction companies can rely on being able to tap into existing sewer lines for commercial properties. In Kuching, only 20% of the city has access to the sewerage grid. As a result, the majority of new commercial projects rely on a septic tank for discharging waste which is installed by the construction company. In the other cities that have expanded their grid, the sewerage works are also completed by the construction company. Once completed, the sewerage authority, Indah Water Consortium (IWK, the sewerage certifying agency), then inspects the sewerage connection works and issues a clearance letter. This process can take from 15 days in Johor Bahru, Kota Kinabalu and Kuantan to 30 days in George Town. However, in all cities, the sewerage clearance letter can be obtained at the same time as the water clearance letter.

Cost

The cost of dealing with construction permits in Malaysia ranges from 1.3% of the warehouse value in Kuala Lumpur to 5% in George Town. The higher cost in George Town is mainly on account of higher required contribution fees for drainage, roads and intersections for all new construction projects.[9] These development contribution fees are set independently by each city council, and the funds are allocated to develop new infrastructure in the city, although not necessarily in the immediate location of the works being carried out. These fees account for over 90% of total permitting costs in George Town and Kota Kinabalu. Contribution fees vary widely across cities in Malaysia but comprise over two-thirds of the total cost of construction permitting on average (figure 3.5). In George Town, total contribution fees for the case study warehouse total MYR 103,386 ($24,706)—94% of the total cost—compared to just MYR 2,274 ($543) in Kuching (6% of the total cost). While Kuching's development contribution fees are low, it has other costs that must be incurred as a result of the soil study requirement and the need to install a septic tank, both of which are costly processes conducted by a private provider. Across the six Malaysian cities benchmarked in the study, the average contribution fees are MYR 37,894 ($9,055), higher than economies such as New Zealand, where the contribution fees associated with the *Doing Business* case study are the equivalent of MYR 30,914 ($7,387).

FIGURE 3.5 In most Malaysian cities, over two-thirds of the cost of construction permitting are related to development contributions



Source: Doing Business database.

Note: Development contribution fees include those for drainage, sewerage and water, and additional funds such as the Development Services Fund in Johor Bahru. 'Other fees' include inspection fees, fees for soil analysis tests, costs for building septic tanks, utility connection fees and other fees not covered by building permit fees or development contribution fees.

Building permit fees, which are also set locally by each city council, range from MYR 1,300 ($311) in Kota Kinabalu to MYR 2,003 ($479) in Kuantan. In many cities, the building permit fee is a combination of the plan approval fee, hoarding permits, earthwork approval fees and street lighting fees, among others. Additional fees, such as fire approval fees and water inspection fees, for example, are set nationally and represent less than 5% of total construction permitting-related fees.

Going beyond efficiency—the building quality control index

Malaysia enforces the same legal framework nationwide related to quality control before, during and after construction, as well as qualification requirements for professionals in charge of preparing building plans and supervising construction projects.

As a result, all six benchmarked cities receive a score of 13 out of 15 possible points on the building quality control index (table 3.2). The Street, Drainage and Building Law of 1974 establishes the liability of the engineer in charge of supervising the building works, and there is a clear chain of responsibility in case of defects discovered after the occupation of the new building. Similarly, there is a mechanism to ensure that if defects exist, action can be taken against the responsible parties to remedy the situation. The Engineer Registration Act of 1967 and Architects Act of 1967 also explicitly stipulate qualification requirements for all professionals involved in reviewing the building plans and in charge of the supervision of the construction project (including a relevant educational background, a minimum number of years of experience and a certification from either the Institute of Architects or the Institute of Engineers).

Building regulations across the country are easily accessible online, as are the requirements for obtaining a building permit through the city council web portals.

Malaysia lacks a clear legal framework that guides construction practitioners on building quality inspections based on risk criteria. There is also no requirement in Malaysian law that parties purchase insurance to cover latent defects, nor is such insurance commonly purchased in practice in any city.

TABLE 3.2 Cities across Malaysia have strong quality control mechanisms both during and after construction

		All cities
Building quality control index (0–15)		**13**
Quality of building regulations (0–2)	Are building regulations easily accessible?	1
	Are the requirements for obtaining a building permit clearly specified?	1
Quality control before construction (0–1)	Is a licensed architect or licensed engineer part of the committee or team that reviews and approves building permit applications?	1
Quality control during construction (0–3)	Are inspections mandated by law during the construction process?	1
	Are inspections during construction implemented in practice?	1
Quality control after construction (0–3)	Is a final inspection mandated by law?	2
	Is a final inspection implemented in practice?	1
Liability and insurance regimes (0–2)	Is any party involved in the construction process held legally liable for latent defects once the building is in use?	1
	Is any party involved in the construction process legally required to obtain a latent defect liability—or decennial (10-year) liability—insurance policy to cover possible structural flaws or problems in the building once it is in use?	0
Professional certifications (0–4)	Are there qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with the building regulations?	2
	Are there qualification requirements for the professional who conducts the technical inspections during construction?	2

Indicates maximum points obtained.

Source: Doing Business database.

What can be improved?

Sound construction regulation that ensures quality standards for new buildings helps protect the public interest. Such regulation, however, requires effective enforcement mechanisms managed by qualified and accountable professionals. Economies that follow good practices in construction permitting consider both the efficiency and predictability of the permitting process and leave little room for discretionary practices.

Ensure that existing OSCs are fully functional

Malaysia's permitting process requires that construction industry players across Malaysia (except for Kuala Lumpur) obtain a high number of separate approvals and clearances, both before and after construction. A builder must complete between 19 and 23 separate procedures and wait nearly five months on average to complete the legally-mandated approvals and clearances for the construction and occupancy of a new building. Improved coordination could accelerate the completion of these processes (utility company final inspections, for example). As in Kuala Lumpur, the OSC could schedule the final inspections of the various authorities for (ideally) the same day as the joint final inspection. Beyond final inspections,

however, well-functioning OSCs that facilitate building plan approvals and clearance letters could benefit entrepreneurs in these cities significantly.

Those OSCs set up across Peninsular Malaysia in 2007 have been mostly ineffective. In some cases, they have caused even further delays in the construction permitting process. Indeed, construction firms report regularly bypassing the OSC and requesting building plan approvals directly from the Fire Service Department to save time. Procedures in Johor Bahru and Kuantan—underground excavation clearances and underground mapping, as well as utility-related connection procedures—should be brought under the purview of the OSC to reduce the number of separate submissions and ensure that the review process can take place simultaneously.

Ensuring that OSCs coordinate the entire utility connection process[10] would generate the most substantial efficiency gains in construction permitting across Malaysia. Cities need to look no further than Kuala Lumpur for an example to emulate. Kuala Lumpur has worked diligently to ensure that its OSC, set up in 2007, effectively coordinates the approvals, clearance letters and inspections of various authorities. Since 2015 the Kuala Lumpur City Hall (DBKK) has coordinated clearances for the fire, water and sewerage authorities—builders previously had to request and obtain these separately each authority—streamlining the process into a single procedure coordinated by its OSC. The DBKK also simplified the process of obtaining clearances at the conclusion of building works by centralizing the request for inspections from the fire, water and sewerage authorities through the OSC (see box 3.1 for more information).

Expand the data available to construction professionals to facilitate information-gathering

Cities across Malaysia could expedite the process of obtaining the technical conditions for water connections by making this information available online to qualified professionals. In certain cities, getting this information requires a written request, sent by post. This outdated system is another critical bottleneck increasing the time needed to plan and design a construction project in Malaysia.

Several authorities in Malaysia[11] have internal systems that integrate georeferenced databases of connection points and service availability. However, these are not available online to construction professionals. Making this information more accessible would accelerate the building planning process for architects and allow them to estimate the costs to connect to water and sewerage grids more accurately. Similarly, information could be made available regarding the service standards related to new water connections, as well as the approval of the water supply plans and the relevant clearance letters. A national benchmarking exercise could identify areas for improvement for each water authority as well as good practices that could be adopted to expedite connections for new commercial buildings.

Limited easily-accessible information exists for construction professionals on soil and topographical conditions. Selected cities in Malaysia could consider an initiative similar to Singapore's Integrated Land Information

Service introduced in August 2018, which makes borehole and soil condition information available online to construction professionals, either free of charge or for a small fee. Such an initiative in Malaysian cities would allow construction professionals to access this type information through a single portal. In this way, low-risk projects in cities like Kuching could rely on public information to prepare building plans rather than hiring a company to conduct a soil test.

Introduce new or enhance existing online platforms

Online platforms for building permit submissions can increase transparency and expedite the process of obtaining approvals and clearances. However, few such services can be initiated and completed online in Malaysia.

George Town, Johor Bahru and Kuantan are the only three benchmarked cities that have electronic portals allowing the digital submission of plans and notifications regarding plan approvals.[12] However, their functionalities are limited, and, in some cases, they have made dealing with construction permits even more time-consuming for construction professionals. For example, in all three cities, entrepreneurs must follow up with several hard copies of building plans after submitting digital copies online. The printing costs of these plans can be quite high, and, in some instances, they exceed official permitting fees. Authorities also impose outdated requirements—color-coding of the building plans, for example—that require architects to create a unique version of the plans for the building authorities.

Electronic portals must be more than simple document submission channels. The existing systems do not provide any form of automated checking, file tracking or enhanced electronic communication functionalities. Authorities could explore improving their platforms to allow for two-way communication for clarifications, information on public utilities, and guidelines. The platform could also be used to schedule inspections and submit notifications, including the commencement of works and the conclusion of construction. Similarly, 'automated checking' features could facilitate self-verification by entrepreneurs before submitting their building permit applications. Such a system could also track the time required to approve, inspect, and complete the final connection, allowing a performance assessment of each authority involved in coordinating these interactions.

Local construction actors should play a central role in designing any improvements to the electronic portals, and changes should reflect the current technological capacities of private sector players. Construction professionals interviewed for this study reported that there was little to no consultation in the design of the existing online portals. Effective digital platforms require training and clear protocols to ensure their proper use and to avoid a duplicative two-tier paper and digital process.

Kuwait's new e-submission platform, launched in 2017, effectively integrates various public agencies—including the municipality, the Public Authority of Industry, and the Fire Services Directorate—into the building plan review process. Instant communication between the private sector and these agencies makes it faster to obtain feedback and clearances. The

platform's Geographic Information System (GIS) features allow users to access information on land plots, the electricity grid, and water network tapping points. Kuwait's platform improves access to critical information for architects planning a new construction project and eliminates the need for several procedures, including obtaining topographical surveys and water and electricity clearances. As a result, the time to deal with construction permits in Kuwait decreased by three months, as measured by *Doing Business*.

Ensure consistency and transparency across all cities when evaluating new construction projects

Local authorities across Malaysia enforce the laws for all building projects, irrespective of size or risk-level, constructed in their jurisdiction. Such regulations stipulate the overall process for building plan approval and construction quality control. The interpretation of the law, however, can vary by location. Distinct local practices exist for getting approvals and clearances. The most significant variations surround the criteria for building plan approval. Except for Kuching, all other cities hold a weekly or bi-weekly meeting where different agencies discuss building projects; they are either approved, rejected or approved with conditions.[13] It is common for projects to receive approval with as many as ten pages of conditions that are not justified by construction safety or regulatory requirements. The internal technical departments of planning, building and engineering operate with considerable discretion in applying the bylaws. They can also introduce specific—and, at times, unwritten—requirements for their building plan review process. Although general guidelines are available, no detailed checklists or manuals delineate how projects are reviewed and which criteria are applied. Malaysia could look to the City of Sydney, Australia, as an example of a local government that has developed online resources including detailed application guides—covering even specifications for electronic modeling—as well as historical archives of proposed and approved building plans for architects to consult.[14]

Formally, building plan approval processes are uniform across Peninsular Malaysia. However, the procedural interpretations of local authorities have led to variations across the country. Among the most common issues cited by construction experts interviewed for this study were inconsistently-applied requirements for parking, landscaping, height control and building materials.

Furthermore, during the permitting process, technical architecture or engineering decisions that should be taken by qualified professionals are instead sometimes taken by political authorities. In Kota Kinabalu, for example, the mayor must sign off on building approvals and can reject applications, even after approval by other competent agencies. Construction experts also report the imposition of unreasonable demands as conditions to the approval of building plans throughout Malaysia, including structural, geotechnical, drainage, or environmental design features that are unwarranted for the size or usage of the land.

Reform could focus on developing stronger ties between industry stakeholders, local building control authorities and higher learning institutions to deepen public understanding of the construction permitting process and its proper application. Representatives of the Institute of Architects or Institute of Engineers could, for example, provide valuable technical opinions on building plan submissions that require a more detailed review by construction specialists. The decisions and interpretations of laws and regulations could then be shared among relevant stakeholders.

Enforce self-regulation by qualified professionals and clarify the scope of inspections conducted by the authorities

Peninsular Malaysia implemented a series of reforms in 2007 intended to expedite the building permitting process by devolving the responsibility for ensuring construction safety from the public sector to certified construction professionals in the private sector. Authorities across the country retain the right to take legal action when a CCC is submitted without proper supervision; a legal mechanism ensures that project construction complies with the approved building plans. Under the current system, action can be taken against any responsible party when construction defects or flaws are discovered once the building is in use. The Institute of Architects and Institute of Engineers also have well-defined disciplinary proceedings for cases in which professionals fail to follow proper codes of conduct or repeatedly fail to ensure that projects under their responsibility meet safety and quality standards.

Authorities still undertake on-site inspections, however, and may condition the acceptance of the G forms at the completion of construction on these inspections. The municipal authorities in George Town, Kota Kinabalu and Kuching conduct final inspections to ensure that the construction matches the approved building plans. Even after these inspections take place, it is common for additional conditions—that were not specified when the construction design was approved—to be imposed in order to accept the submission of the CCC.

Water and sewerage connection inspections are the most burdensome, according to multiple private sector construction players. The current system leads to both construction delays and added costs. In some cities, water connections require separate inspections to verify water pressure, the quality of piping materials, the installing of the piping and the final connection to the sewer main. The IWK conducts inspections even in cases where a new building fails to reach its own population-equivalent criteria to prompt such inspections. Kuala Lumpur—which issued new local guidelines that shift the responsibility of the road and drainage inspection for small and low-risk buildings to the private sector—is the exception.[15] Water and sewerage authorities in other cities could consider devolving these responsibilities to the qualified professionals in charge of these works or introducing an audit inspection system, in which piping works undergo random checks.

Consider reducing the burden on entrepreneurs for infrastructure development

Infrastructure improvement contribution fees represent a significant investment for entrepreneurs. These fees, which in Malaysia represent over two-thirds of the permitting cost on average, allow local authorities to expand their road, drainage, water and sewerage coverage and prepare for expected future capacity needs. By impacting project cash flow, however, high contribution fees can discourage new commercial construction and investment. Furthermore, contribution fees paid by developers are eventually passed on to the client, raising the cost of new commercial properties. Those local authorities with the highest contribution fees—namely George Town and Kota Kinabalu—could consider alternatives such as distributing infrastructure development costs over a longer time horizon (through higher usage tariffs for new developments, for example) or sharing costs between both existing building owners and new investors.

Malaysia could consider an approach similar to that of New Zealand, where development contribution fees are set following the principle of a "fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term." The Auckland Council decides the development fees for each project rather than setting a blanket fee for all new buildings, and carefully considers the impact of the new construction on existing infrastructure.[16]

Accelerate the approval of zoning plans

The majority of zoning plans across Malaysia are in draft form, and development controls remain unlegislated, creating uncertainty for developers and adding risk to any real estate investment. Commercial properties are disproportionately affected as there is a lack of clarity over land usage, plot ratios and permitted density. The situation is of particular concern in Sabah and Sarawak. Regardless of whether they involve rezoning, all construction projects in Kota Kinabalu (Sabah) are required to obtain the approval of the Central Board in Sabah—a process that can take between one month and two years. The process was reported by experts interviewed for this study as the most significant bottleneck to new commercial developments. Numerous attempts have been made to reform the Central Board's role, some of them spearheaded by the Real Estate and Housing Developers' Association and the Malaysian Institute of Architects.[17]

Clear zoning through comprehensive local and area plans is essential to accelerating construction permitting and reducing the uncertainty faced by entrepreneurs charting a new commercial project. Local authorities could prioritize approving zoning of lands adjacent to existing commercial real estate or located in strategic areas, such as new industrial parks or commercial ports. Revising plot ratio guidelines to allow for higher density and mixed-use developments could be further encouraged across cities to encourage commercial developments. City plans should also be drafted to allow for periodic updates, and include a predictable process for revisions, public consultations and its approval.

In good practice economies, zoning systems development takes place through a consultative process with relevant stakeholders to ensure that all social groups benefit. New Zealand effectively uses municipal planning and zoning as a tool to facilitate the construction permitting process. All municipalities have a detailed, up-to-date zoning plan approved through a process involving intensive public participation—including public hearings that allow residents the opportunity to offer suggestions or objections. New Zealand uses two main types of planning documents: regional and district plans. Regional plans specify general requirements, such as air and water quality, and the use of coastal areas. District plans are detailed planning guidelines that outline the specific land use and design requirements for builders. District plans are legally binding and cover all usable land in a municipality; they undergo periodic reviews to ensure that they reflect changing urban needs. The plans provide investors and developers with a reliable reference when designing a project. And they afford municipal authorities a consistent basis for approving or rejecting construction permits, with no discretion involved.[18]

Enhance the risk-based classification system and fast-track approval options

A legally-binding, national risk categorization scheme for construction projects—that specifies how the work of qualified professionals is supervised—would bolster the current system. A risk-based approach would establish differentiated building plan approval and inspection processes according to a project's usage, size, type, location and risks. This differentiated approach to clearances and supervision would allow building control authorities across Malaysia, including in Kuala Lumpur, to allocate more time and effort to higher-risk buildings and guide them in managing large volumes of applications. Fast-track approval options would then be possible, as both construction professionals and the authorities would know exactly which risk criteria would trigger additional scrutiny and which projects would go through a simplified approval process. Construction projects which have received formal complaints or that are undertaken by qualified professionals with a track record of non-compliance may justifiably receive additional scrutiny and further inspections. For other projects, authorities could consider audits or random inspections as an alternative.

Kuala Lumpur is currently the only Malaysian city that has adopted a risk-based approvals system where small scale non-residential projects go through the simpler OSC1 system, which has shorter approval times and simpler requirements. In other cities, all projects undergo the same type of undifferentiated assessment. However, even in Kuala Lumpur, the risk-based approvals system needs to be expanded upon—few non-residential projects meet the criteria for the OSC1 system each year, and builders often opt out of the OSC1 channel due to inexperience with the process. All cities in Malaysia would also benefit from segmenting projects into additional risk categories to determine the level of scrutiny required for each category. Such risk categories could also consider the nature and scope of

the supervision required for each project, and the professionals that are qualified to undertake the relevant inspections. Cities could introduce additional supervision requirements for each risk category related to specific concerns—for example, challenging topography, the preservation of historical heritage, underground infrastructure supply or environmental stewardship. The building risk classification system in Hong Kong SAR, China, provides a good example for Malaysia to follow (box 3.2).

BOX 3.2 How did Hong Kong SAR, China, develop its risk classification system?

Private sector involvement in inspections, when carefully designed and enforced, can lead to improvements in building quality control. Several economies have shifted to private governance in building regulation to expedite building quality control while simultaneously maintaining high standards in building quality. This can only be accomplished through a carefully designed building classification system that provides clarity and specific guidelines regarding the scope and nature of inspections for each category of buildings. Additionally, the risk-based inspection system introduces mandatory technical rules for inspections and enforces standards. *Doing Business* data show that risk-based inspection systems lead to more rigorous quality control and a more efficient construction cycle.

Hong Kong SAR, China, has an exemplary building risk classification system that was jointly developed by authorities and the construction community. A matrix of inspection requirements specifies the minimum level of supervision for all projects; this adjusts according to the size and complexity of the project, clearly defining the type, number and frequency of inspections. The scheme acknowledges the need for some construction projects to be subject to stricter supervision and additional inspections to ensure public safety. As a result, public officials can spend more time and effort on riskier, more complex projects or those where they suspect problems could arise (those built on difficult terrain, for example) or buildings with specific safety requirements like schools, hospitals and hotels. A similar scheme in Malaysia would benefit construction sector actors—particularly small construction firms and less-experienced professionals—and could also improve regulatory compliance.

The current quality control system fosters conflicts of interest—supervising engineers can be on the payroll of the construction company undertaking the project. In some instances, these supervisors may be unwilling to report flaws or defects to their employer because it may affect their chances of future employment. For this reason, building control authorities still consider final inspections necessary to safeguard the public interest. Good practice economies in construction quality control consider this downside of self-regulated systems and have created mechanisms to distribute responsibilities to ensure accountability. For certain higher-risk categories of buildings, a decree could require third-party supervision to ensure that the building works undergo an independent audit. For lower-risk buildings, the trust between the local building authorities and the local construction industry could improve through the introduction of stricter examination, accreditation, or certification renewal requirements. Any such changes, however, should only be introduced after extensive consultations with the local community and the national professional institutes representing architects and engineers.

Notes

1. Malaysia, Bank Negara Malaysia. 2019. *Third Quarter Bulletin*. Kuala Lumpur. Available at https://www.bnm.gov.my/files/publication/qb/2018/Q3/p3.pdf; Malaysia, Ministry of Human Resources. *Employment by Sector*. Available at https://www.ilmia.gov.my/index.php/en/dashboard-datamart/kilm/indicators/item/employment-by-sector.
2. Malaysia, Department of Statistics. 2019. *Labor Productivity of Third Quarter*. November 21. Available at https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=438&bul_id=N1BZSzVodk50TFBnR0hHcGNWNkxjdz09&menu_id=Tm8zcnRjdVRNWWlpWjRlbmtlaDk1UT09.
3. The One Stop Center 3.0+ model, introduced in February of 2019, enabled digital submissions and online monitoring through a web portal developed by the Ministry of Housing and Local Government.
4. The four cities benchmarked in Peninsular Malaysia are George Town, Johor Bahru, Kuala Lumpur and Kuantan.
5. The building bylaws are periodically reviewed and updated. For example, amendments were introduced in 2012 to include specific requirements covering new materials, construction methods and technologies.
6. Each G Form addresses a specific component of the building process such as earthworks (G1), plumbing (G5 and G6), fire safety (G8 and G9), sewerage (G14 and G15), drainage (G17) and landscaping (G21), among others.
7. Construction companies have been required to request separate approvals since the creation of the Johor Utility Corridor (in Johor Bahru) and the Pahang Utility Corridor (Kuantan) in 2016.
8. Kuching's topography is particularly tricky to build on owing to its deep peat and siliceous content.
9. The current contribution fees in George Town are MYR 50,000 ($11,948) per acre for drainage and MYR 5 ($1.19) per square foot for the construction and upgrading of roads and intersections.
10. Johor launched a pilot project using a combined utility plan with this objective in June 2019.
11. The most notable authorities with such databases are the sewerage certifying agencies in Peninsular Malaysia (IWK) and several water authorities.
12. Kuala Lumpur has an online platform, but it is only for submissions for residential building permits. The city is currently working on introducing an online platform for commercial building permit submissions.
13. No meeting takes place in Kuching. The plans are reviewed and comments are received in writing before a final decision is taken.
14. City of Sydney, Archives and Historical Resources, available at https://archives.cityofsydney.nsw.gov.au/nodes/view/495002.
15. The Guideline on Verification Request for Form G17 Stage Certification: Road and Drainage introduced in March of 2018 further streamlined the clearance process for low-risk projects by eliminating inspections previously carried out by the Infrastructure Planning Department.
16. Auckland (New Zealand) Council. 2019. *Contributions Policy 2019*. Available at https://www.aucklandcouncil.govt.nz/plans -projects-policies-reports-bylaws/our-policies/docsdevelopmentcontributionspolicy/contributions-policy.pdf.

17. In November 2019 the state government announced the creation of the State Planning Council to replace the Central Board. The specific implications of this decision for the construction permitting process are unclear as of the writing of this study.
18. World Bank. 2014. "Zoning and Urban Planning. Understanding the Benefits," in *Doing Business 2015: Going Beyond Efficiency*. Washington, D.C.: World Bank Group.

CHAPTER 4

Registering property

- It is easiest to transfer property in Kuala Lumpur.
- Kuala Lumpur stands out for having the most streamlined and fastest process: transferring a property title between two local companies takes two weeks.
- Quality standards are high across Malaysia, with the benchmarked cities scoring between 24 and 28 out of 30 possible points on the quality of land administration index. Kuching, with a score of 28, is only 0.5 points behind the best performers in the region (and globally)—Singapore and Taiwan, China.
- Among the main bottlenecks to greater efficiency is a lack of coordination between government agencies, which can make the process long and cumbersome.

Regional variations in land administration and property rights regulation in Malaysia reflect the country's history and its multicultural nature. These differences—which originate from the time when regional sultanates controlled modern Malaysia—deepened when the country became a federation in 1957 following independence from Great Britain. The Federal Constitution of 1957 stipulates that land is a state matter[1] and gives each state control over the land within its boundaries. The powers of each state include compulsory land purchase[2] and Malay reservation[3] and any matters concerning land dealings. However, to ensure uniformity of law and policy, the Constitution establishes the National Land Council chaired by a federal minister with representatives from various states.[4] An important mandate of the Council is to identify good practices in land administration and implement them across the country.

Registered property rights are necessary to support investment, productivity and growth.[5] The case of China illustrates the benefits of following good practice at the subnational level. As part of a national experiment in 2008, China's Chengdu prefecture implemented a series of ambitious property rights reforms, including universal land registration, measures to ease property transfers and the elimination of migration restrictions. These reforms significantly reduced the threat of land reallocation or expropriation, thereby facilitating more efficient land use, whether through investment or by transferring land from less to more productive uses and users. As a result, a greater share of land—whether for agriculture or construction—was used for economic purposes.[6]

How does registering property work in Malaysia?

The National Land Code of 1965[7] is the main canon of land law to administer land in Peninsular Malaysia. However, the states of Sabah and Sarawak, located in East Malaysia, each have separate land codes—the Sarawak Land Code[8] and the Sabah Land Ordinance.[9] In practice, this translates into significant variations in the process of conveying property between East and Peninsular Malaysia. In Peninsular Malaysia, where state land registries follow the same process to transfer property, preregistration procedures are the main source of variation between cities (table 4.1).

The four main institutions involved in the land transfer process are (i) the Land Office (also referred to as the Land Registry), responsible for maintaining ownership records; (ii) the Stamp Duty Office of the Inland Revenue Board of Malaysia, responsible for collecting the stamp duty; (iii) the Valuation and Property Services Department (JPPH),[10] in charge of inspecting and assessing the value of the property; and (iv) the municipality, tasked with keeping a cadastre to collect real estate taxes. In Peninsular Malaysia, Land Offices are overseen by the Department of Director-General of Land and Mines; in Sarawak and Sabah, supervision falls to the respective Land and Survey Department. Property transfers in both East and

Peninsular Malaysia involve the services of a licensed attorney. These legal practitioners draft the sales purchase agreement, conduct due diligence on the parties and property and undertake various procedural requirements on behalf of the seller and buyer. They can also attest to the Memorandum of Property Transfer.[11]

For the *Doing Business* case study assumptions—that is, a commercial warehouse transfer between two companies—the attorney starts with a title search. This process includes, but is not limited to, checks for liens or encumbrances on the property at the Land Office to ensure that the selling company is the legal owner. Simultaneously, the attorney gathers the information to draft the sales purchase agreement and all other necessary documents. The attorney also conducts a company search online at the Companies Commission of Malaysia website, and a bankruptcy search at the online portal of MYEG Services, Malaysia's e-government services provider. A title search is conducted before presentation to ensure that there are no encumbrances or restraint against dealings that might delay the registration of the Memorandum of Transfer.

When the agreement and relevant documents are ready, the buyer and seller sign the sales purchase agreement in the presence of an attorney, who then certifies the Memorandum of Transfer. The attorney then sends

TABLE 4.1 Preregistration procedures are the main source of variation

Procedure	Agency	Local or regional authority requirement	Takes place in all cities
Preregistration			
Obtain consent to transfer the warehouse	Land and Survey Department of Sarawak, Kuching Division	x	
Lawyer conducts a land title search[a]	Land Office		x
Lawyer conducts a company search[a]	Companies Commission of Malaysia (online)		x
Lawyer conducts a bankruptcy search[a]	E-Insolvency portal (online)		x
Obtain certificate of indebtedness	Council of the City of Kuching South or Kuching North City Hall or Padawan Municipal Council	x	
Registration			
Buyer and seller sign sales-purchase agreement	Lawyer's office		x
Memorandum of transfer sent to Stamp Duty Office for adjudication of stamp duty and valuation	Inland Board of Revenue		x
Obtain certificate of payment of assessment rates and update buyer's name[b]	Kota Kinabalu City Hall	x	
Transfer is registered at the Land Office	Land Office		x
Postregistration			
Update name of the buyer at the municipality	City Hall		x

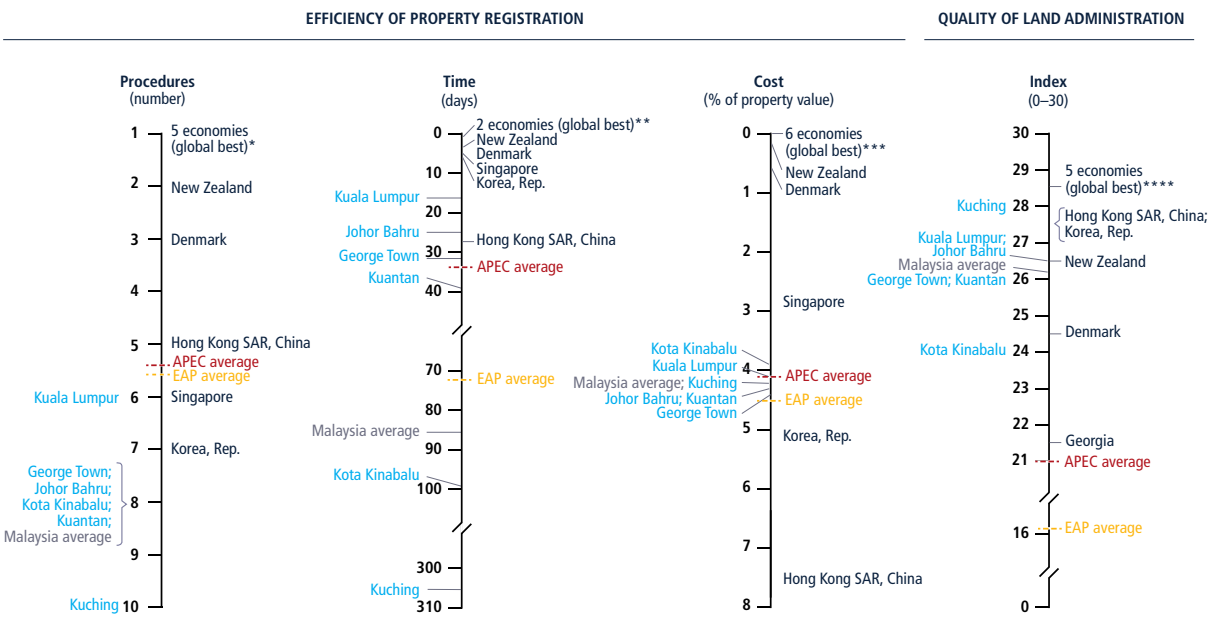
Source: Doing Business database.

a. In Kuala Lumpur, the lawyer obtains these certificates concurrently through the e-Tanah integrated electronic land administration system.

b. Kota Kinabalu is the only city where the owner's name is updated before the transfer is lodged at the Land Office.

the Memorandum of Transfer to the Stamp Duty Office for stamp duty assessment.[12] The Stamp Duty Office sends the request for the valuation of the property to the JPPH, and calculates the stamp duty amount based on the property value. The parties must then pay the stamp duty to the Inland Revenue Board of Malaysia.[13] Once the payment is accepted, the Stamp Certificate is issued, and the purchaser's attorney presents the duly-stamped Memorandum of Transfer for registration at the Land Office together with all required supporting documentation.[14] Upon registration of the property transfer, a new title is issued to the buyer who can then transfer or use the property as collateral. Lastly, municipal property records are updated to reflect the new ownership.[15]

FIGURE 4.1 Malaysian cities have room for improvement across all aspects of land administration



APEC = Asia-Pacific Economic Cooperation

EAP = East Asia and the Pacific

Source: Doing Business database.

Note: EAP averages are based on economy-level data for the 25 EAP economies. APEC averages are based on economy-level data for the 21 APEC member economies. The averages for Malaysia are based on the six cities benchmarked in Malaysia. Other economies are represented by their largest city as measured by *Doing Business*.

* Georgia, Norway, Portugal, Qatar, Sweden.

** Georgia, Qatar.

*** Belarus, Georgia, Kazakhstan, Kiribati, Saudi Arabia, Slovak Republic.

**** Lithuania; Netherlands; Rwanda; Singapore; Taiwan, China.

How do the results compare at the regional level?

Across the six cities benchmarked for *Doing Business in Malaysia 2020*, on average an entrepreneur must complete eight procedures, wait more than 85 days and pay 4.2% of the property value to transfer property (figure 4.1). This process is more burdensome but less expensive than the East Asia and Pacific (EAP) regional average (5.5 procedures in 72 days and costing 4.5% of the property value). Procedurally, the process is four times as complex in Malaysia as in New Zealand, but nearly on par with the Republic of Korea. Malaysia's average time places it among the bottom 20 economies globally for the time to transfer property. The benchmarked cities average a score of 26.2 out of 30 points in the quality of land administration index, above the EAP average (16.2) but trailing top performers like Singapore and Taiwan, China.

How does the process vary within Malaysia?

Registering property is easiest in Kuala Lumpur and most difficult in Kuching. Kuala Lumpur stands out for having the most streamlined and expedient process: transferring a property title between two local companies takes 16.5 days, more than 10 days faster than in Hong Kong SAR, China (27.5 days). The same process takes 10 months in Kuching, on par with the bottom three economies globally (table 4.2).

Depending upon their location, an entrepreneur must complete between six and 10 procedures to register property in Malaysia. Kuala Lumpur has the fewest steps thanks to the city's integrated electronic land administrative system, e-Tanah. This online single window system, which became operational in December 2017, allows users to retrieve information from

TABLE 4.2 Registering property in Malaysia—where is it easier?

City (State)	Rank	Score (0–100)	Procedures (number)	Time (days)	Cost (% of property value)	Quality of land administration index (0–30)
Kuala Lumpur	1	78.0	6	16.5	4.1	26.5
Johor Bahru (Johor)	2	72.4	8	25	4.3	26.5
George Town (Penang)	3	71.1	8	32	4.4	26
Kuantan (Pahang)	4	70.4	8	39	4.3	26
Kota Kinabalu (Sabah)	5	62.3	8	99	3.9	24
Kuching (Sarawak)	6	47.5	10	304.5	4.2	28

Source: Doing Business database.

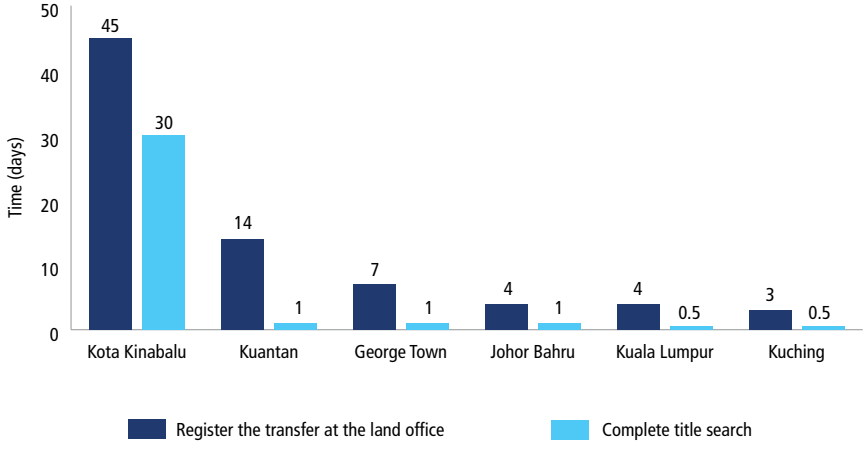
Note: Rankings are based on the average score for the procedures, time and cost associated with registering property, as well as for the quality of land administration index. The score is normalized to range from 0 to 100 (the higher the score, the better). Data for Kuala Lumpur were revised since the publication of *Doing Business 2020*. For more details, see the chapter About *Doing Business* and *Doing Business in Malaysia 2020*. The complete data set is available on the *Doing Business* website at http://www.doingbusiness.org.

the Land Office, company registry and insolvency department with a single search. E-Tanah is exclusive to Kuala Lumpur; in other Malaysian cities, users must conduct land title, company and bankruptcy searches separately. Those seeking to transfer property in Kuching undergo the highest number of procedures (10), including obtaining consent from the Land and Survey Department and presenting a Certificate of Indebtedness to the Land Office.

The average time to register property in Malaysia varies widely, from 16.5 days in Kuala Lumpur to 304.5 days in Kuching. The longer time in Kuching is mainly the result of the additional procedures required there. For example, the Land and Survey Department must review and consent to the transfer of industrial properties (such as the warehouse in the *Doing Business* case study). The consent must be obtained for a specific buyer and property and cannot be obtained beforehand. The procedure is typically completed once the seller finds a buyer and agrees on the commercial terms. Although there is no official cost to complete this procedure, the process is extremely time-consuming, unpredictable and not transparent. There are multiple levels of the review before the consent can be issued; these may include a review by the Ministry of Industrial Development of Sarawak. As a result, this procedure usually takes nine months.

The time to conduct land title searches also differs among the benchmarked cities. In all cities except Kuala Lumpur, the due diligence process consists of three separate steps: land search, company search and bankruptcy search. In contrast to company and bankruptcy searches—which can be completed online in all of the benchmarked cities[16]—land title searches must be completed in person at the Land Office. Only Kuala Lumpur and Kuching allow online land title searches. Although an attorney must visit the Land Office to perform the land title search in Kuantan, George Town

FIGURE 4.2 Registering a new title takes longest in Kota Kinabalu



Source: Doing Business database.

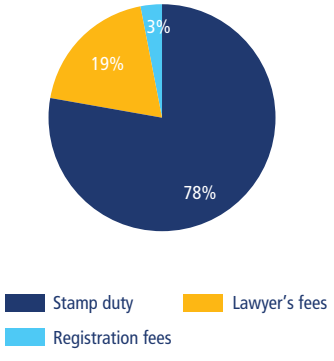
and Johor Bahru, the process is generally efficient and completed that day. In Kota Kinabalu, the process is different: a legal practitioner must enter the land search application online through the Land Dealings Electronic Submission System (LADESS), and then submit it in paper copy at the Central Land Office. Because land titles in Kota Kinabalu are not digitized, preparing the Search Certificate takes 30 days on average.

The time to complete a property valuation in the benchmarked cities ranges from nine days (in Kuala Lumpur) to 18 days in George Town and Kuantan. Although the process in each city is similar, the time variations stem from differing workloads and staffing capacities, as well as varying levels of coordination between the Stamp Duty Office and the JPPH at the local level.

The degree of computerization of the local Land Office also impacts the time to complete procedures. Registering a new title, for example, takes three days in Kuching and 45 days in Kota Kinabalu (figure 4.2). Similar to the title search procedure in Kota Kinabalu, numerous manual steps are also required to complete the title registration process.

The cost of registering property in Malaysia varies from 3.9% of the property value in Kota Kinabalu to 4.4% in George Town. The stamp duty—charged based on the property value—accounts for 78% of the total cost to transfer property (figure 4.3). Regulated by the Inland Revenue Board of Malaysia, the stamp duty scale is the same across the country. However, registration fees—which comprise 3% of the total cost on average—are set at the state level. As a result, these vary widely across the cities benchmarked. In Kuching, for example, registration fees total just MYR 10 ($2.39), but in George Town an entrepreneur will pay MYR 7,223.08 ($1,726.10). The same fees are MYR 50 ($11.96) in Kota Kinabalu. Legal fees, which comprise the remaining 19% of the cost and can vary significantly between East and Peninsular Malaysia, are another determinant of the varying cost of registering property. Attorney's fees are regulated by regional bar associations and are based on a sliding scale that reflects the property value. However, there is one Bar for Peninsular Malaysia—the Malaysian Bar—and separate bars for Sabah (the Sabah Law Association) and Sarawak (the Advocates Association of Sarawak); each of these set their fees.

FIGURE 4.3 Stamp duty comprises the majority of the cost of registering property in Malaysia



Source: Doing Business database.

Going beyond efficiency—the quality of land administration index

Although the procedural complexity, time and cost of property registration all matter for businesses, good land administration goes beyond efficiency. It ensures property owners a secure title, backed by a reliable land administration system. A reliable, transparent, complete and secure land administration system is associated with greater access to credit, lower income inequality and lower incidence of bribery at the land registry.[17]

Doing Business assesses the quality of this system through five main dimensions: reliability of infrastructure (0 to 8 points), geographic coverage (0 to 8), transparency of information (0 to 6), land dispute resolution (0 to 8) and equal access to property rights (-2 to 0). Results for these dimensions are then added for the overall score on the quality of land administration index.

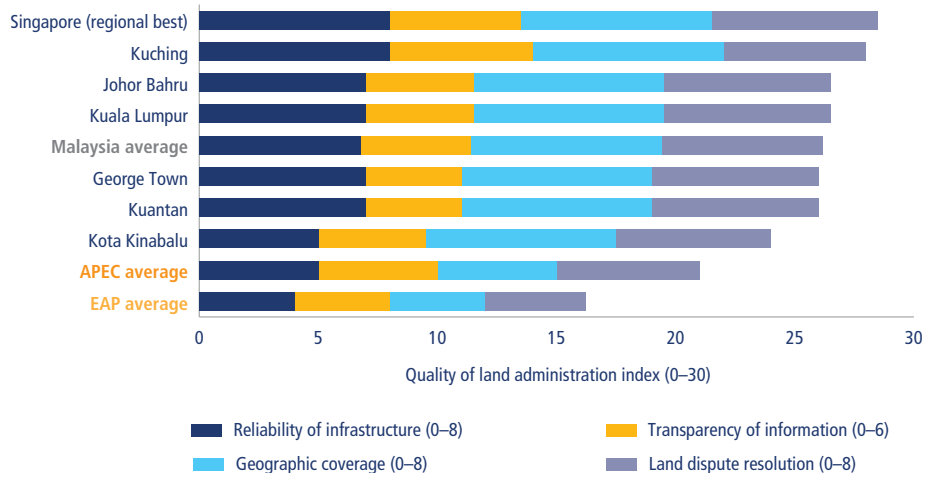
Quality standards are high across Malaysia, with the benchmarked cities scoring between 24 and 28 out of 30 possible points on the quality of land administration index. Kuching, with a score of 28, is only 0.5 points behind the best performers in the region (and globally)—Singapore and Taiwan, China. Kuala Lumpur and Johor Bahru (26.5 points each) rank above the Malaysian average on this index and stand out on transparency because of their commitment to delivering a legally binding document proving ownership within a specific deadline. Kuantan and George Town, which do not make this commitment, score 0.5 points less (26 points each). Meanwhile, Kota Kinabalu has the lowest score (24 points) due to a paper-based records system and the absence of legally binding provisions providing for the registration guarantee (figure 4.4).

Reliability of infrastructure

On the reliability of infrastructure dimension, Kuching achieves the gold standard: a fully digital, linked property registry and cadastral mapping system that allows staff to search and update records electronically. Kuala Lumpur, George Town, Johor Bahru and Kuantan score 1 point less on this index, as the Land Offices and cadastral agencies in these cities do not have a shared database. The use of a single database, updated with changes in real-time, would ensure that ownership and boundary data are linked across the two agencies. It would reduce the potential for fraud, as each agency would have access to the most updated information on land plots.

Kota Kinabalu lags on the implementation of good practices in this area. Land title certificates are in paper format, and there is no comprehensive and functional electronic database for checking encumbrances. However, unlike in most of the benchmarked cities, Kota Kinabalu keeps information on land ownership and maps in linked databases.

FIGURE 4.4 Malaysian cities score high on the quality of land administration index



Source: Doing Business database.

Note: The graph bars represent the scores on the reliability of infrastructure, transparency of information, geographic coverage and land disputes resolution indexes. The scores on the equal access to property rights also compose this indicator and so are included in the quality of land administration index's score.

Transparency of information

Making land-related information publicly available provides clients with critical information on transactions. A good practice is for registries and cadastres to make such information publicly available, either online or on a public board. The implementation of good practices as captured by the transparency information index can vary depending on the location, but this can be used for cities to learn from each other.

None of the cities measured in Peninsular Malaysia (Kuala Lumpur, George Town, Johor Bahru, and Kuantan) have information on land ownership available to the public. Searches are made with the title number, which is accessible only by intermediaries and interested parties. However, in East Malaysia—in both Kuching and Kota Kinabalu—anyone who pays the official fee can obtain information on the ownership.

The case is similar for official statistics tracking the number of transactions at the immovable property registration agency. Such statistics are available in Kuching and Kota Kinabalu, while none of the cities measured in Peninsular Malaysia have this feature in place.

Authorities in Kota Kinabalu, however, could adopt good practices already implemented in Peninsular Malaysia. Documentary requirements for property registry services, for example, are only available upon request in Kota Kinabalu; this information is available online in all the cities benchmarked in Peninsular Malaysia.

Geographic coverage

All the locations measured in Malaysia score the maximum number of points on the geographic coverage index, with every piece of private property formally registered and properly mapped. Globally, only 20% of economies cover all private land in both their land records and cadastral maps.

Land dispute resolution

An economy with a sound urban land management system minimizes the number of land disputes by ensuring that clients receive accurate information, provides a state guarantee for registration and compensates parties for losses incurred because of errors by the property registry.[18] Four locations in Peninsular Malaysia score 7 of the 8 possible points on the land dispute resolution index. Kuching and Kota Kinabalu, however, have lower performance on this index and score 6 and 6.5 points, respectively. The law governing property registration mandates that all property transactions must be registered at the deeds office to be opposable to third parties (1.5 points).[19] In most of the cities measured, registration is legally subject to a state guarantee[20] (0.5 points); only the law in Sabah is silent on this issue.

Malaysia requires the verification of documents during property registration (1 point). The identity of the parties to a property transaction is checked against a national database to confirm accuracy and ownership (1 point), and documents proving the legality of the transfer are checked by lawyers, who can be found liable for errors.[21] The state, however, does not provide compensation for losses incurred because of erroneous information provided by the Land Office. When land disputes arise, parties can file claims at the High Court of Malaysia (for property in Kuala Lumpur, George Town, Johor Bahru and Kuantan) and at the High Court in Sabah and Sarawak for property in Kota Kinabalu and Kuching. In five out of the six locations measured, cases typically take less than one year to resolve (3 points). For land disputes in Kuching, cases usually take between one and two years (2 points). However, no disaggregated data are available on the number of first-instance land disputes.

Equal access to property rights

Doing Business also assesses whether a person's gender has a bearing on access to property rights. In Malaysia, as in 175 other economies, married and unmarried women have the same ownership rights to property as their male counterparts.[22]

What can be improved?

Continue the digitalization process and implement e-Tanah in other Malaysian cities

Kuala Lumpur's top rank among the six benchmarked cities is mainly due to the city's effective implementation of the e-Tanah platform, which allows online land title, company, and bankruptcy searches using a single window. Once implemented and adopted by a majority of users, a similar system throughout Malaysia could help to streamline property transfers.

In all six of the cities measured, users conduct company and bankruptcy searches online, but through separate websites. Authorities could consider integrating the company and bankruptcy searches as a first step toward the creation of a single window for all related searches. In Kuching—the only city besides Kuala Lumpur that currently has an e-title search system—could go even further and, as a short-term measure, integrate all three searches under a single window.

As a medium-term initiative, George Town, Johor Bahru and Kuantan, could consider establishing a fully-accessible land title search system similar to that in Kuala Lumpur or Kuching. For Kota Kinabalu, because most titles are still in paper format in Kota Kinabalu, the city should consider such a system as a long-term initiative, particularly given the steps required before the system would be feasible. The legal framework, for example, would need updating to amend provisions that are incompatible with digitalization.[23] Selecting the appropriate technology and providing staff training will be critical to a successful transition. Finally, authorities could invest in an information campaign to alert the private sector about the benefits of the new system, ensuring greater uptake by local practitioners.

Improve stakeholder coordination throughout the property registration process

At the local level, agencies tend to operate in silos at the various stages of property registration. Each completes its part of the property transfer process, but the agencies lack timely coordination and have a limited understanding of the client's overall experience.

This lack of coordination impacts the valuation stage, where several rounds of information sharing must take place between the Stamp Duty Office and the JPPH. Authorities in Kuala Lumpur report that modifications are underway to integrate the Stamp Duty Office and JPPH systems to improve coordination. Such a system could reduce unnecessary delays, improving the overall efficiency of the process and, ultimately, cutting the time needed to complete the property valuation. Implementing a similar system in the other cities would also be beneficial; the data suggest that greater delays tend to occur at the subnational level.[24] In the long term, Malaysia could eliminate the need to conduct physical property valuations for property transfers. Instead, the real property transfer tax could be

calculated using the venal value as a base or the real estate tax, whichever is higher (sale price versus municipal valuation for real estate taxes).

Better coordination between the Land Offices and the municipalities could also achieve greater time efficiency. In theory, property registries and municipalities should exchange information directly. However, in all the cities measured, an additional procedure requires an additional interaction with the municipality to update the name of the new owner.[25] This adds procedural complexity to the process and increases uncertainty, as information on the property and ownership is not harmonized. In Kuching, interactions with the municipality generate not one but two additional procedures, further fragmenting the process. Authorities in all six cities should consider integrating their Land Office and municipal databases. Kuala Lumpur and Kuching could implement these reforms in the short term as an expansion of their existing systems (e-Tanah in Kuala Lumpur and e-LASIS in Kuching). Over the past 13 years, more than 50 economies have worldwide simplified property registration and eliminated unnecessary requirements by linking systems across institutions. When municipalities in Lithuania gave the land registry access to tax information and integrated cadastre and registries' databases, they freed entrepreneurs from having to provide several certificates in paper format, saving them time and money (box 4.1).

Implement a unified or linked database between the Land Office and cadastre

Linking cadastral information with ownership data can improve both efficiency and the quality of the land administration system. This type of unified database exists in 103 of the 190 economies measured by *Doing Business*. However, of the six cities measured for *Doing Business in Malaysia 2020*, only Kuching has such a system. Using geographic information system (GIS) technologies, the city's property ownership database and cadastral system were unified in a multipurpose cadastral system. Information about natural resources, planning, land use, land value, land titles, and cadastral information are integrated and shared for analysis and land development decisions.

Improve transparency by expanding access to information on land ownership

Making land-related information accessible to the public, subject to legal protections, allows third parties to determine property ownership and obtain real estate market data (transaction values and volumes, for example). Access to land title records provides the public with a means to gain confidence in matters of property ownership. Such records can show whether there are limitations, reservations, or claims to ownership on a specific property and if there are registered interests against the title to the land (such as mortgages, caveats, covenants, or any ongoing dispute).

In the four cities benchmarked in Peninsular Malaysia (Kuala Lumpur, George Town, Johor Bahru, and Kuantan), property ownership searches require the title number, which is accessible only to intermediaries and

BOX 4.1 Integrating and going electronic in property registration—an example of good practice from Lithuania

Since its independence in 1990, Lithuania has established global good practices in e-governance and in integrating land information, including management of cadastral information via a web-based cadastral map. Its registry and cadaster are fully integrated, both with each other and with population, address, mortgage, and business registries. Changes are reflected in real-time—instrumental in fraud prevention.

The shift to electronic and integrated registries started in 2008, when the Center of Registers introduced the Public Electronic Service of Real Property Transactions (NETSVEP), bringing its transactions into the digital age. Lithuania executes a Latin notary system, which requires the notarization of all real property transactions. Historically, a notary directed the collection of documents necessary to conduct a transaction, decided whether a transaction would take place and, if so, prepared the transaction agreement. The burden to collect the necessary documents typically fell on the parties to the transaction. Today, NETSVEP provides the notary with all the information needed to conduct a transaction; by doing so it maximizes the number of automatic procedures, thereby minimizing human involvement to prevent errors and possible misconduct. The electronic service automatically compiles an electronic transaction agreement or refuses to do so if any legal impediments are indicated that would make the deal illegal or invalid. Data for transaction agreements are gathered automatically from the state's registries. When it begins preparations for a transaction, NETSVEP indicates any liens or if a deal is ongoing in the Real Property Cadastre and Register to prevent a parallel transaction of the property. Those restrictions are only lifted once a deal is concluded or reversed. When a notary approves a property transaction by electronically signing an agreement, NETSVEP informs the registry about the conclusion of the deal and the change of real rights and provides information on the transaction value and the new owner's details.

Another important feature of Lithuania's land registry is that data are integrated with the state's other main registries, for example the Register of Legal Entities, the Address Register and the Population Register. If there is a data change in one registry—the owner's last name or place of residence, for example—that change is automatically reflected in the Real Property Cadastre and Register. When such a change occurs, the registry automatically provides a list of previous changes to provide data users with contextual information.

interested parties. Worldwide, approximately 140 economies make information on property ownership publicly available. The land registry in the Netherlands, for example, allows any citizen to query a particular property (after registering and receiving an identity key). It also grants bulk access to users that sign an agreement that they will not share the data or use it for targeted marketing purposes. Through this system, the Land Agency can monitor for potential abuses by tracking who uses the data and for what purpose. A hybrid system similar to the Netherlands that opens non-sensitive data in bulk, while monitoring access and the use of sensitive data to verified users could provide a balanced approach to open ownership data. Nevertheless, with open data comes privacy concerns; the Malaysian cities should carefully study the implications, keeping in mind the benefits of such a system.

The regular publication of official statistics tracking the number of transactions at the immovable property registry would improve transparency. Kuching and Kota Kinabalu regularly publish comprehensive data on immovable property transactions.[26] However, all four benchmarked cities in Peninsular Malaysia lack full implementation of this good practice as

measured by the indicator.[27] Kuala Lumpur, George Town, Johor Bahru, and Kuantan could automate data generation and make relevant statistics available to the public. Doing so would improve not only performance measurement but also the overall transparency of the land administration system.

Consider streamlining the consent process in Kuching and making it transparent

Obtaining consent from the Land and Survey Department before selling industrial property in the state of Sarawak is a major bottleneck in property registration for local entrepreneurs. Even though the process is officially free of charge for the seller and buyer, local practitioners describe the procedure as cumbersome, unpredictable and not transparent; it often becomes an impediment to a property transfer deal. If subsequent transactions are not registered, the process of registering property might quickly become informal. Not only would this weaken property rights protections—but it would also reduce potential property tax revenues. Reducing the number of reviews and making one agency responsible for issuing the consent to sell would streamline the process and increase accountability. Additionally, issuing clear guidelines and timelines for the consent process would increase transparency and facilitate the information gathering necessary to complete a property transfer. These measures would improve the predictability of registering property, which would strengthen accountability, increase public trust, reduce opportunities for corruption and enhance the transparency of the entire process.

Notes

1. Federal Constitution [Malaysia], 31 August 1957, Article 74. Available at https://www.refworld.org/docid/3ae6b5e40.html.
2. See Article 83 and Schedule 9 (Second List, 2 (d)) of the Federal Constitution.
3. Article 89 of the Federal Constitution.
4. Article 91 of the Federal Constitution.
5. Deininger, Klaus. 2003. "Land Policies for Growth and Poverty Reduction." World Bank Policy Research Report, World Bank, Washington, DC.
6. Deininger, Klaus W., Songqing Jin, Shouying Liu, Ting Shao and Fang Xia. 2015. "Impact of Property Rights Reform to Support China's Rural-Urban Integration: Village-level Evidence from the Chengdu National Experiment." Policy Research Working Paper WPS 7389, World Bank, Washington, DC.
7. National Land Code (Act 56 of 1965).
8. Sarawak Land Code (Chapter 81 of 1958).
9 Sabah Land Ordinance (Chapter 68 of 1930).
10. For more information on the JPPH (Jabatan Penilaian Dan Perkhidmatan Harta), see the website at https://www.jpph.gov.my/v3/ms/.
11. In Peninsular Malaysia, this is in line with Section 301 and Schedule 5 of the National Land Code. In the state of Sabah, this is according to Section 97 of the Land Ordinance. In Sarawak, section 215 of the Sarawak Land

Code stipulates that "If executed within Sarawak: It shall be attested by a Superintendent, a Registrar (read: Registrar of Lands and Surveys office) or any person generally or specially authorized by the Director (read: Director of Lands and Surveys office)."

12. For more information on the Stamp Duty Office assessment and payment system, see https://stamps.hasil.gov.my.
13. The Inland Revenue Board of Malaysia is one of the main agencies responsible for collecting revenue for the Ministry of Finance.
14. The documentation shall include (i) copies of Quit Rent and Assessment receipts; (ii) certified true copies of the Memorandum and Articles of Association, Form 24 (Return on Allotment of Shares), Form 49 (Return Giving Particulars in Register of Directors, Managers and Secretaries and Changes of Particulars) of the Purchaser and Vendor; (iii) certified true copies of the Vendor's and Purchaser's board resolutions giving authority to sell and purchase the property, respectively; (iv) search report on the Purchaser as extracted from the Companies Commission of Malaysia; (v) duly stamped Memorandum of Transfer (Form 14A); (vi) copy of Notice of Assessment bearing the endorsement of the Stamp Duty Office that ad valorem stamp duty has been paid (obtained in Procedure 3); and (vii) original of the title document.
15. Local Government Act of 1976, Section 160.
16. Company search is available through the website of the Companies Commission of Malaysia at https://www.ssm-einfo.my/. Bankruptcy search is available through the website of the Malaysia Department of Insolvency (https://e-insolvensi.mdi.gov.my/) or MYEG Services (www.myeg.com.my).
17. World Bank. 2014. "Registering property: Measuring the quality of land administration systems," in *Doing Business 2015: Going Beyond Efficiency*. Washington, DC: World Bank Group.
18. World Bank. 2014. "Registering property: Measuring the quality of land administration systems," in *Doing Business 2015: Going Beyond Efficiency*. Washington, DC: World Bank Group.
19. In Peninsular Malaysia: National Land Code (Act 56 of 1965), Section 292. In Sabah: Sabah Land Ordinance (Chapter 68 of 1930), Section 88. In Sarawak: Sarawak Land Code (Chapter 81 of 1958), Section 113.
20. In Peninsular Malaysia: National Land Code (Act 56 of 1965), Section 22. In Sarawak: Sarawak Land Code (Chapter 81 of 1958), Section 132.
21. In Kuching, both the lawyer and the registrar can be found liable under the Sarawak Land Code of 1958 (Chapter 81, Sections 137 and 215).
22. Federal Constitution [Malaysia], Art. 13 and Married Women Act of 1957, Arts. 4(a) and 5.
23. The land title system of the state is under the 16th Schedule of the National Land Code: "Electronic Land Administration System."
24. The minimum time required for this procedure (seven days) is seen only in one location—Kuala Lumpur—while it takes 14 days in Kota Kinabalu and Johor Bahru and 18 days in Kuching, Kuantan and George Town.
25. In most of the benchmarked cities, this takes place as the final step following registration. However, there is no legal requirement under the Local Government Ordinance in Kota Kinabalu to update the name of the property owner. Updating the name takes place in practice, but as part of the preregistration procedure where the Seller obtains the endorsement of

the Certificate of Payment of Assessment rates certifying that there are no outstanding assessment fees and, at the same time, informs the Kota Kinabalu City Hall about the change of ownership. The Land Office requires this certificate as one of the conditions for registration of the transfer.

26. For Kota Kinabalu, see www.jtu.sabah.gov.my/dashboard; for Kuching, see https://landsurvey.sarawak.gov.my/modules/web/pages.php?mod=clientcha_ach_v2&menu_id=0&sub_id=333.
27. The registering property indicators measure whether statistics on the number of transactions are published about property transfers in a relevant city in the past calendar year.

CHAPTER 5

Trading across borders

- Malaysia's busiest port, Port Klang, is the most efficient of the four ports assessed in *Doing Business in Malaysia 2020*. Exporters in Kuantan Port and importers in Johor Port and Penang Port face longer waiting times to complete customs procedures.
- Kuantan Port has the lowest cost of border compliance for both exports and imports.
- Port Klang has shifted to a paperless document workflow system for both exports and imports, eliminating the need for traders to interact with customs and port officials.
- Developing the electronic single window at Johor Port, Kuantan Port and Penang Port would improve efficiency and transparency and reduce duplication.

International trade has been a core driver of economic growth in the Malay peninsula since the Port of Malacca's founding in the fifteenth century. Over time, porcelain and spices—its main trade commodities then—were replaced by rubber, wood, palm oil and tin as agriculture and mining flourished. Today, total merchandise trade accounts for 131% of Malaysia's GDP.[1]

Located along key international trade routes, Malaysia's numerous ports and strong, open economy[2] have made the country a significant player in global maritime transportation. Its rapidly developing infrastructure and dynamic business environment make Malaysia an attractive destination for foreign investors, including major electronics and machinery manufacturers. High-tech firms lead export activity that includes electrical equipment and chemical products.[3]

Containerized cargo growth in Malaysia mirrored global trends in the past decade, averaging 4% per year.[4] However, in 2017 trade volumes fell by 3% after several major shipping lines shifted their transshipment operations to Singapore. The ability of policy makers, public agencies and port operators to respond to such market challenges will be critical to advancing Malaysia's role as a leading player in international trade.

Doing Business measures the time and cost (excluding tariffs) associated with the logistical process of exporting and importing goods. It assesses three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The methodology accounts for good practices in trade facilitation, such as the use of customs unions and trade agreements.

This study adopts the *Doing Business* approach to measuring trade processes and applies it to the four largest Malaysian seaports—Port Klang, Johor Port, Kuantan Port and Penang Port (table 5.1; box 5.1).

TABLE 5.1 Case study assumptions

	Johor Port (Johor Bahru)	Port Klang (Kuala Lumpur)	Kuantan Port (Kuantan)	Penang Port (George Town)
Export				
Product	HS 15 – Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	HS 85 – Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	HS 39 – Plastics and articles thereof	HS 85 – Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles
Trade partner	Turkey	China	Korea, Rep.	United States
Import				
Product	HS 8708 – Parts and accessories of motor vehicles (auto parts)			
Trade partner	China	Thailand	Thailand	China

Source: Doing Business database; Royal Malaysian Customs Department.

Note: According to the *Doing Business* methodology, each economy exports the product of its comparative advantage to its natural export partner. Similarly, each economy imports a standardized shipment of 15 metric tons of containerized parts and accessories of motor vehicles (HS 8708) from its natural import partner. The export products and trading partner for Kuala Lumpur are those used for Malaysia in the annual global *Doing Business* assessment. To identify the trading partner and export product for Malaysia, *Doing Business* collects data on trade flows for the most recent four-year period from the United Nations Commodity Trade Statistics Database (UN Comtrade). Data from the Royal Malaysian Customs Department on trade flows for the most recent four-year period were used to identify the trading partners and export products for the other three ports.

BOX 5.1 What are the ports' main features?

The four ports in the case study are multipurpose, private ports located on peninsular Malaysia. Their main differences are their size, depth, capacity, infrastructure, proximity to markets and the volume or type of cargo or commodities passing through them.

Malaysia's largest port, Port Klang, is the twelfth busiest in the world by container throughput.[a] In 2018 Port Klang handled roughly 9.5 million 20-foot equivalent units (TEUs)—nearly 40% of Malaysia's total trade volume.[b] The port, with 20 berths at depths of 15–17.5 meters, can accommodate the world's largest vessels. Port Klang benefits from its proximity to Kuala Lumpur, the country's capital and largest city. It is a major transshipment hub, second only to Tanjung Pelepas Port in Johor by total transshipment volume.[c] Port Klang mainly exports electrical machinery.

Penang Port is located along Malaysia's northwestern coast. Goods shipping to the West are transported from Penang Port by feeder vessels to Port Klang, Tanjung Pelepas or Singapore. With 1.5 million TEUs handled in 2018, Penang Port is the second-busiest non-transshipment port in Malaysia (after Port Klang). It has six berths at a depth of 12 meters, preventing the port from receiving the largest vessels. The majority of the goods exported through the Penang Port come from manufacturing facilities in the Bayan Lepas Free Industrial Zone, neighboring northern states, and southern Thailand.

Roughly 60% of cargo throughput at Kuantan Port, located on Malaysia's east coast, is dry bulk, mostly ore and minerals.[d] Kuantan Port handled 149,912 TEUs of container cargo in 2018.[e] It is set to benefit from China's largest investment in the country, the 3,500-acre Malaysia-China Kuantan Industrial Park, which is under development next to the port. Chinese investors have already launched a metallurgical plant, and the development plan also includes petrochemicals, machinery and equipment, and energy products. Kuantan Port began operating as a free zone port in April 2019, but the implementation of the new procedures is still ongoing.

Johor, the third-largest metropolitan area in Malaysia (after Kuala Lumpur and Penang), has benefited substantially from its location on the Johor Strait and its proximity to Singapore. Johor Port mainly exports petrochemicals, furniture, telecommunications equipment, electronics and food products. It is home to the world's largest palm oil storage facility. With a capacity of 1.2 million TEUs, the port's 2018 containerized cargo turnover was 941,589 TEUs.[f]

Ports assessed in *Doing Business in Malaysia 2020*

a. For a full profile of Port Klang, see https://lloydslist.maritimeintelligence.informa.com/one-hundred-container-ports-2019.

b. For more information, see http://www.westportsmalaysia.com/Our_Port-@-Profile.aspx.

c. See the website of the Johor Port Authority at https://www.lpj.gov.my/index.php/en/port/operation-statistics. There are two ports in Johor Bahru: a transshipment port (Tanjung Pelepas) and Johor Port, located in Pasir Gudang. Only Johor Port is benchmarked in this study.

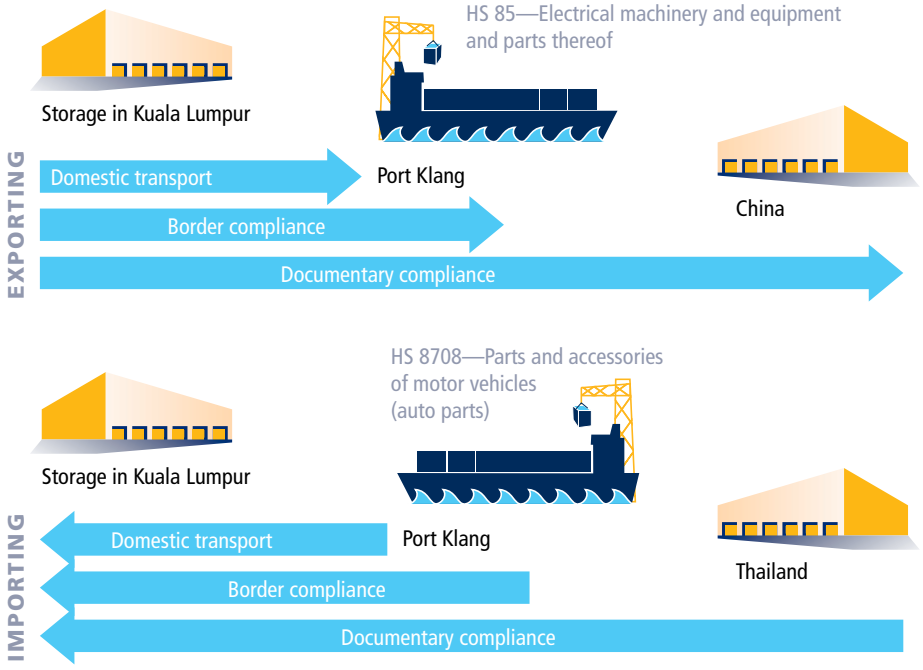
d. Specific products are excluded from the *Doing Business* case study, including precious metal and gems and mineral fuels. In this case, the second-largest product category is considered as needed, which is plastics for Kuantan Port.

e. Statistics on annual container throughput at Kuantan Port since 1998 is available at http://www.lpktn.gov.my/lpktn/index.php/en/statistic/performances/container-throughput.

f. See the website of the Johor Port Authority at https://www.lpj.gov.my/index.php/en/port/operation-statistics.

Doing Business measures the ease of trading across borders using an import and export case study for each port. The export case study methodology assumes that each port exports the product of its comparative advantage (largest export value)[5] to its natural export partner—the economy that is the largest purchaser of the product.[6] For imports, the case study assumes that each port imports a standardized shipment of 15 metric tons of containerized parts and accessories of motor vehicles (HS 8708 under the Harmonized System classification code) from its natural import partner—the economy from which it imports the largest value (price times quantity) of the case study product (figure 5.1).

FIGURE 5.1 The process of exporting and importing goods in Malaysia: Port Klang



Source: Doing Business database.

How does maritime trade work in Malaysia?

Malaysia's seaborne commerce involves multiple actors from both the public and private sectors. Two key players are the Royal Malaysian Customs Department and private port operators, commissioned by each respective port authority. Among government agencies, the main role is reserved for Royal Malaysian Customs Department, which enforces customs laws, levies and collects duties, classifies tariffs and investigates customs infractions. Other agencies include the Ministry of Transport and the port authorities in each port city, which regulate the legal framework for ports, review and approve port tariffs, administer port licenses and oversee port development. The Ministry of International Trade and Industry (MITI) issues certificates of origin and licenses other associations to issue non-preferential certificates of origin. Furthermore, the Malaysian Palm Oil Board issues permits to trade and export palm oil.

Private companies hold key roles, with concessionaires acting as port operators: Northports Sdn Bhd and Westports Sdn Bhd in Port Klang,[7] Johor Sdn Bhd in Johor Port, Kuantan Port Consortium Sdn Bhd in Kuantan Port and Penang Port Sdn Bhd in Penang Port. Each port operates its own port operation system.[8] Other relevant actors include, among others, professional freight forwarders, carriers, and shipping agents that prepare and process documents, book shipments, and handle and ship cargo. Finally, value-added logistics service providers address the diverse needs of traders, including packing and labeling, warehousing, customs brokerage and transportation.

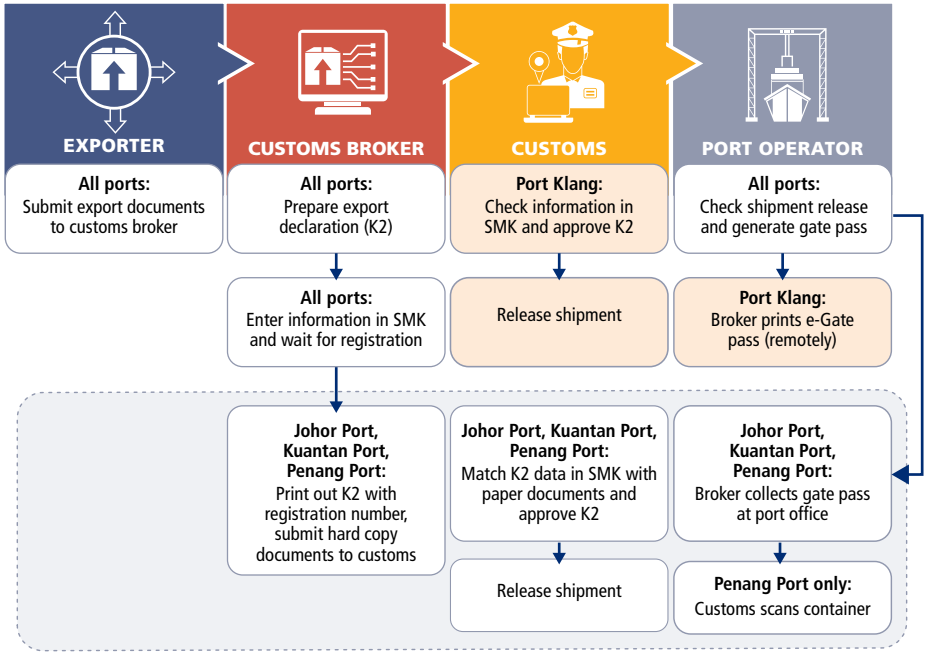
The Customs Act of 1967 establishes Malaysia's customs legislative framework.[9] In line with the World Trade Organization's Trade Facilitation Agreement, it does not require the use of licensed customs brokers as clearing agents.[10] Nevertheless, it is common for companies to hire customs brokers. Larger companies, on occasion, obtain licenses for in-house customs brokers.

How does exporting work in Malaysia?

The process of exporting begins with the customs broker receiving the invoice and packing list from the exporter and inputting the information into the electronic customs data interchange system, the Sistem Maklumat Kastam (SMK).[11] A customs export declaration (form K2) is registered in the system and a registration number is assigned (figure 5.2).

In addition to the packing list, invoice and form K2, the bill of lading, certificate of origin (required by the importing economy) and SOLAS (Safety of Life at Sea) certificate are also required to export. Information for the SOLAS certificate is entered either at the warehouse where the container is weighed or at the port gate when the port officer enters the verified gross mass (VGM) in the port system and issues a ticket with a lot number where the container must be placed. Customs authorities do not usually inspect export containers physically. The exporter or the customs broker drafts the

FIGURE 5.2 Port Klang has streamlined the customs clearance processes for exports



Source: Doing Business database.

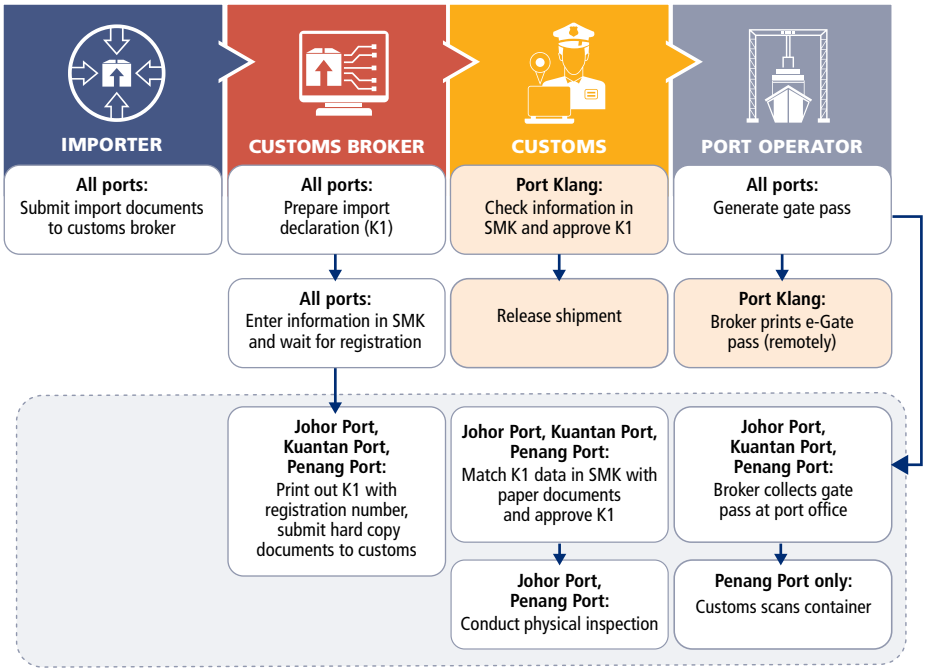
bill of lading once the container is in the container yard. Once the container is loaded onto a vessel, the shipping line issues the original bill of lading.

When goods are exported under a free trade agreement (FTA), exporters typically apply for a preferential certificate of origin (PCO) through the online portal, ePCO (electronic Preferential Certificate of Origin), and submit the approval via hard copy to MITI for endorsement. Malaysia has a well-established electronic document exchange system with some FTA partners—Thailand, for example—where, once uploaded, the PCO is available immediately to the FTA partner's customs authority.

How does importing work in Malaysia?

For importing, the customs broker begins the clearing process once the vessel has berthed. By this time, the customs authority will have the import manifest, and it can match the information from the customs import declaration (form K1) with the information in the customs database provided by the shipping line (figure 5.3). Once the system registers the K1, the broker submits the required documents (invoice, packing list, bill of lading, and

FIGURE 5.3 Johor Port and Penang Port are the only ports that conduct physical inspections for imports



Source: Doing Business database.

the certificate of origin received by courier and emailed from the supplier) on paper to the customs authority (except in Port Klang). It then requests the release of the container for pickup from the port operator and prints the gate pass. In some cases, the customs authority will perform a physical inspection of the import container.[12]

Where is trading across borders easier?

Of the four benchmarked ports in Malaysia, trading through Port Klang is easiest (table 5.2). While the cost of border compliance[13]—which measures the time and cost of fulfilling customs requirements, mandatory inspections and port and terminal handling of cargo—is higher in Port Klang than in the other ports for both exporting and importing, port and customs practices are more efficient (box 5.2).

TABLE 5.2 Time and cost for border compliance and documentary compliance in Malaysia's four benchmarked ports

		Export				Import			
		Border compliance		Documentary compliance		Border compliance		Documentary compliance	
	Score (0–100)	Time (hours)	Cost (US$)	Time (hours)	Cost (US$)	Time (hours)	Cost (US$)	Time (hours)	Cost (US$)
Port Klang	88.5	28	213	10	35	36	213	7	60
Kuantan Port	78.5	57	138	74	53	54	136	74	48
Johor Port	76.5	48	144	74	53	48	181	120	48
Penang Port	75.2	56	150	50	123	72	201	98	48

Source: Doing Business database.

Note: The score for trading across borders is the average of the scores for the time and cost of documentary compliance and border compliance to export and import. The score is normalized to range from 0 to 100 (the higher the score, the better). For more details, see the chapter About *Doing Business* and *Doing Business in Malaysia 2020* and the data notes. The complete data set is available on the *Doing Business* website at http://www.doingbusiness.org.

BOX 5.2 Going electronic: Port Klang

Government initiatives focused on reducing paper-based submissions to improve the trading process have been most successful in Port Klang. While stakeholders across Malaysia use electronic document interchange systems, only Port Klang has completed the transition to a paperless document workflow for both exports and imports. The digital delivery system, e-Terminal Plus, has allowed Port Klang to streamline processes across various workstreams. The seamless integration of e-Terminal Plus and the customs system ensures that the status of containers is reflected in real-time once they are released by customs, allowing customs brokers to apply for an e-Gate pass online. E-Terminal Plus also has a smartphone application, offering flexibility to its users. Shipping lines also use electronic platforms to issue delivery orders, thereby reducing processing times and costs.

Port Klang has also successfully implemented a smart card security system, aimed at reducing the risk of cargo loss and theft and streamlining entry and movement in the port. Individual smart cards—issued to forwarding agents, freight forwarders and hauliers—carry data on the bearer, driver, truck, and the cargo to be collected/offloaded.

How does the process compare?

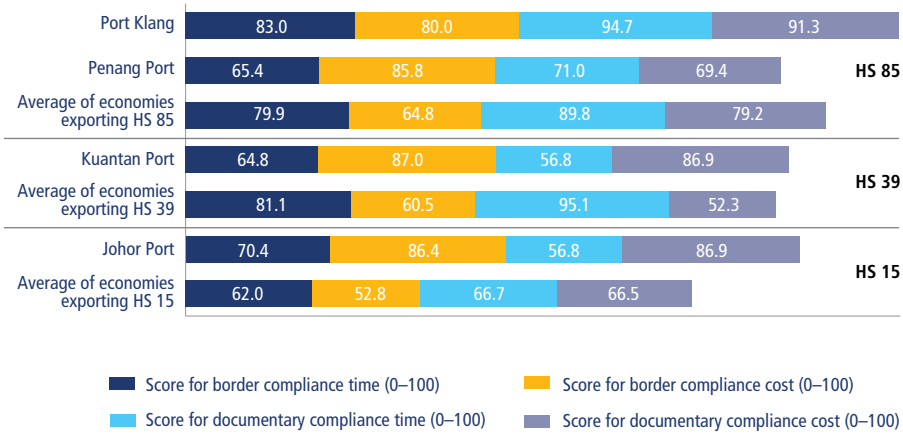
When compared globally, the process of exporting is less expensive in Malaysia than in other economies that export the same category of goods (figure 5.4). The same is true for imports. However, border compliance in Malaysia tends to be slower on average for both exports and imports than in regional peers and other economies exporting the category of goods.

Border compliance time for exports

Across the 190 economies covered by *Doing Business*, maritime transportation is the most common means of exporting in 115 economies. In 47 of these economies—including ports in Australia (Sydney), China (Shanghai), Republic of Korea (Incheon) and Singapore—border compliance can be achieved in 48 hours or less.

The average time to comply with border procedures for exports across the four Malaysian ports is 47 hours—12 hours faster than the average in the East Asia and Pacific (EAP) region and roughly in line with the average of sea-trading Asia-Pacific Economic Cooperation (APEC) economies (figure 5.5).[14] However, Malaysia's average border compliance time is almost five times slower than that of Singapore, the best-performing port that has streamlined customs clearance and port handling processes. Indeed,

FIGURE 5.4 Malaysian ports score well on the cost of border compliance

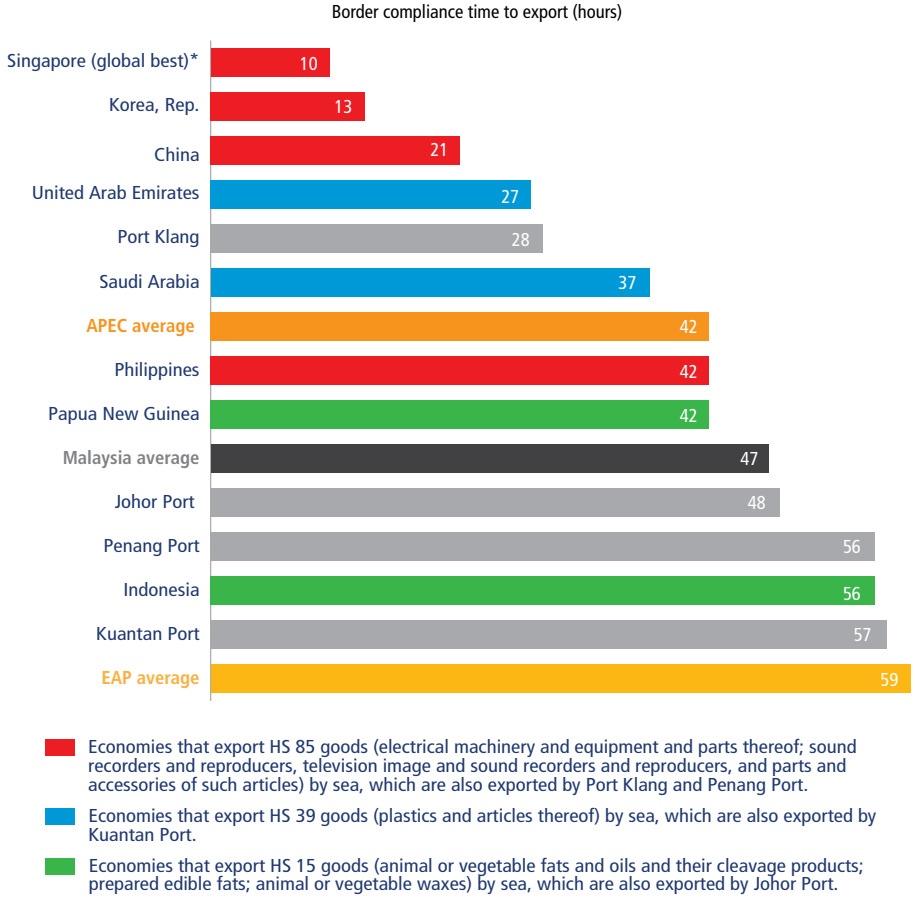


Source: Doing Business database.

Note: The score is normalized to range from 0 to 100 (the higher the score, the better). For more details, see the chapter About *Doing Business* and *Doing Business in Malaysia 2020* and the data notes. The economies in *Doing Business* that export goods categorized as HS 85 (electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles) by sea are China; Costa Rica; Cyprus; India; Israel; Republic of Korea; Lebanon; Malta; Philippines; Samoa; Singapore; St. Kitts and Nevis; Taiwan, China; Tunisia; and Vietnam. The economies that export goods classified as HS 39 (plastics and articles thereof) by sea are The Bahamas; Qatar; Saudi Arabia; and the United Arab Emirates. The economies that export goods classified as HS 15 (animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes) by sea are The Gambia; Indonesia; Papua New Guinea; and Vanuatu.

Malaysia lags some of the region's top performers exporting similarly-classified goods. For example, in China, Korea and Singapore—which, like Port Klang and Penang Port, export goods in the HS 85 category[15]—it takes between 10 and 21 hours to comply with export border requirements. By contrast, in Malaysia, the process in the fastest port—Port Klang—takes nearly 28 hours. In Saudi Arabia and the United Arab Emirates, both of which export goods in the HS 39 category by sea to trading partners that

FIGURE 5.5 Malaysia's border compliance time for exports is faster than the EAP average



APEC = Asia-Pacific Economic Cooperation

EAP = East Asia and the Pacific

Source: Doing Business database.

Note: The average for Malaysia is the average for the four Malaysian ports. The APEC average is based on economy-level data for the 17 APEC economies that export by sea (Australia; Brunei Darussalam; Chile; China; Indonesia; Japan; Republic of Korea; Malaysia (represented by Port Klang); New Zealand; Papua New Guinea; Peru; Philippines; Russian Federation; Singapore; Taiwan, China; Thailand; and Vietnam). The EAP average is based on economy-level data for the 22 EAP economies that export by sea (Brunei Darussalam; Cambodia; China; Fiji; Indonesia; Kiribati; Malaysia (represented by Port Klang); Marshall Islands; Federated States of Micronesia; Myanmar; Palau; Papua New Guinea; Philippines; Samoa; Singapore; Solomon Islands; Taiwan, China; Thailand; Timor-Leste; Tonga; Vanuatu; and Vietnam).

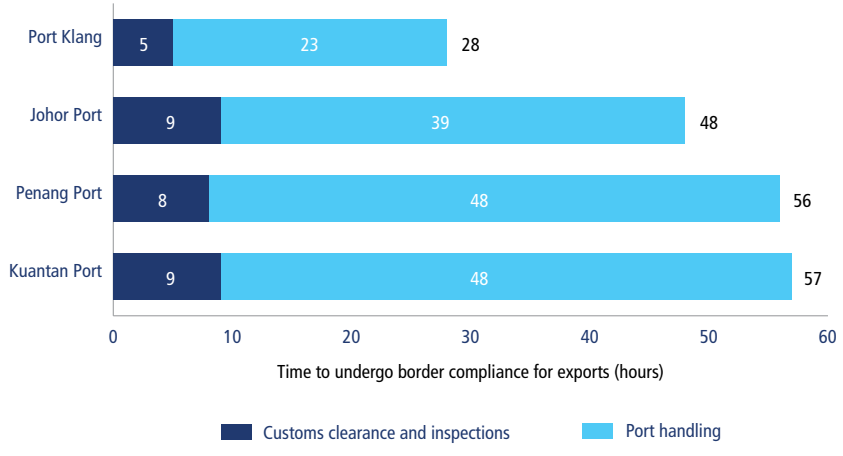
* Represents the global best among economies that export by sea and that export the same three products exported by Malaysian ports.

are not within the same customs union, the process is 20 and 30 hours faster, respectively, than in Kuantan Port.

Within Malaysia, the time to complete border compliance often depends on the efficiency of regulations and their effective implementation by the relevant agency. The time to complete border compliance for exports across the four Malaysian ports ranges from 28 hours in Port Klang to 57 hours in Kuantan Port (figure 5.6). The faster time in Port Klang is mainly a result of the port's electronic transaction systems and streamlined processes. When clearing goods for export and import, all documentation can be submitted electronically—there is no need for an in-person visit to the customs or port offices. As soon as customs approve the declaration, the broker prints the e-Gate pass from the port electronic terminal and emails it to the haulier for container pickup. Although electronic submission is also available in Penang Port, it takes longer for the customs brokers to find out if they are missing any documentation if they only submit documents electronically. Therefore, the majority of customs brokers follow up with a hard copy submission because in-person submissions allow the trader to immediately learn if they are missing any documentation, thereby expediting the approval process.

Port Klang has also invested in infrastructure. Since 2017 the port operator opened a second gate with three scanners, upgraded its terminal operating management system, expanded its container terminal and reduced the cut-off time for the export container to be delivered to the port to eight hours. Additionally, throughout 2017 and 2018, Port Klang enhanced its

FIGURE 5.6 Port handling comprises the majority of border compliance time for exports



Source: Doing Business database.

Note: For exports, in Port Klang, one hour of the customs clearance process can be completed at the same time as port handling; therefore, the total time for port handling shown above is one hour less than the actual time taken. In Johor Port, all nine hours of the customs clearance process can be completed at the same time as port handling; therefore, the total port handling time shown above is nine hours less than the actual time taken. The total time to complete border compliance in these two ports reflects the simultaneity of both processes.

existing risk-based assessment system and reduced the number of physical inspections, as well as document checks.

Johor Port, where border compliance for exports takes 48 hours on average, is the only port where it is common practice for freight forwarders to begin the export shipment clearance process after the container is placed on the container yard, as opposed to completing customs clearance before container arrival at the port. Export containers are usually only scanned in Penang Port—in all other ports, the haulier proceeds to the designated lot and offloads the container. Port Klang scans fewer than 5% of export and import containers; Johor Port and Kuantan Port do not have scanning equipment.

In Kuantan Port, where border compliance takes the longest, the authorities perform a pre-gate check of incoming export containers—the port operator checks the export documents and carries out an external inspection of the container, including checking the container number and checking for any significant damages to the container body. This step can take as long as 20 minutes per container, depending on the congestion, meaning that trucks often must wait in line for several hours. However, the port operator is planning to install video cameras that will capture truck and container images and upload them into the system, significantly expediting this procedure.

New procedures established in April 2019—when Kuantan Port was declared a free zone—also increased border compliance times. Under the new procedures, exporters can only bring containers into the port after customs clearance; before, exporters could clear customs at the same time as port handling. The new process needs to be streamlined and port infrastructure upgraded so that exporters in Kuantan do not incur additional costs or delays, especially when shipping a large number of containers.

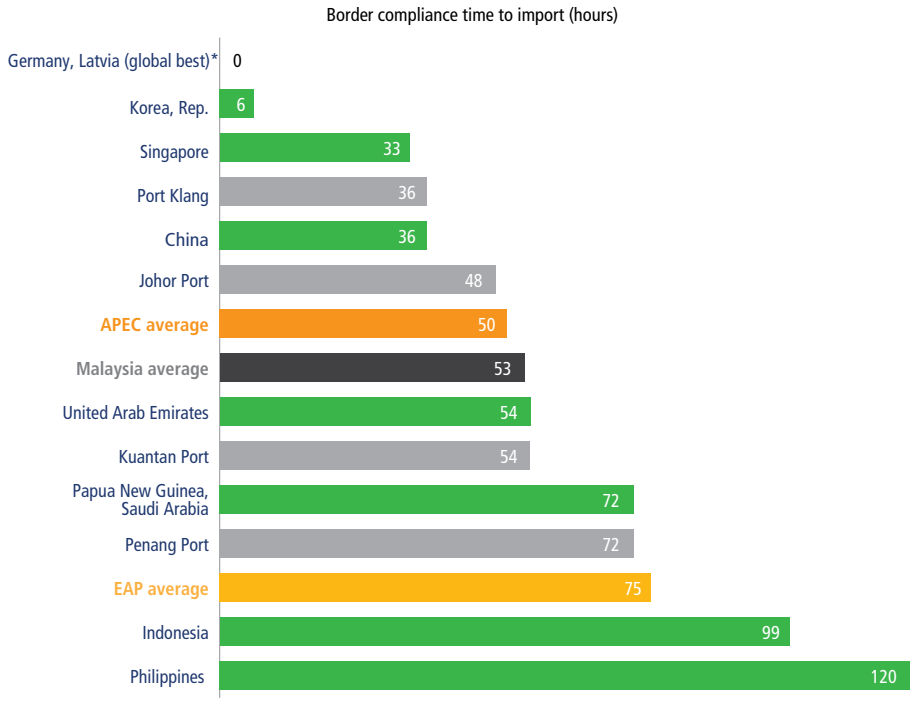
Obtaining customs clearance is more time-consuming when exporting from Johor Port, Kuantan Port and Penang Port. In these three ports, clearing customs takes 8.5 hours on average, compared to just five hours in Port Klang, where customs clearance is now a paperless process without in-person interaction between customs officers and brokers.

Border compliance time for imports

For imports, border compliance in Malaysia takes 53 hours on average, roughly on par with the APEC average and 22 hours faster than the EAP average (figure 5.7). It is faster to import in Malaysia than in Saudi Arabia (72 hours), Indonesia (99 hours) and the Philippines (120 hours), where ports are congested, and a large part of border procedures is performed manually. However, it is much slower than in Korea—which has a more advanced port infrastructure and where traders use a single-window system—where it takes just six hours on average.

Within Malaysia, completing the border compliance process for imports can take as few as 36 hours in Port Klang and as many as 72 hours in Penang Port (figure 5.8). This variation is mainly due to differences in port

FIGURE 5.7 Import border compliance time in Malaysia is on par with the APEC average



APEC = Asia-Pacific Economic Cooperation

EAP = East Asia and the Pacific

Source: Doing Business database.

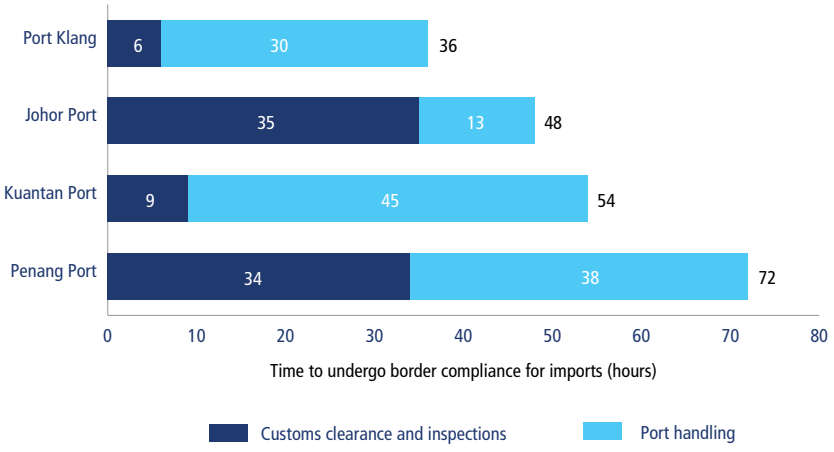
Note: For the import process, the *Doing Business* case study assumes that each port imports HS 8708 goods (parts and accessories of motor vehicles). The average for Malaysia is the average for the four Malaysian ports. The APEC average is based on economy-level data for the 17 APEC economies that import by sea (Australia; Brunei Darussalam; Chile; China; Hong Kong SAR, China; Indonesia; Japan; Republic of Korea; Malaysia (represented by Port Klang); New Zealand; Papua New Guinea; Peru; Philippines; Singapore; Taiwan, China; Thailand; and Vietnam). The EAP average is based on economy-level data for the 22 EAP economies that import by sea (Brunei Darussalam; China; Fiji; Hong Kong SAR, China; Indonesia; Kiribati; Malaysia (represented by Port Klang); Marshall Islands; Federated States of Micronesia; Myanmar; Palau; Papua New Guinea; Philippines; Samoa; Singapore; Solomon Islands; Taiwan, China; Thailand; Timor-Leste; Tonga; Vanuatu; and Vietnam).

* Represents the global best among economies that import parts and accessories of motor vehicles by sea.

handling times. In all ports, importers can complete customs procedures and port handling procedures simultaneously—once the vessel arrives at the port, customs brokers begin the customs clearance process.

In Penang Port and Johor Port—where the product in the case study is imported from China—shipments are very likely to be inspected by customs: discrepancies between customs import declarations and contents of the container from China are common. Waiting for this physical inspection takes around 30 hours. Penang Port and Johor Port, as well as Kuantan Port, report high container dwell times, likely due to road and sea congestion and ports' operating models.

FIGURE 5.8 Port Klang has the lowest border compliance time for imports



Source: Doing Business database.

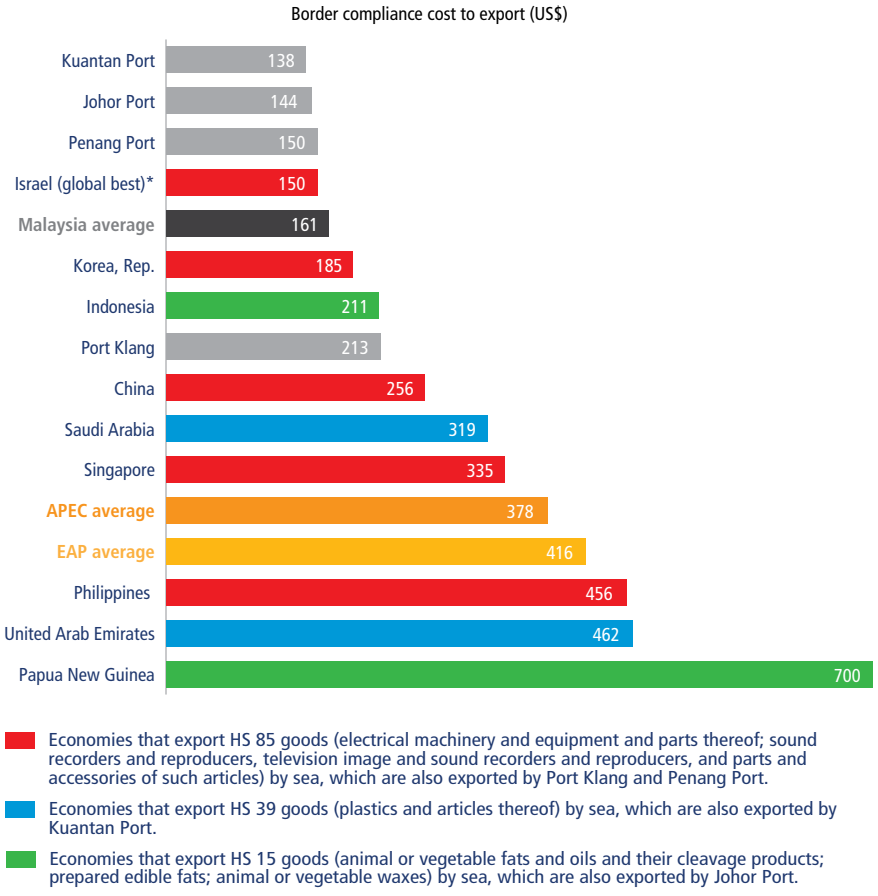
Note: For imports in all ports, the entire customs clearance process is completed at the same time as port handling, and therefore, the total port handling time shown above is less than the actual time taken. The total time to undergo border compliance across all ports reflects the simultaneity of both processes.

Border compliance cost for exports

Border compliance costs for exports are significantly lower in Malaysia ($161 on average across the four ports) than the average for APEC and EAP economies that trade by sea (figure 5.9). In Johor Port, which exports goods in the HS 15 category (animal or vegetable fats and oils),[16] the cost is $144, significantly lower than in Indonesia ($211) and Papua New Guinea ($700), which export products in the same category of goods. Border compliance costs are also markedly lower in Kuantan Port ($138)—which exports goods in the HS 39 category—than in Saudi Arabia ($319) and the United Arab Emirates ($462), where both customs clearance and port handling procedures cost more. Meanwhile, the cost for border compliance to export goods in the HS 85 category from Penang Port and Port Klang are well below those in China, Singapore and the Philippines.

Of the four Malaysian ports benchmarked in *Doing Business in Malaysia 2020*, Kuantan Port has the lowest cost for exports, followed by Johor Port and Penang Port. Although broker fees are similar across these three ports, the cost of port services for exports is lowest in Kuantan Port (figure 5.10). Customs broker and terminal handling fees are highest in Port Klang, where a trader must pay $213 to export a container. Customs authorities in Malaysia do not charge for any of their services, including physical inspections.

FIGURE 5.9 Border compliance costs for exports are lower in Malaysia than in APEC or EAP economies



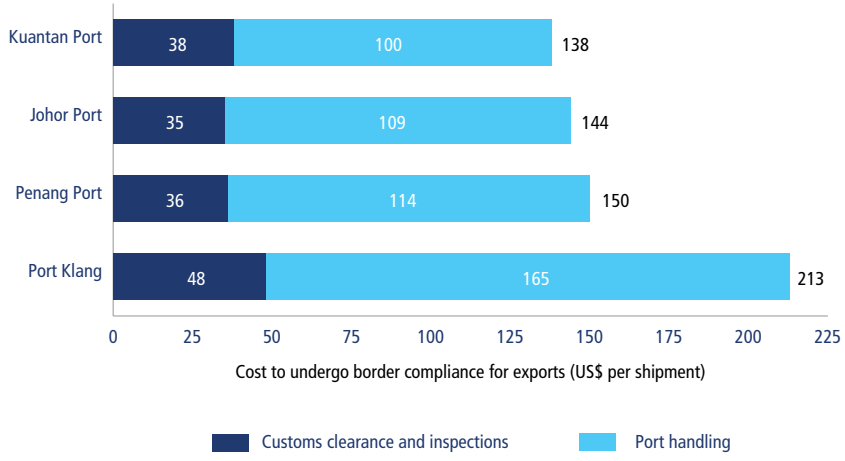
APEC = Asia-Pacific Economic Cooperation

EAP = East Asia and the Pacific

Source: Doing Business database.

Note: The average for Malaysia is the average for the four Malaysian ports. The APEC average is based on economy-level data for the 17 APEC economies that export by sea (Australia; Brunei Darussalam; Chile; China; Indonesia; Japan; Republic of Korea; Malaysia (represented by Port Klang); New Zealand; Papua New Guinea; Peru; Philippines; Russian Federation; Singapore; Taiwan, China; Thailand; and Vietnam). The EAP average is based on economy-level data for the 22 EAP economies that export by sea (Brunei Darussalam; Cambodia; China; Fiji; Indonesia; Kiribati; Malaysia (represented by Port Klang); Marshall Islands; Federated States of Micronesia; Myanmar; Palau; Papua New Guinea; Philippines; Samoa; Singapore; Solomon Islands; Taiwan, China; Thailand; Timor-Leste; Tonga; Vanuatu; and Vietnam). ports.

FIGURE 5.10 The largest variations in border compliance costs for exports are related to port and terminal handling charges



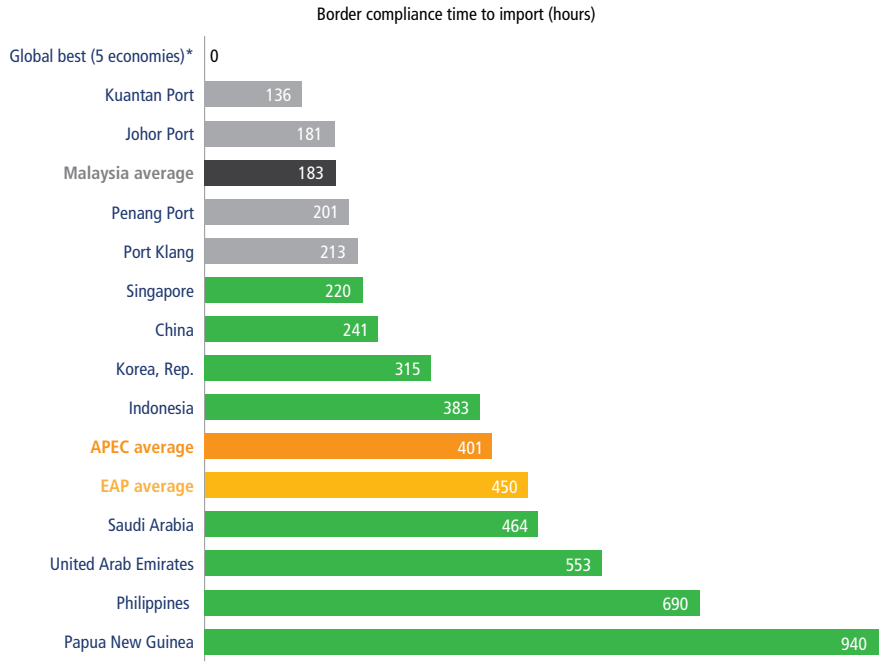
Source: Doing Business database.

Border compliance cost for imports

Border compliance costs for imports are comparatively low in Malaysia (figure 5.11). At $183 (the average across the four ports), the cost of border compliance for importing to Malaysia is less than half of the average of APEC and EAP economies. Malaysia also outperforms regional competitors exporting the same categories of goods by sea, including Singapore, Korea and Indonesia, where port handling fees are higher.

Among the four Malaysian ports, border compliance costs for imports range from $136 in Kuantan Port (where broker fees are lowest) to $213 in Port Klang (where terminal and handling charges are highest) (figure 5.12). In Penang Port and Johor Port, border compliance costs for imports are more than 25% higher than for exports. At these ports, imported containers must undergo a physical customs inspection, whereas containers for export do not undergo this inspection. This additional step—together with the cost of hiring a broker to attend the inspection and a company to shift the container to and from the inspection bay—drives up border compliance costs to import.

FIGURE 5.11 Similar to exports, the cost of border compliance for imports across Malaysian ports is competitive



APEC = Asia-Pacific Economic Cooperation

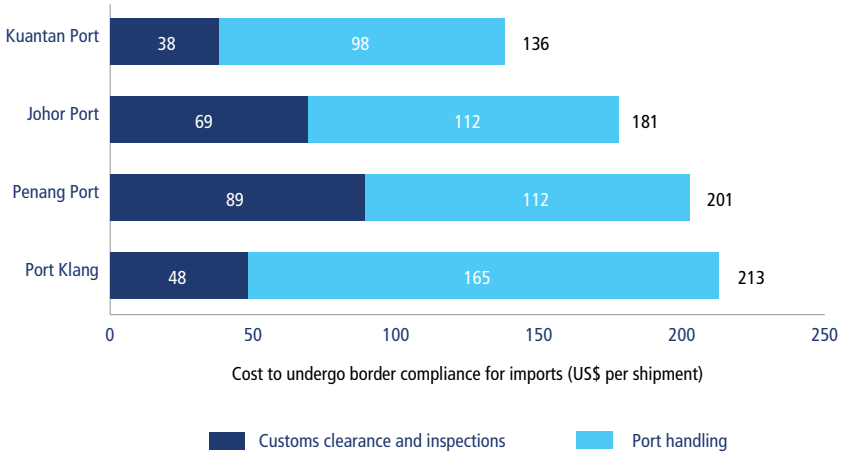
EAP = East Asia and the Pacific

Source: Doing Business database.

Note: For the import process, the *Doing Business* case study assumes that each port imports HS 8708 goods (parts and accessories of motor vehicles). The average for Malaysia is the average for the four Malaysian ports. The APEC average is based on economy-level data for the 17 APEC economies that import by sea (Australia; Brunei Darussalam; Chile; China; Hong Kong SAR, China; Indonesia; Japan; Republic of Korea; Malaysia (represented by Port Klang); New Zealand; Papua New Guinea; Peru; Philippines; Singapore; Taiwan, China; Thailand; and Vietnam). The EAP average is based on economy-level data for the 22 EAP economies that import by sea (Brunei Darussalam; China; Fiji; Hong Kong SAR, China; Indonesia; Kiribati; Malaysia (represented by Port Klang); Marshall Islands; Federated States of Micronesia; Myanmar; Palau; Papua New Guinea; Philippines; Samoa; Singapore; Solomon Islands; Taiwan, China; Thailand; Timor-Leste; Tonga; Vanuatu; and Vietnam).

* Represents the global best performance among economies that import parts and accessories of motor vehicles by sea. These five economies are Finland, Germany, Greece, Latvia and the United Kingdom.

FIGURE 5.12 Kuantan Port has the lowest border compliance costs for imports



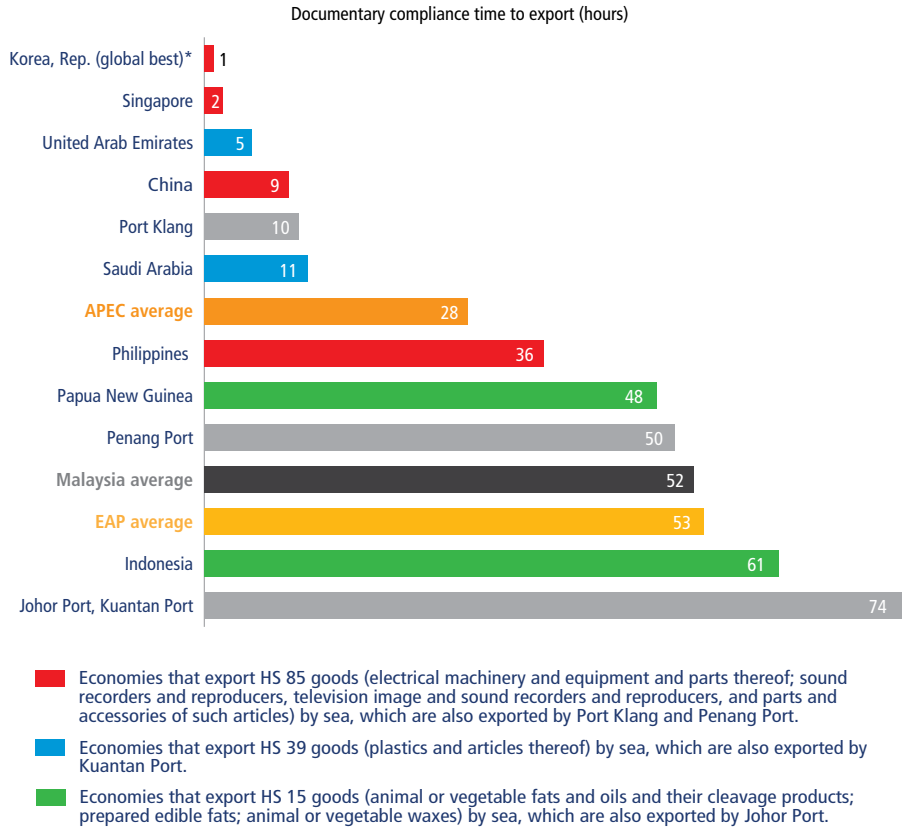
Source: Doing Business database.

Documentary compliance time for exports

Documentary compliance captures the time and cost associated with the documentary requirements of all government agencies involved in the logistical process of exporting and importing goods. It includes the time and cost for obtaining, preparing, processing, presenting and submitting the documents required for each shipment. While documentary compliance for exports takes 28 hours on average in APEC economies trading by sea, the process takes almost twice as long in Malaysia (52 hours on average) and EAP economies (figure 5.13). Indeed, it takes longer to undergo documentary compliance in Penang Port, Johor Port and Kuantan Port (50, 74 and 74 hours, respectively) than in all other economies that export the same products by sea. However, the process is much faster in Port Klang (ten hours) than in the Philippines (36 hours) to export goods in the HS 85 category.

Within Malaysia, documentary compliance time for exports can vary significantly. The process takes ten hours in Port Klang—thanks mainly to the electronic document workflow—but can take up to 50 hours in Penang Port and 74 hours in Johor Port and Kuantan Port. Preparing and obtaining the bill of lading and certificate of origin are the most time-consuming requirements in these three ports. While shipping lines have actively enhanced their online platforms to enable the electronic preparation and exchange of bills of lading, it is still common for customs brokers to obtain hard copies in all three ports. Furthermore, preparing the certificate of origin,[17] if required, can take from 24 to 49 hours. And, after receiving an electronic certificate, the applicant must visit the MITI office for endorsement.

FIGURE 5.13 Malaysia's documentary compliance time for exports is on par with the EAP average



APEC = Asia-Pacific Economic Cooperation

EAP = East Asia and the Pacific

Source: Doing Business database.

Note: The average for Malaysia is the average for the four Malaysian ports. The APEC average is based on economy-level data for the 17 APEC economies that export by sea (Australia; Brunei Darussalam; Chile; China; Indonesia; Japan; Republic of Korea; Malaysia (represented by Port Klang); New Zealand; Papua New Guinea; Peru; Philippines; Russian Federation; Singapore; Taiwan, China; Thailand; and Vietnam). The EAP average is based on economy-level data for the 22 EAP economies that export by sea (Brunei Darussalam; Cambodia; China; Fiji; Indonesia; Kiribati; Malaysia (represented by Port Klang); Marshall Islands; Federated States of Micronesia; Myanmar; Palau; Papua New Guinea; Philippines; Samoa; Singapore; Solomon Islands; Taiwan, China; Thailand; Timor-Leste; Tonga; Vanuatu; and Vietnam).

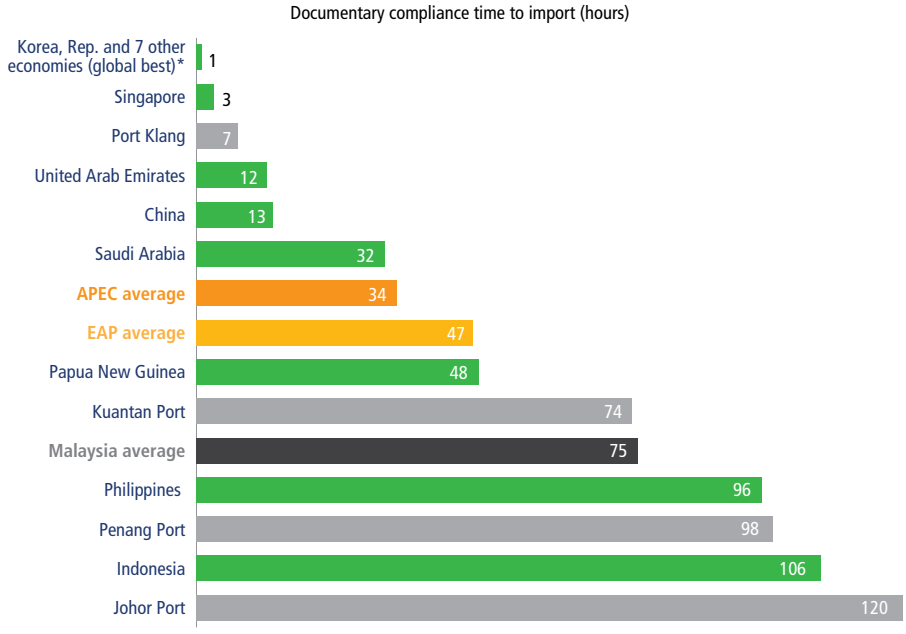
* Represents the global best among economies that export by sea and that export the same three products exported by Malaysian ports.

Documentary compliance time for imports

The average time for documentary compliance is more than twice as long in Malaysia for imports than in APEC economies (75 hours compared with 34 hours) and significantly longer than in EAP economies, where it takes 47 hours (figure 5.14). However, the process is much faster than in the Philippines and Indonesia, where the average time for documentary compliance for imports is 96 and 106 hours, respectively.

While the average time for documentary compliance for imports is high in Malaysia, the efficiency of Port Klang, in particular, stands out. Port Klang traders benefit from electronic document exchange and spend just seven hours—similar to Oman and Panama—preparing and obtaining import documentation. In contrast, in Kuantan Port, Penang Port and Johor Port, import documentation is often sent by mail from supplier to

FIGURE 5.14 Documentary compliance time for imports is higher in Malaysia than in APEC and EAP



APEC = Asia-Pacific Economic Cooperation

EAP = East Asia and the Pacific

Source: Doing Business database.

Note: For the import process, the *Doing Business* case study assumes that each port imports HS 8708 goods (parts and accessories of motor vehicles). The average for Malaysia is the data for the four Malaysian ports. The APEC average is based on economy-level data for the 17 APEC economies that import by sea (Australia; Brunei Darussalam; Chile; China; Hong Kong SAR, China; Indonesia; Japan; Republic of Korea; Malaysia (represented by Port Klang); New Zealand; Papua New Guinea; Peru; Philippines; Singapore; Taiwan, China; Thailand; and Vietnam). The EAP average is based on economy-level data for the 22 EAP economies that import by sea (Brunei Darussalam; China; Fiji; Hong Kong SAR, China; Indonesia; Kiribati; Malaysia (represented by Port Klang); Marshall Islands; Federated States of Micronesia; Myanmar; Palau; Papua New Guinea; Philippines; Samoa; Singapore; Solomon Islands; Taiwan, China; Thailand; Timor-Leste; Tonga; Vanuatu; and Vietnam).

*Represents the global best among economies that import parts and accessories of motor vehicles by sea. The other seven economies are Finland, Germany, Greece, Ireland, Latvia, Malta and New Zealand.

the consignee. As a result, documentary compliance time in these ports (74, 98 and 120 hours respectively) is significantly higher. In Port Klang and Kuantan Port, the certificate of origin is received electronically because the case study import product (parts and accessories of motor vehicles) is coming from Thailand.[18] But in Johor Port and Penang Port, where the case study product is mainly imported from China, traders must apply for a paper certificate and send it by mail courier. In addition, it is not uncommon for customs authorities in these two ports to request a catalog of products and bank telegraphic transfer forms as confirmation of payment for the goods. Such ad hoc requests happen after the import declaration package has been submitted to customs and therefore cause delays.

Documentary compliance cost for exports

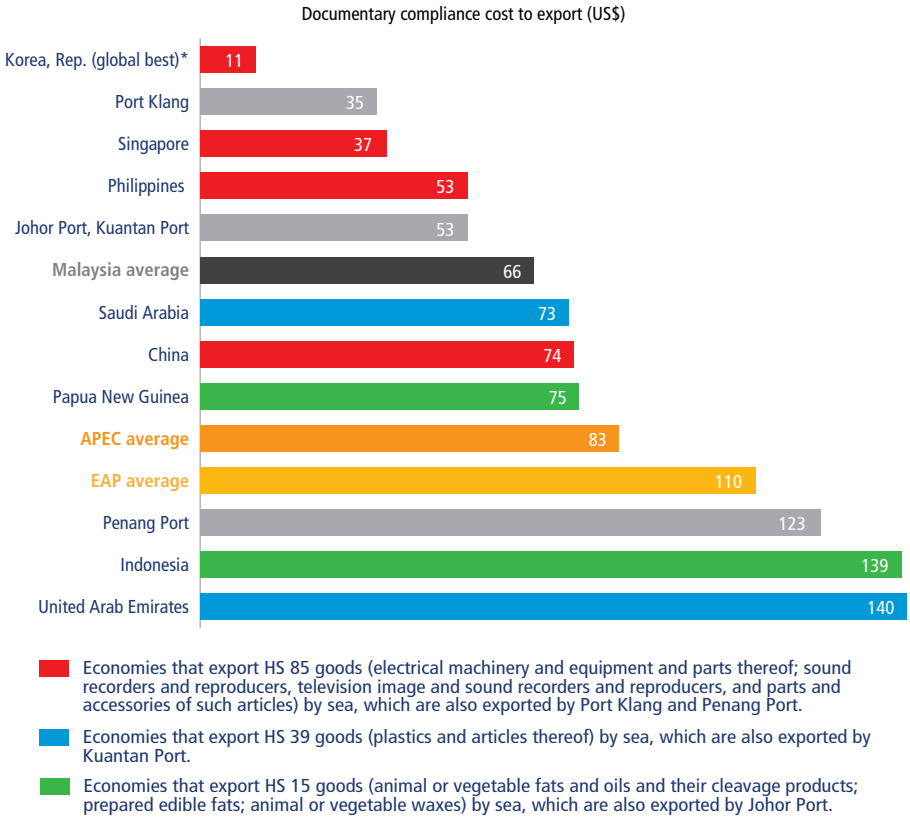
Malaysia's average cost for documentary compliance for exports ($66) is 21% lower than the APEC average and 40% lower than the EAP average (figure 5.15). It costs less to meet requirements for export documentary compliance in Port Klang than in other economies exporting goods classified as HS 85, including Singapore, the Philippines, and China. Likewise, documentary compliance costs are significantly lower in Johor Port than in other economies exporting goods in the HS 15 category, such as Papua New Guinea and Indonesia. Documentary compliance costs are also lower in Kuantan Port than in other economies exporting HS 39-classified goods, for example Saudi Arabia and the United Arab Emirates.

Malaysia's average cost for documentary compliance would be even lower if the cost of the advance manifest in Penang Port required by the United States to export goods there ($100) were not so high. Indeed, the cost of documentary compliance in Penang Port is 3.5 times higher than in Port Klang due to the advance manifest. Across Malaysian ports, traders primarily pay for the bill of lading and certificate of origin. The bill of lading comprises the majority of the cost, ranging from $31 in Port Klang to $48 in the other three ports.

Documentary compliance cost for imports

Traders pay only for the bill of lading documents at Malaysia's ports. The supplier provides the other documents, including the packing list, invoice, certificate of origin and catalog of products. As a result, the cost for documentary compliance for imports is relatively low. Johor Port, Kuantan Port and Penang Port have among the lowest costs for documentary compliance for imports among APEC and EAP economies. Only Korea, Singapore and Thailand have lower costs, at $27, $40 and $43, respectively, among both APEC and EAP economies (figure 5.16). At $51, Malaysia's average cost of documentary compliance for imports is below that of the Philippines ($68), China ($77) and Indonesia ($164). In Port Klang, however, it is 24% more expensive than the Malaysia average to obtain a bill of lading set of documents (which also includes a delivery order), likely due to higher demand for trade business.

FIGURE 5.15 The cost for documentary compliance for exports across Malaysian ports is lower than the APEC and EAP averages



APEC = Asia-Pacific Economic Cooperation

EAP = East Asia and the Pacific

Source: Doing Business database.

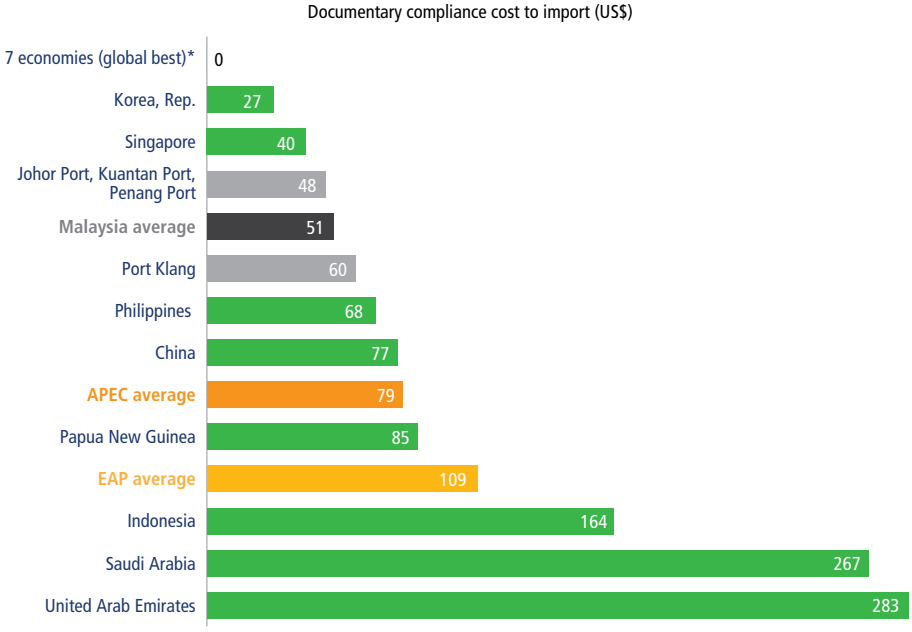
Note: The average for Malaysia is the average for the four Malaysian ports. The APEC average is based on economy-level data for the 17 APEC economies that export by sea (Australia; Brunei Darussalam; Chile; China; Indonesia; Japan; Republic of Korea; Malaysia (represented by Port Klang); New Zealand; Papua New Guinea; Peru; Philippines; Russian Federation; Singapore; Taiwan, China; Thailand; and Vietnam). The EAP average is based on economy-level data for the 22 EAP economies that export by sea (Brunei Darussalam; Cambodia; China; Fiji; Indonesia; Kiribati; Malaysia (represented by Port Klang); Marshall Islands; Federated States of Micronesia; Myanmar; Palau; Papua New Guinea; Philippines; Samoa; Singapore; Solomon Islands; Taiwan, China; Thailand; Timor-Leste; Tonga; Vanuatu; and Vietnam).

* Represents the global best among economies that export by sea and that export the same three products exported by Malaysian ports.

Domestic transport time and cost

Port Klang has the shortest transport time (as measured in kilometers per hour) and is the least expensive destination (in terms of U.S. dollars per kilometer) for a shipment from a warehouse in Kuala Lumpur. Penang Port has the longest time for a shipment from a warehouse in mainland Penang due to traffic congestion, while Kuantan Port (for a shipment from a warehouse in Kuantan) is the most expensive, possibly due to the smaller supply of trucks and hauliers. The times and costs also include those for loading and unloading the shipment at the warehouse.

FIGURE 5.16 The cost of importing to Malaysia is below the regional average



APEC = Asia-Pacific Economic Cooperation

EAP = East Asia and the Pacific

Source: Doing Business database.

Note: For the import process, the *Doing Business* case study assumes that each port imports HS 8708 goods (parts and accessories of motor vehicles). The average for Malaysia is based on the data for the four Malaysian ports. The APEC average is based on economy-level data for the 17 APEC economies that import by sea (Australia; Brunei Darussalam; Chile; China; Hong Kong SAR, China; Indonesia; Japan; Republic of Korea; Malaysia (represented by Port Klang); New Zealand; Papua New Guinea; Peru; Philippines; Singapore; Taiwan, China; Thailand; and Vietnam). The EAP average is based on economy-level data for the 22 EAP economies that import by sea (Brunei Darussalam; China; Fiji; Hong Kong SAR, China; Indonesia; Kiribati; Malaysia (represented by Port Klang); Marshall Islands; Federated States of Micronesia; Myanmar; Palau; Papua New Guinea; Philippines; Samoa; Singapore; Solomon Islands; Taiwan, China; Thailand; Timor-Leste; Tonga; Vanuatu; and Vietnam).

* Represents the global best among economies that import parts and accessories of motor vehicles by sea. These seven economies are Finland, Germany, Greece, Iceland, Latvia, Malta and the United Kingdom.

What can be improved?

Malaysia's economic complexity ranking,[19] defined as the ability to produce more varied and complex goods, improved from 0.39 in 1996 to 0.95 in 2017, making it the 28th most complex economy in the world.[20] Given Malaysia's relatively small size and its connectedness in the global trade arena, the country would benefit from continuing to reform in the exporting and importing processes.

In the World Bank's 2015 Enterprise Survey on Malaysia, 19.1% of firms identified customs and trade regulations as a major constraint to trade, significantly higher than the EAP average of 12%.[21] Facilitating trade not only benefits major players—it also fosters the ability of small and medium-size firms to participate in international trade, generating economies of scale and enabling their integration into regional and global value chains.[22]

Improve the transparency and accessibility of information on customs and port procedures

Private sector representatives across the country indicated that they often face inconsistent classification of the imported goods by customs officers. In an effort to increase predictability, customs brokers routinely wait to submit documents to a particular customs officer that they have interacted with previously, which inevitably increases the processing time of the declaration. Although the Royal Malaysian Customs Department's current website provides useful information on customs duties, free zones and legal norms, improvements could be made to disclose information more clearly on export and import procedures, document checklists for customs clearance, product classification, and any updates on changes in processes and documentation. The section that currently includes links to agencies could also be supplemented with useful links to other relevant agencies (such as port authorities or agencies overseeing health, environment or safety issues). The links could include relevant information from these agencies such as requirements for certificates of origin and phytosanitary documents, among others. The website of France's customs office, *Douane Française*,[23] provides a good example. It includes detailed instructions on the customs clearance process for exports and imports as well as all of the necessary manuals, checklists and forms.

Improve coordination of agencies involved in export and import processes to streamline procedures and increase awareness on government initiatives

The private sector in Malaysia noted that they experience significant delays when the clearance process requires the involvement of permit-issuing agencies (the Department of Environment, the Malaysian Agency of Quarantine and Inspection Services (MAQIS), the Timber Board, the Ministry of Health, and so on). These delays are typically the result of longer wait times for the inspection or certificate issued by the agency, inefficient paper-based document workflow and lack of dedicated agency officers at

the port. For example, when inspecting import containers, some agencies such as the Department of Environment or MAQIS require that all containers be placed in the inspection bay at a specific time set by the agency.[24] Compliance is expensive, time-consuming and complex for businesses to coordinate. If these agencies were more integrated and coordinated, inspections could be carried out simultaneously. Recently, Pakistan integrated various agencies in the Web-Based One Customs (WEBOC) electronic system, enhancing coordination of joint physical inspections at the port. And in Hong Kong SAR, China; Japan; Korea and Singapore, importers can obtain inspection certificates electronically.

Twice a year, the Royal Malaysian Customs Department invites regional customs representatives, trade associations and other stakeholders to attend awareness-raising seminars on the latest customs initiatives. However, in the absence of an electronic platform linking the various government agencies and facilitating effective communication and process improvement, the government could consider working groups of stakeholders—all permit-issuing agencies, port authorities and operators, and private sector actors (including exporters and importers). Such working groups would allow stakeholders to address common issues and challenges and explore ways to improve inter-agency coordination. Improved coordination could strengthen compliance with customs rules, decrease discrepancies between declarations and container contents and, ultimately, reduce border compliance time.

Additional steps could be taken to improve stakeholder awareness of policy developments. Customs brokers reported that they prefer to deal with more experienced customs officers than with new recruits who take longer to process documents. Penang Port organizes training and workshops on changes in the laws or new procedures for customs officials, private sector traders and brokers. Training customs clearance officials and customs brokers is positively associated with lower border and documentary compliance times.[25]

Introduce an electronic single window for trade

Trade actors in Malaysia use a variety of electronic platforms. Separate platforms exist for interactions with the customs office, port officials and permit-issuing agencies. The introduction of a unified system—an electronic single window—linking all relevant government agencies would allow all trade actors to connect directly, thereby standardizing processes, increasing efficiency and avoiding duplication. Adopting such a system is particularly important given Malaysia's declining performance on the customs sub-indicator of the World Bank Logistics Performance Index. Malaysia's score on the indicator—which measures the efficiency of the customs clearance process—declined from 3.37 in 2014 to 2.9 in 2018.[26]

More than 30 economies globally have implemented a single window for trade. Japan, Korea and Singapore have simplified their customs procedures by moving them to electronic platforms and launching national single window systems (box 5.3).

BOX 5.3 One-stop trade and logistics: Singapore's success story

After enduring a recession in the 1980s, Singapore created a high-level committee to analyze the country's economic weaknesses and develop strategies to improve competitiveness. One of the committee's recommendations was to increase the use of information technology in trade. Singapore's trade single window, TradeNet, began operating in 1989 as an electronic data interchange system that allowed the computer-to-computer exchange of structured trade messages between the government and members of Singapore's trading community. Three subcommittees were formed under a steering committee for TradeNet—one each for maritime shipping, air shipping and government agencies—to improve exporting and importing processes and to specify functional requirements and propose data standards. Before TradeNet, some clearances were completed manually, and they were not coordinated by a comprehensive computer system. Every subcommittee developed profiles of essential trade documentation activities and streamlined more than 20 forms used in international trade into a single online form for nearly all trade. This form was the core of the new computerized system. The government created a private company to manage TradeNet, which in 1988 led to the formation of Singapore Network Services, now known as CrimsonLogic.

When the project launched, the main challenge was to convince users to switch to electronic trade declaration. The country followed a phased plan to minimize the effort required to make the transition. First, Singapore implemented electronic processing and approval of trade permit applications for noncontrolled and nondutiable goods (it was extended to controlled and dutiable goods later). The system was piloted with 50 users in the first phase. Even after the system was extended, its use was voluntary for more than two years; it did not become mandatory until 1991. Singapore also launched a nationwide campaign to promote the system and smooth the transition to it. Even today, when introducing major changes to the system, the government conducts mass marketing and communication programs to raise awareness and prepare users.

While promoting the new electronic system, the government recognized the challenges facing some businesses. Some firms were more computerized than others, so the adjustments and burdens imposed by the new system varied. The government provided training and assistance for operations. Singapore Customs conducted courses, and public terminals were installed for small companies. And, to encourage companies to switch, manual processing fees were increased to S$10 ($6.90) per document, well above the S$6.50 ($4.48) fee paid by TradeNet users.[a]

In September 2018 Singapore rolled out a new national trade information management platform, the Networked Trade Platform (NTP). The NTP—which replaced the previous TradeNet system (for trade-related applications) and the TradeXchange system (for connecting the trade and logistics community)—is a fully-integrated digital ecosystem for the interface of trade and logistics actors and government systems. It is a single location for government certification services required for trading, as well as a digital marketplace for value-added trade and logistics services by third-party firms. The government estimates that the paperless NTP system will save the private sector an estimated $600 million worth of staff hours annually.[b]

---

a. World Bank. 2013. "Implementing trade single windows in Singapore, Colombia and Azerbaijan" in *Doing Business 2014: Understanding Regulations for Small and Medium-Size Enterprises*. Washington, DC: World Bank Group. Available from https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB14-Chapters/DB14-Implementing-trade-single-window.pdf.

b. Singapore, Singapore Customs. 2016. "National Trade Platform to Streamline Trade Processes." *InSync*, Issue 40, April–June. Available from https://www.customs.gov.sg/-/media/cus/files/insync/issue40/article3.html.

Malaysia can also look to actively participate in the further development and enhancement of the Association of Southeast Asian Nations' (ASEAN) Single Window[27] that connects and integrates the electronic platforms of ASEAN Member States. Some initiatives are already underway. For example, Malaysia and Thailand have upgraded their systems to allow for the electronic exchange of the preferential certificate of origin, which now takes less than one hour to obtain.

Enhance the functionality of the customs information system

The current customs information system, SMK, allows traders in Johor Port, Kuantan Port and Penang Port to register the customs declaration for both imports and exports. However, they must then follow up with hard copies and then wait for their approval. The authorities plan to replace the SMK with a single window system, uCustoms (the Ubiquitous Customs system).[28] However, with uCustoms still under development and no launch date set, the authorities could focus on enhancing the functionality of the SMK in the interim so that documentation is processed and approved electronically (without the need to submit paper copies). These ports could follow in the footsteps of Port Klang, where the customs clearance process has been automated without the need for in-person interaction with customs. Allowing more automated clearances through the existing SMK system could positively impact businesses in the short to medium term while awaiting the launch and full implementation of uCustoms.

Second, the introduction of automated, risk-based customs clearance procedure through the SMK—whereby selected export and import products would be classified as "low-risk" and cleared automatically—would allow customs authorities to focus on higher-risk goods requiring further review. Malaysia has room for improvement in the area of automation—completing the development of risk management procedures, enhancing IT systems capacity for electronic data exchange and improving the quality of telecommunications and IT supporting the automation of border processes.[29] Singapore's customs authority provides a good example of how to use data analysis and a risk-based assessment system to intercept illicit trade and facilitate legitimate trade.[30]

Third, integrating the SMK with the ports system would streamline communications—any change in the shipment status would be reflected immediately across all systems. Currently, following approval of the customs declaration, the customs broker must verify whether the port system has been updated to reflect the shipment release; if not, they must submit a paper confirmation to the port operator. The port then issues a gate pass that must be delivered to the haulier before entering the port. Johor Port, Kuantan Port and Penang Port could follow the example of Port Klang, which streamlined the process of issuing gate passes to customs brokers and hauliers. At Port Klang, as soon as customs clears the shipment. The customs broker generates the e-Gate pass in the port terminal and delivers it to the haulier without having to visit the port office. This improved process has increased port efficiency and reduced border compliance time.

Notes

1. World Development Indicators database (http://data.worldbank.org/data-catalog/world-development-indicators), World Bank. Total trade includes (i) goods produced in Malaysia and exported; (ii) goods imported to Malaysia for domestic consumption; and (iii) goods passing through Malaysia en route to other economies. Malaysia is a major regional transshipment hub.
2. See the World Bank's country website for Malaysia at https://www.worldbank.org/en/country/malaysia/overview.
3. Amin, Mohammad, Jean Arlet and Hulya Ulku. 2017. "What Do Exporters in Malaysia Look Like?" Enterprise Note No. 34, Enterprise Surveys Enterprise Note Series, World Bank, Washington, DC. Available from https://www.enterprisesurveys.org/content/dam/enterprisesurveys/documents/research-1/what-do-exporters-in-malaysia-look-like.pdf.
4. UNCTADstat (https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=13321), United Nations Conference on Trade and Development.
5. Specific products are excluded: precious metal and gems, mineral fuels, oil products, live animals, residues and waste of foods and products, as well as pharmaceuticals. In these cases, the second-largest product category is considered as needed.
6. For each of the 190 economies covered by *Doing Business*, it is assumed that a shipment is located in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy. Kuala Lumpur is the largest business city in Malaysia.
7. For Port Klang, only Westports is benchmarked in the study.
8. The port operation systems for each port are: JCTS (Johor Port), eTerminal (Port Klang (Westports)), CTOS (Kuantan Port) and Pelkon III (Penang Port).
9. See the Customs Act of 1967, available from http://www.customs.gov.my/en/ip/Pages/ip_act.aspx.
10. See Article 10(6) of the World Trade Organization's Trade Facilitation Agreement, available from https://tfadatabase.org/tfa-text/article/10.
11. Customs brokers use the eTerminal platform to connect to the SMK customs information system.
12. Physical inspections are usually conducted in the following cases: (i) if the importer/broker is a relatively new company and they have imported various goods (rather than one type of good); (ii) if the shipment is not homogenous and packed with different types of goods; or (iii) if the customs officer who runs the scanning deems that the scanner images contradict the customs declaration form. Random physical inspections may also be conducted.
13. Border compliance captures the time and cost associated with compliance with (i) the economy's customs regulations; (ii) inspections required by agencies other than customs that are mandatory in order for the shipment to cross the economy's border; and (iii) the time and cost for handling that takes place at its port. If customs clearance or inspections take place at the port at the same time, the time estimate for border compliance takes this simultaneity into account.
14. Throughout the chapter, all APEC and EAP averages for exports refer only to those economies that export by sea. Similarly, all APEC and EAP averages for

imports refer only to those economies that import by sea. See notes to Figure 5.5 and 5.7 for more details.

15. Goods classified as HS 85 are electrical machinery and equipment and parts thereof, sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles.
16. HS 15-classified goods include animal or vegetable fats and oils and their cleavage products, prepared edible fats, and animal or vegetable waxes.
17. The certificate of origin, issued by MITI, is a document that is typically required by the consignee to clear the goods and receive an import duty reduction or exemption.
18. In January 2018, the Malaysian customs authority introduced the electronic Form D–ATIGA, which is required for preferential treatment under the ASEAN Trade in Goods Agreement (ATIGA) within the framework of the ASEAN Single Window Gateway. This electronic form has reduced the time for customs processes and document preparation when importing from Thailand.
19. See the full Country Complexity Rankings at http://atlas.cid.harvard.edu/rankings.
20. Jinn, Brenda Cheah Wenn, and Mohd Shazwan Shuhaimen. 2018. "Complexity and Growth: Malaysia's Position and Policy Implications." Bank Negara Malaysia, Kuala Lumpur. Available from http://ecomplexity.ir/wp-content/uploads/2019/02/AR-BA2-Complexity-and-Growth-Malaysia%E2%80%99s-Position-and-Policy-Implications.pdf.
21. See the website at https://www.enterprisesurveys.org/en/data/exploreeconomies/2015/malaysia#trade.
22. See the trade facilitation website of the Organisation for Economic Co-operation and Development (OECD) at https://www.oecd.org/trade/topics/trade-facilitation/.
23. See the website at https://www.douane.gouv.fr/service-en-ligne.
24. These agencies are not involved in the inspection of the three products assessed in this benchmarking.
25. World Bank. 2018. "Trading across borders: Training for trade facilitation" in *Doing Business 2019: Training for Reform*. Washington, DC: World Bank Group. Available from https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB19-Chapters/DB19-Trading.pdf.
26. See the OECD's Trade Facilitation Indicators at http://www.compareyourcountry.org/trade-facilitation?cr=oecd&lg=en&page=0#subTab1.
27. Singapore, Singapore Customs. 2017. "Data Analysis for Effective Border Management: Using Data Analysis to Manage Risk." *InSync*, Issue 44, January–March. Available from https://www.customs.gov.sg/-/media/cus/files/insync/issue44/inSYNC_ecopy.pdf.
28. See the country statistics on the Logistics Performance Index at https://lpi.worldbank.org/international/scorecard/line/64/C/MYS/2018/C/MYS/2016/C/MYS/2014/C/MYS/2012/C/MYS/2010/C/MYS/2007#chartarea.
29. For more information on the ASEAN Single Window, see https://asw.asean.org/index.php/12-news/1-what-is-asean-single-window.
30. Malaysia's uCustoms is a fully integrated, end-to-end, and customs modernization solution that delivers a single window for goods clearance in Malaysia. uCustoms will also be used for complete electronic licensing processes by the Cross Border Regulatory Agencies (CBRA) known as Other Government Agencies (OGA)/Permit Issuance Agencies (PIA) and other players in the

government agencies and private sectors related to the supply chain activities via land, sea and air mode. For more information, see http://www.customs.gov.my/en/uc/Pages/introduction.aspx.

CHAPTER 6

Data notes

The indicators presented and analyzed in *Doing Business in Malaysia 2020* measure business regulation, the quality and strength of legal frameworks, and the protection of property rights as well as their effect on businesses, especially small and medium-size domestic firms. First, the indicators document the complexity of regulation, such as the number of procedures to register a transfer of commercial property. Second, they gauge the time and cost to achieve a regulatory goal or comply with regulation, such as the time and cost to deal with construction permits or comply with border requirements when trading goods internationally. Third, they measure the extent of legal protections of property, for example, the protections of property rights.

This study presents *Doing Business* indicators for six cities and four ports in Malaysia. The data for all sets of indicators in this study are current as of November 1, 2019. The data for 189 other economies used for comparison are based on the indicators in *Doing Business 2020*, the 17th in a series of annual studies published by the World Bank Group.

Methodology

The data for *Doing Business in Malaysia 2020* were collected in a standardized way. To start, the team customized the *Doing Business* questionnaires for the specific study. The questionnaire uses a simple business case to ensure comparability across

locations and economies and over time—with assumptions about the legal form of the business, its size, its location and the nature of its operations. Questionnaires were administered to more than 300 local experts, including lawyers, architects, engineers, notaries, freight forwarders, shipping companies, government officials and other professionals routinely administering or advising on legal and regulatory requirements. These experts have several rounds of interaction with the project team, involving conference calls, written correspondence and visits by the team. Team members visited the six Malaysian cities and four ports to verify data and recruit respondents. The data from questionnaires were subjected to numerous rounds of verification, leading to revisions or expansions of the information collected.

The *Doing Business* methodology offers several advantages. It is transparent, using factual information about what laws and regulations say and allowing multiple interactions with local respondents to clarify potential misinterpretations of questions. Having representative samples of respondents is not an issue; *Doing Business* is not a statistical survey, and the texts of the relevant laws and regulations are collected and answers checked for accuracy. The methodology is easily replicable, so data can be collected in a large sample of economies. Because standard assumptions are used in the data collection, comparisons and benchmarks are valid across economies. Finally, the data not only highlight the extent of specific regulatory obstacles to business but also identify their source and point to what might be reformed.

Limits to what is measured

The *Doing Business* methodology has limitations that should be considered when interpreting the data. First, the data often focus on a specific business form—generally a limited liability company (or its legal equivalent) of a specified size—and may not be representative of the regulation on other businesses (for example, sole proprietorships). Second, transactions described in a standardized case scenario refer to a specific set of issues and may not represent the full set of issues that a business encounters. Third, the measures of time involve an element of judgment by the expert respondents. When sources indicate different estimates, the time indicators reported in *Doing Business* represent the median values of several responses given under the assumptions of the standardized case.

Finally, the methodology assumes that a business has full information on what is required and does not waste time when completing procedures. In practice, completing a procedure may take longer if the business lacks information or is unable to follow up promptly. Alternatively, the business may choose to disregard some burdensome procedures. For both reasons the time delays reported in *Doing Business* would differ from the recollection of entrepreneurs reported in the World Bank Enterprise Surveys or other firm-level surveys.

Economy characteristics

Gross national income per capita

Doing Business in Malaysia 2020 relies on 2018 income per capita data as published in the World Bank's *World Development Indicators 2019*. Income is calculated using the Atlas method (in current U.S. dollars). For cost indicators expressed as a percentage of income per capita, 2018 gross national income (GNI) per capita in current U.S. dollars is used as the denominator. Malaysia's income per capita for 2018 is $10,460.

Region and income group

Doing Business uses the World Bank regional and income group classifications, available at https://datahelpdesk.worldbank.org/knowledgebase/articles/906519.

Exchange rate

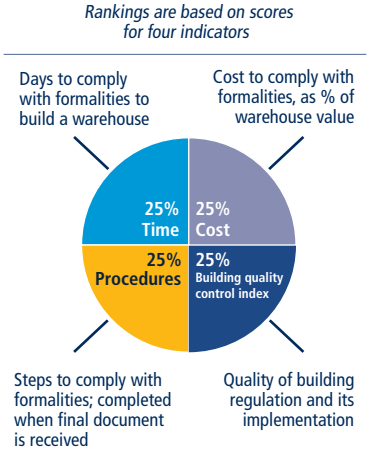
The exchange rate for the U.S. dollar used in *Doing Business in Malaysia 2020* is US$ 1 = 4.18 Malaysian ringgit (MYR).

Dealing with construction permits

Doing Business records all procedures required for a business in the construction industry to build a warehouse, along with the time and cost to complete each procedure. In addition, *Doing Business* compiles the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. Information is collected through a questionnaire administered to experts in construction licensing, including architects, civil engineers, construction lawyers, construction firms, utility service providers, and public officials who deal with building regulations, including approvals, permit issuance and inspections.

The ranking of cities on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators (figure 6.1).

FIGURE 6.1 Dealing with construction permits: efficiency and quality of building regulation



Efficiency of construction permitting

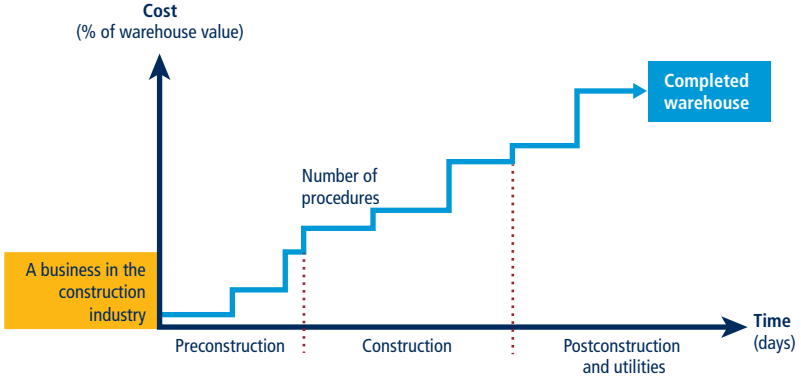
Doing Business divides the process of building a warehouse into distinct procedures in the questionnaire and solicits data for calculating the time and cost to complete each procedure (figure 6.2). These procedures include, but are not limited to:

- Obtaining all plans and surveys required by the architect and the engineer to start the design of the building plans (for example, topographical surveys, location maps or soil tests).
- Obtaining and submitting all relevant project-specific documents (for example, building plans, site maps and certificates of urbanism) to the authorities.
- Hiring external third-party supervisors, consultants, engineers or inspectors (if necessary).
- Obtaining all necessary clearances, licenses, permits and certificates.
- Submitting all required notifications for the start and end of construction and for inspections.
- Requesting and receiving all necessary inspections (unless completed by a hired private, third-party inspector).

Doing Business also records procedures for obtaining connections for water and sewerage. Procedures necessary to register the warehouse so that it can be used as collateral or transferred to another entity are also counted.

To make the data comparable across cities, several assumptions about the construction company, the warehouse project and the utility connections are used.

FIGURE 6.2 What are the time, cost and number of procedures to comply with formalities to build a warehouse?



Assumptions about the construction company

The construction company (BuildCo):

- Is a limited liability company (or its legal equivalent).
- Operates in the selected city.
- Is 100% domestically and privately owned.
- Has five owners, none of whom is a legal entity.
- Is fully licensed and insured to carry out construction projects, such as building warehouses.
- Has 60 builders and other employees, all of them nationals with the technical expertise and professional experience necessary to obtain construction permits and approvals.
- Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers, where applicable. BuildCo is not assumed to have any other employees who are technical or licensed specialists, such as geological or topographical experts.
- Has paid all taxes and taken out all necessary insurance applicable to its general business activity (for example, accidental insurance for construction workers and third-person liability).
- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.

Assumptions about the warehouse

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals, or pharmaceuticals.
- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high.
- Will have road access and be located in the periurban area of the selected city (that is, on the fringes of the city but still within its official limits).
- Will not be located in a special economic or industrial zone.
- Will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo and is accurately registered in the cadastre and land registry where freehold titles exist. However, when the land is owned by the government and leased by BuildCo, it is assumed that BuildCo. will register the land in the cadastre or land registry or both, whichever is applicable, at the completion of the warehouse.
- Is valued at 50 times income per capita.
- Will be a new construction (with no previous construction on the land), with no trees, natural water sources, natural reserves, or historical monuments of any kind on the plot.
- Will have complete architectural and technical plans prepared by a licensed architect and a licensed engineer. If preparation of the plans requires such steps as obtaining further documentation or getting

prior approvals from external agencies, these are counted as separate procedures.
- Will include all technical equipment required to be fully operational.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

Assumptions about the utility connections

The water and sewerage connections:
- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the location, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will not require water for fire protection reasons; a fire extinguishing system (dry system) will be used instead. If a wet fire protection system is required by law, it is assumed that the water demand specified below also covers the water needed for fire protection.
- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year.
- Connection pipes will be 1 inch in diameter for water and 4 inches in diameter for sewerage.

Procedures

A procedure is any interaction of the building company's employees, managers, or any party acting on behalf of the company with external parties, including government agencies, notaries, the land registry, the cadastre, utility companies, public inspectors, and the hiring of external private inspectors and technical experts where needed. Interactions between company employees, such as development of the warehouse plans and inspections by the in-house engineer, are not counted as procedures. However, interactions with external parties that are required for the architect to prepare the plans and drawings (such as obtaining topographic or geological surveys), or to have such documents approved or stamped by external parties, are counted as procedures. Procedures that the company undergoes to connect the warehouse to water and sewerage are included. All procedures that are legally required and done in practice by the majority of companies to build a warehouse are recorded, even if they may be avoided in exceptional cases. For example, obtaining technical conditions for electricity or a clearance of the electrical plans are counted as separate procedures if they are required for obtaining a building permit (table 6.1).

TABLE 6.1 What do the indicators on the efficiency of construction permitting measure?
Procedures to legally build a warehouse (number)
Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
Submitting all required notifications and receiving all necessary inspections
Obtaining utility connections for water and sewerage
Registering the warehouse after its completion (if required for use as collateral or for transfer of the warehouse)
Time required to complete each procedure (calendar days)
Does not include time spent gathering information
Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
Procedure is considered completed once final document is received
No prior contact with officials
Cost required to complete each procedure (% of warehouse value)
Official costs only, no bribes

Time

Time is recorded in calendar days. The measure captures the median duration that local experts indicate is necessary to complete a procedure in practice. It is assumed that the minimum time required for each procedure is one day, except for procedures that can be fully completed online, for which the time required is recorded as half a day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days), again with the exception of procedures that can be fully completed online. If a procedure can be accelerated legally for an additional cost, the fastest procedure is chosen if that option is more beneficial to the location's score. It is assumed that BuildCo does not waste time and commits to completing each remaining procedure without delay. The time that BuildCo spends on gathering information is not taken into account. It is assumed that BuildCo follows all building requirements and their sequence as required.

Cost

Cost is recorded as a percentage of the warehouse value (assumed to be 50 times income per capita). Only official costs are recorded. All fees associated with completing the procedures to legally build a warehouse are recorded, including those associated with obtaining land use approvals and preconstruction design clearances; receiving inspections before, during, and after construction; obtaining utility connections; and registering the warehouse at the property registry. Nonrecurring taxes required for the completion of the warehouse project are also recorded. Sales taxes (such as value added tax) or capital gains taxes are not recorded. Nor are deposits that must be paid up front and are later refunded. The building code, information from local experts, specific regulations and fee schedules are used as sources for costs. If several local partners provide different estimates, the median reported value is used.

Building quality control

The building quality control index is based on six indices—the quality of building regulations, quality control before, during and after construction, liability and insurance regimes, and professional certifications indices (table 6.2). The indicator is based on the same case study assumptions as the measures of efficiency.

Quality of building regulations index

The quality of building regulations index has two components:

- Whether building regulations are easily accessible. A score of 1 is assigned if building regulations (including the building code) or regulations dealing with construction permits are available on a website that is updated as new regulations are passed; 0.5 if the building regulations are available free of charge (or for a nominal fee) at the relevant permit-issuing authority; 0 if the building regulations must be purchased or if they are not made easily accessible anywhere.
- Whether the requirements for obtaining a building permit are clearly specified. A score of 1 is assigned if the building regulations (including the building code) or any accessible website, brochure, or pamphlet clearly specifies the list of required documents to submit, the fees to be paid, and all required preapprovals of the drawings (example: electrical,

TABLE 6.2 What do the indicators on building quality control measure?

Quality of building regulations index (0–2)
Accessibility of building regulations (0–1)
Clarity of requirements for obtaining a building permit (0–1)
Quality control before construction index (0–1)
Whether licensed or technical experts approve building plans (0–1)
Quality control during construction index (0–3)
Types of inspections legally mandated during construction (0–2)
Implementation of legally mandated inspections in practice (0–1)
Quality control after construction index (0–3)
Final inspection legally mandated after construction (0–2)
Implementation of legally mandated final inspection in practice (0–1)
Liability and insurance regimes index (0–2)
Parties held legally liable for structural flaws after building occupancy (0–1)
Parties legally mandated to obtain insurance to cover structural flaws after building occupancy or insurance is commonly obtained in practice (0–1)
Professional certifications index (0–4)
Qualification requirements for individual who approves building plans (0–2)
Qualification requirements for individual who supervises construction or conducts inspections (0–2)
Building quality control index (0–15)
Sum of the quality of building regulations, quality control before construction, quality control during construction, quality control after construction, liability and insurance regimes, and professional certifications indices

water and sewerage, environmental) or plans by the relevant agencies; 0 if none of these sources specify any of these requirements or if these sources specify fewer than the three requirements mentioned above.

The index ranges from 0 to 2, with higher values indicating clearer and more transparent building regulations. In New Zealand, for example, all relevant legislation can be found on an official government website (a score of 1). The legislation specifies the list of required documents to submit, the fees to be paid, and all required preapprovals of the drawings or plans by the relevant agencies (a score of 1). Adding these numbers gives New Zealand a score of 2 on the quality of building regulations index.

Quality control before construction index

The quality control before construction index has one component:

- Whether by law, a licensed architect or licensed engineer is part of the committee or team that reviews and approves building permit applications and whether that person has the authority to refuse an application if the plans are not in conformity with regulations. A score of 1 is assigned if the national association of architects or engineers (or its equivalent) must review the building plans, if an independent firm or expert who is a licensed architect or engineer must review the plans, if the architect or engineer who prepared the plans must submit an attestation to the permit-issuing authority stating that the plans are in compliance with the building regulations or if a licensed architect or engineer is part of the committee or team that approves the plans at the relevant permit-issuing authority; 0 if no licensed architect or engineer is involved in the review of the plans to ensure their compliance with building regulations.

The index ranges from 0 to 1, with higher values indicating better quality control in the review of the building plans. In Rwanda, for example, the city hall in Kigali must review the building permit application, including the plans and drawings, and both a licensed architect and a licensed engineer are part of the team that reviews the plans and drawings. Rwanda therefore receives a score of 1 on the quality control before construction index.

Quality control during construction index

The quality control during construction index has two components:

- Whether inspections are mandated by law during the construction process. A score of 2 is assigned if (i) a government agency is legally mandated to conduct technical inspections at different stages during the construction or an in-house engineer (that is, an employee of the building company), an external supervising engineer or firm is legally mandated to conduct technical inspections at different stages during the construction of the building and is required to submit a detailed inspections report at the completion of the construction; and (ii) it is legally mandated to conduct risk-based inspections. A score of 1 is assigned if a government agency is legally mandated to conduct only technical inspections at different stages

during the construction or if an in-house engineer (that is, an employee of the building company), an external supervising engineer or an external inspections firm is legally mandated to conduct technical inspections at different stages during the construction of the building and is required to submit a detailed inspections report at the completion of the construction. A score of 0 is assigned if a government agency is legally mandated to conduct unscheduled inspections, or if no technical inspections are mandated by law.

- Whether inspections during construction are implemented in practice. A score of 1 is assigned if the legally mandated inspections during construction always occur in practice; 0 if the legally mandated inspections do not occur in practice, if the inspections occur most of the time but not always or if inspections are not mandated by law regardless of whether they commonly occur in practice.

The index ranges from 0 to 3, with higher values indicating better quality control during the construction process. In Antigua and Barbuda, for example, the Development Control Authority is legally mandated to conduct phased inspections under the Physical Planning Act of 2003 (a score of 1). However, the Development Control Authority rarely conducts these inspections in practice (a score of 0). Adding these numbers gives Antigua and Barbuda a score of 1 on the quality control during construction index.

Quality control after construction index

The quality control after construction index has two components:

- Whether a final inspection is mandated by law in order to verify that the building was built in compliance with the approved plans and existing building regulations. A score of 2 is assigned if an in-house supervising engineer (that is, an employee of the building company), an external supervising engineer or an external inspections firm is legally mandated to verify that the building has been built in accordance with the approved plans and existing building regulations, or if a government agency is legally mandated to conduct a final inspection upon completion of the building; 0 if no final inspection is mandated by law after construction and no third party is required to verify that the building has been built in accordance with the approved plans and existing building regulations.
- Whether the final inspection is implemented in practice. A score of 1 is assigned if the legally mandated final inspection after construction always occurs in practice or if a supervising engineer or firm attests that the building has been built in accordance with the approved plans and existing building regulations; 0 if the legally mandated final inspection does not occur in practice, if the legally mandated final inspection occurs most of the time but not always, or if a final inspection is not mandated by law regardless of whether or not it commonly occurs in practice.

The index ranges from 0 to 3, with higher values indicating better quality control after the construction process. In Haiti, for example, the Municipality

of Port-au-Prince is legally mandated to conduct a final inspection under the National Building Code of 2012 (a score of 2). However, the final inspection does not occur in practice (a score of 0). Adding these numbers gives Haiti a score of 2 on the quality control after construction index.

Liability and insurance regimes index

The liability and insurance regimes index has two components:

- Whether any parties involved in the construction process are held legally liable for latent defects such as structural flaws or problems in the building once it is in use. A score of 1 is assigned if at least two of the following parties are held legally liable for structural flaws or problems in the building once it is in use: the architect or engineer who designed the plans for the building, the professional or agency that conducted technical inspections, or the construction company; 0.5 if only one of the parties is held legally liable for structural flaws or problems in the building once it is in use; 0 if no party is held legally liable for structural flaws or problems in the building once it is in use, if the project owner or investor is the only party held liable, if liability is determined in court, or if liability is stipulated in a contract.
- Whether any parties involved in the construction process is legally required to obtain a latent defect liability—or decennial (10 years) liability—insurance policy to cover possible structural flaws or problems in the building once it is in use. A score of 1 is assigned if the architect or engineer who designed the plans for the building, the professional or agency that conducted the technical inspections, the construction company, or the project owner or investor is required by law to obtain either a decennial liability insurance policy or a latent defect liability insurance to cover possible structural flaws or problems in the building once it is in use or if a decennial liability insurance policy or a latent defect liability insurance is commonly obtained in practice by the majority of any of these parties even if not required by law. A score of 0 is assigned if no party is required by law to obtain either a decennial liability insurance or a latent defect liability insurance, and such insurance is not commonly obtained in practice by any party, if the requirement to obtain an insurance policy is stipulated in a contract, if any party must obtain a professional insurance or an all risk insurance to cover the safety of workers or any other defects during construction but not a decennial liability insurance or a latent defect liability insurance that would cover defects after the building is in use, or if any party is required to pay for any damages caused on their own without having to obtain an insurance policy.

The index ranges from 0 to 2, with higher values indicating more stringent latent defect liability and insurance regimes. In Madagascar, for example, under article 1792 of the Civil Code both the architect who designed the plans and the construction company are legally held liable for latent defects for a period of 10 years after the completion of the building (a score

of 1). However, there is no legal requirement for any party to obtain a decennial liability insurance policy to cover structural defects, nor do most parties obtain such insurance in practice (a score of 0). Adding these numbers gives Madagascar a score of 1 on the liability and insurance regimes index.

Professional certifications index

The professional certifications index has two components:

- The qualification requirements of the professional responsible for verifying that the architectural plans or drawings are in compliance with the building regulations. A score of 2 is assigned if national or state regulations mandate that the professional must have a minimum number of years of practical experience, must have a university degree (a minimum of a bachelor's) in architecture or engineering, and must also either be a registered member of the national order (association) of architects or engineers or pass a qualification exam. A score of 1 is assigned if national or state regulations mandate that the professional must have a university degree (a minimum of a bachelor's) in architecture or engineering and must also either have a minimum number of years of practical experience or be a registered member of the national order (association) of architects or engineers or pass a qualification exam. A score of 0 is assigned if national or state regulations mandate that the professional must meet only one of the above requirements, if they mandate that the professional must meet two of the requirements but neither of the two is to have a university degree, or if no national or state regulation determines the professional's qualification requirements.
- The qualification requirements of the professional who conducts the technical inspections during construction. A score of 2 is assigned if national or state regulations mandate that the professional must have a minimum number of years of practical experience, must have a university degree (a minimum of a bachelor's) in engineering, and must also either be a registered member of the national order of engineers or pass a qualification exam. A score of 1 is assigned if national or state regulations mandate that the professional must have a university degree (a minimum of a bachelor's) in engineering and must also either have a minimum number of years of practical experience or be a registered member of the national order (association) of engineers or pass a qualification exam. A score of 0 is assigned if national or state regulations mandate that the professional must meet only one of the requirements, if they mandate that the professional must meet two of the requirements but neither of the two is to have a university degree, or if no national or state regulation determines the professional's qualification requirements.

The index ranges from 0 to 4, with higher values indicating stricter professional certification requirements. In Albania, for example, the professional conducting technical inspections during construction must have a

minimum number of years of experience, a relevant university degree and must be a registered architect or engineer (a score of 2). However, the professional responsible for verifying that the architectural plans or drawings are in compliance with building regulations must only have a minimum number of years of experience and a university degree in architecture or engineering (a score of 1). Adding these numbers gives Albania a score of 3 on the professional certifications index.

Building quality control index

The building quality control index is the sum of the scores on the quality of building regulations, quality control before construction, quality control during construction, quality control after construction, liability and insurance regimes, and professional certifications indices. The index ranges from 0 to 15, with higher values indicating better quality control and safety mechanisms in the construction regulatory system.

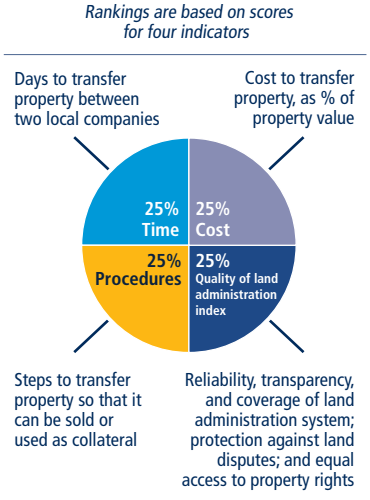
The data details on dealing with construction permits can be found at http://www.doingbusiness.org.

Registering property

Doing Business records the full sequence of procedures necessary for a limited liability company (the buyer) to purchase a property from another business (the seller) and to transfer the property title to the buyer's name so that the buyer can use the property for expanding its business, as collateral in taking out new loans or, if necessary, to sell the property to another business. It also measures the time and cost to complete each of these procedures. *Doing Business* also measures the quality of the land administration system in each location. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution and equal access to property rights.

The ranking of cities on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators (figure 6.3).

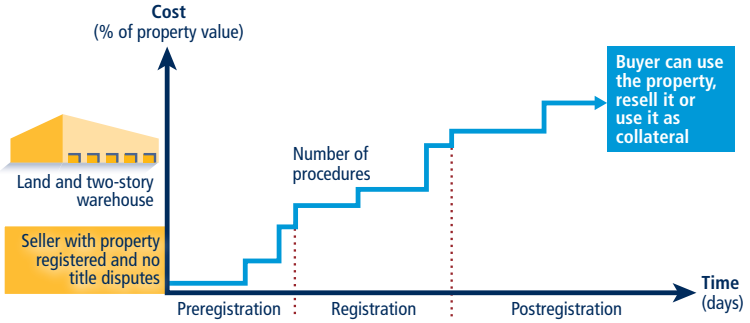
FIGURE 6.3 Registering property: efficiency and quality of land administration system



Efficiency of transferring property

As recorded by *Doing Business*, the process of transferring property starts with obtaining the necessary documents, such as a recent copy of the seller's title if necessary, and conducting due diligence as required. The transaction is considered complete when it is opposable to third parties, and when the buyer can use the property for expanding his or her business as collateral for a bank loan or resell it (figure 6.4). Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf. Local property lawyers, notaries and property registries provide information on procedures as well as the time and cost to complete each of them.

FIGURE 6.4 What are the time, cost and number of procedures required to transfer property between two local companies?



To make the data comparable across cities, several assumptions about the parties to the transaction, the property and the procedures are used.

Assumptions about the parties

The parties (buyer and seller):

- Are limited liability companies (or their legal equivalent).
- Are located in the periurban area of the selected city (that is, on the outskirts of the city but still within its official limits).
- Are 100% domestically and privately owned.
- Perform general commercial activities.

Assumptions about the property

The property:

- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone (that is, on the outskirts of the city but still within its official limits), and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and other legal requirements. The property, consisting of land and a building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

Procedures

A procedure is defined as any interaction of the buyer, the seller or their agents (if an agent is legally or in practice required) with external parties, including government agencies, inspectors, public notaries, architects, surveyors, among others. Interactions between company officers and employees are not considered. All procedures that are legally or in practice required for registering property are recorded, even if they may be avoided in exceptional cases (table 6.3). Each electronic procedure is counted as a separate procedure. Payment of capital gains tax can be counted as a separate procedure but is excluded from the cost measure. If a procedure can be accelerated legally for an additional cost, the fastest procedure is chosen if that option is more beneficial to the location's score and if it is used by the majority of property owners. Although the buyer may use lawyers or other professionals where necessary in the registration process, it is assumed that the buyer does not employ an outside facilitator in the registration process unless legally or in practice required to do so.

TABLE 6.3 What do the indicators on the efficiency of transferring property measure?
Procedures to legally transfer title on immovable property (number)
Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
Registration procedures in the selected city
Postregistration procedures (for example, filing title with municipality)
Time required to complete each procedure (calendar days)
Does not include time spent gathering information
Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
Procedure is considered completed once final document is received
No prior contact with officials
Cost required to complete each procedure (% of property value)
Official costs only (such as administrative fees, duties and taxes)
Value added tax, capital gains tax and illicit payments are excluded

Time

Time is recorded in calendar days. The measure captures the median duration that property lawyers, notaries or registry officials indicate is necessary to complete a procedure. It is assumed that the minimum time required for each procedure is one day, except for procedures that can be fully completed online, for which the time required is recorded as half a day. Although procedures may take place simultaneously, they cannot start on the same day (again except for procedures that can be fully completed online). It is assumed that the buyer does not waste time and commits to completing each remaining procedure without delay. If a procedure can be accelerated for an additional cost, the fastest legal procedure available and used by the majority of property owners is chosen. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). It is assumed that the parties involved are aware of all requirements and their sequence from the beginning. Time spent on gathering information is not considered. If time estimates differ among sources, the median reported value is used.

Cost

Cost is recorded as a percentage of the property value, assumed to be equivalent to 50 times income per capita. Only official costs required by law are recorded, including fees, transfer taxes, stamp duties and any other payment to the property registry, notaries, public agencies or lawyers. Other taxes, such as capital gains tax or value added tax (VAT), are excluded from the cost measure. However, in locations where transfer tax can be substituted by VAT, transfer tax will be recorded instead. Both costs borne by the buyer and the seller are included. If cost estimates differ among sources, the median reported value is used.

Quality of land administration

The quality of land administration index is composed of five other indices: the reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution and equal access to property rights (table 6.4). Data are collected for each of the selected cities.

Reliability of infrastructure index

The reliability of infrastructure index has six components:

- In what format past and newly-issued land records are kept at the immovable property registry of the selected city. A score of 2 is assigned if the land title certificates are fully digital; 1 if scanned; 0 if kept in paper format.
- Whether there is a comprehensive and functional electronic database for checking all encumbrances, charges or privileges affecting a registered property's encumbrances. A score of 1 is assigned if yes; 0 if no.
- In what format past and newly-issued cadastral plans are kept at the mapping agency of the selected city. A score of 2 is assigned if the cadastral plans are fully digital; 1 if scanned; 0 if kept in paper format.
- Whether there is a geographic information system (a fully digital geographic representation of the land plot)—an electronic database for recording boundaries, checking plans and providing cadastral information. A score of 1 is assigned if yes; 0 if no.
- Whether the land ownership registry and mapping agency are linked. A score of 1 is assigned if information about land ownership and maps is kept in a single database or in linked databases; 0 if there is no connection between different databases.
- How immovable property is identified. A score of 1 is assigned if both the immovable property registry and the mapping agency use the same identification number for properties; 0 if there are multiple identifiers.

The index ranges from 0 to 8, with higher values indicating a higher quality of infrastructure for ensuring the reliability of information on property titles and boundaries. In Turkey, for example, the land registry offices in Istanbul maintain titles in a fully digital format (a score of 2) and have a fully electronic database to check for encumbrances (a score of 1). The Cadastral Directorate offices in Istanbul have fully digital maps (a score of 2), and the Geographical Information Directorate has a public portal allowing users to check the plans and cadastral information on parcels along with satellite images (a score of 1). Databases about land ownership and maps are linked to each other through the TAKBIS system, an integrated information system for the land registry offices and cadastral offices (a score of 1). Finally, there is a unique identifying number for properties (a score of 1). Adding these numbers gives Turkey a score of 8 on the reliability of infrastructure index.

TABLE 6.4 What do the indicators on the quality of land administration measure?
Reliability of infrastructure index (0–8)
Type of system for archiving information on land ownership
Availability of electronic database to check for encumbrances
Type of system for archiving cadastral maps or cadastral plans
Availability of geographic information system
Link between property ownership registry and mapping system
Transparency of information index (0–6)
Accessibility of information on land ownership
Accessibility of cadastral maps or cadastral plans of land plots
Publication of fee schedules, lists of registration documents, service standards
Availability of a specific and separate mechanism for complaints
Publication of statistics about the number of property transactions
Geographic coverage index (0–8)
Coverage of land registry at the level of the selected city and the economy
Coverage of mapping agency at the level of the selected city and the economy
Land dispute resolution index (0–8)
Legal framework for immovable property registration
Mechanisms to prevent and resolve land disputes
Equal access to property rights (-2–0)
Unequal ownership rights to property between unmarried men and women
Unequal ownership rights to property between married men and women
Quality of land administration index (0–30)
Sum of the reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights indices

Transparency of information index

The transparency of information index has 10 components:

- Whether information on land ownership is made publicly available. A score of 1 is assigned if information on land ownership is accessible by anyone; 0 if access is restricted.
- Whether the list of documents required for completing all types of property transactions is made publicly available. A score of 0.5 is assigned if the list of documents is accessible online or on a public board; 0 if it is not made available to the public or if it can be obtained only in person.
- Whether the fee schedule for completing all types of property transactions is made easily available to the public. A score of 0.5 is assigned if the fee schedule is easily accessible online or on a public board free of charge; 0 if it is not made available to the public or if it can be obtained only in person.
- Whether the immovable property agency formally specifies the time frame to deliver a legally binding document proving property ownership. A score of 0.5 is assigned if such service standard is accessible online or

on a public board; 0 if it is not made available to the public or if it can be obtained only in person.
- Whether there is a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration. A score of 1 is assigned if there is a specific and independent mechanism for filing a complaint; 0 if there is only a general mechanism or no mechanism.
- Whether there are publicly available official statistics tracking the number of transactions at the immovable property registration agency in the selected city. A score of 0.5 is assigned if statistics are published about property transfers in the selected city in the past calendar year at the latest on May 1st of the following year; 0 if no such statistics are made publicly available.
- Whether maps of land plots are made publicly available. A score of 0.5 is assigned if cadastral plans are accessible by anyone; 0 if access is restricted.
- Whether the fee schedule for accessing cadastral plan is made easily available to the public. A score of 0.5 is assigned if the fee schedule is easily accessible online or on a public board free of charge; 0 if it is not made available to the public or if it can be obtained only in person.
- Whether the mapping agency formally specifies the time frame to deliver an updated cadastral plan. A score of 0.5 is assigned if the service standard is accessible online or on a public board; 0 if it is not made available to the public or if it can be obtained only in person.
- Whether there is a specific and independent mechanism for filing complaints about a problem that occurred at the mapping agency. A score of 0.5 is assigned if there is a specific and independent mechanism for filing a complaint; 0 if there is only a general mechanism or no mechanism.

The index ranges from 0 to 6, with higher values indicating greater transparency in the land administration system. In the Netherlands, for example, anyone who pays a fee can consult the land ownership database (a score of 1). Information can be obtained at the office, by mail or online using the Kadaster website (http://www.kadaster.nl). Anyone can also easily access the information online about the list of documents to submit for property registration (a score of 0.5), the fee schedule for registration (a score of 0.5) and the service standards (a score of 0.5). And anyone facing a problem at the land registry can file a complaint or report an error by filling out a specific form online (a score of 1). In addition, the Kadaster makes statistics about land transactions available to the public, reporting a total of 34,908 property transfers in Amsterdam in 2018 (a score of 0.5). Moreover, anyone who pays a fee can consult online cadastral maps (a score of 0.5). It is also possible to get public access to the fee schedule for map consultation (a score of 0.5), the service standards for delivery of an updated plan (a score of 0.5) and a specific mechanism for filing a complaint about a map (a score of 0.5). Adding these numbers gives the Netherlands a score of 6 on the transparency of information index.

Geographic coverage index

The geographic coverage index has four components:

- How complete the coverage of the land registry is at the level of the selected city. A score of 2 is assigned if all privately held land plots in the city are formally registered at the land registry; 0 if not.
- How complete the coverage of the land registry is at the level of the economy. A score of 2 is assigned if all privately held land plots in the economy are formally registered at the land registry; 0 if not.
- How complete the coverage of the mapping agency is at the level of the selected city. A score of 2 is assigned if all privately held land plots in the city are mapped; 0 if not.
- How complete the coverage of the mapping agency is at the level of the economy. A score of 2 is assigned if all privately held land plots in the economy are mapped; 0 if not.

The index ranges from 0 to 8, with higher values indicating greater geographic coverage in land ownership registration and cadastral mapping. In Japan, for example, all privately held land plots are formally registered at the land registry in Tokyo and Osaka (a score of 2) and the economy as a whole (a score of 2). Also, all privately held land plots are mapped in both cities (a score of 2) and the economy as a whole (a score of 2). Adding these numbers gives Japan a score of 8 on the geographic coverage index.

Land dispute resolution index

The land dispute resolution index assesses the legal framework for immovable property registration and the accessibility of dispute resolution mechanisms. The index has eight components:

- Whether the law requires that all property sale transactions be registered at the immovable property registry to make them opposable to third parties. A score of 1.5 is assigned if yes; 0 if no.
- Whether the formal system of immovable property registration is subject to a guarantee. A score of 0.5 is assigned if either a state or private guarantee over immovable property registration is required by law; 0 if no such guarantee is required.
- Whether there is a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry. A score of 0.5 is assigned if yes; 0 if no.
- Whether the legal system requires verification of the legal validity of the documents (such as the sales, transfer or conveyance deed) necessary for a property transaction. A score of 0.5 is assigned if there is a review of legal validity, either by the registrar or by a professional (such as a notary or a lawyer); 0 if there is no review.
- Whether the legal system requires verification of the identity of the parties to a property transaction. A score of 0.5 is assigned if there is

verification of identity, either by the registrar or by a professional (such as a notary or a lawyer); 0 if there is no verification.
- Whether there is a national database to verify the accuracy of government-issued identity documents. A score of 1 is assigned if such a national database is available; 0 if not.
- How much time it takes to obtain a decision from a court of first instance (without an appeal) in a standard land dispute between two local businesses over tenure rights worth 50 times income per capita and located in the selected city. A score of 3 is assigned if it takes less than one year; 2 if it takes between one and two years; 1 if it takes between two and three years; 0 if it takes more than three years.
- Whether there are publicly available statistics on the number of land disputes in the local first instance court. A score of 0.5 is assigned if statistics are published about land disputes in the past calendar year; 0 if no such statistics are made publicly available.

The index ranges from 0 to 8, with higher values indicating greater protection against land disputes. In the United Kingdom, for example, according to the Land Registration Act 2002 property transactions must be registered at the land registry to make them opposable to third parties (a score of 1.5). The property transfer system is guaranteed by the state (a score of 0.5) and has a compensation mechanism to cover losses incurred by parties who engaged in good faith in a property transaction based on an error by the registry (a score of 0.5). In accordance with the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007, a lawyer verifies the legal validity of the documents in a property transaction (a score of 0.5) and the identity of the parties (a score of 0.5). The United Kingdom has a national database to verify the accuracy of identity documents (a score of 1). In a land dispute between two British companies over the tenure rights of a property worth $2,066,500, the Land Registration division of the Property Chamber (First-tier Tribunal) gives a decision in less than one year (a score of 3). Finally, statistics about land disputes are collected and published; there were a total of 1,030 land disputes in the country in 2018 (a score of 0.5). Adding these numbers gives the United Kingdom a score of 8 on the land dispute resolution index.

Equal access to property rights index

The equal access to property rights index has two components:
- Whether unmarried men and unmarried women have equal ownership rights to property. A score of -1 is assigned if there are unequal ownership rights to property; 0 if there is equality.
- Whether married men and married women have equal ownership rights to property. A score of -1 is assigned if there are unequal ownership rights to property; 0 if there is equality.

Ownership rights cover the ability to manage, control, administer, access, encumber, receive, dispose of and transfer property. Each restriction is considered if there is a differential treatment for men and women in the law considering the default marital property regime. For customary land systems, equality is assumed unless there is a general legal provision stating a differential treatment.

The index ranges from -2 to 0, with higher values indicating greater inclusiveness of property rights. In Mali, for example, unmarried men and unmarried women have equal ownership rights to property (a score of 0). The same applies to married men and women who can use their property in the same way (a score of 0). Adding these numbers gives Mali a score of 0 on the equal access to property rights index—which indicates equal property rights between men and women. By contrast, in Tonga unmarried men and unmarried women do not have equal ownership rights to property according to the Land Act [Cap 132], Sections 7, 45 and 82 (a score of -1). The same applies to married men and women who are not permitted to use their property in the same way according to the Land Act [Cap 132], Sections 7, 45 and 82 (a score of -1). Adding these numbers gives Tonga a score of -2 on the equal access to property rights index—which indicates unequal property rights between men and women.

Quality of land administration index

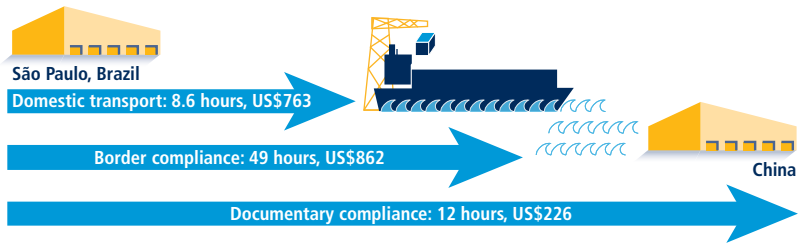
The quality of land administration index is the sum of the scores on the reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution and equal access to property indices. The index ranges from 0 to 30 with higher values indicating better quality of the land administration system.

The data details on registering property can be found for each economy at http://www.doingbusiness.org.

Trading across borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. Figure 6.5, using the example of Brazil (as exporter) and China (as importer), shows the process of exporting a shipment from a warehouse in the origin economy to a warehouse in an overseas trading partner through a port. The ranking of port locations on the ease of trading across borders is determined

FIGURE 6.5 What makes up the time and cost to export to an overseas trading partner?



Source: Doing Business database.

by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import (figure 6.6).

Although *Doing Business* collects and publishes data on the time and cost for domestic transport, it does not use these data in calculating the score for trading across borders or the ranking on the ease of trading across borders. The main reason for this is that the time and cost for domestic transport are affected by many external factors—such as the geography and topography of the transit territory, road capacity and general infrastructure, proximity to the nearest port or border, and the location of warehouses where the traded goods are stored—and so are not directly influenced by an economy's trade policies and reforms.

The data on trading across borders are gathered through a questionnaire administered to local freight forwarders, customs brokers, port authorities and traders.

FIGURE 6.6 Trading across borders: time and cost to export and import

Assumptions of the case study

To make the data comparable across locations, several assumptions are made about the traded goods and the transactions:

- For each of the ports covered by *Doing Business in Malaysia 2020*, it is assumed that a shipment is located at a warehouse in the exporting city (Johor Bahru, Kuala Lumpur, Kuantan and George Town) and travels to a warehouse in a city in the following importing economies: China, Republic of Korea, Turkey and the United States.
- The import and export case studies assume different traded products. It is assumed that each port or border crossing imports a standardized shipment of 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts.
- It is assumed that each port exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Precious metal and gems, mineral fuels, oil products, live animals, residues and waste of foods and products as well as pharmaceuticals are excluded from the list of possible export products, however, and in these cases the second largest product category is considered as needed.[1]
- A shipment is a unit of trade. Export shipments do not necessarily need to be containerized, while import shipments of auto parts are assumed to be containerized.
- If fees are determined by the value of the shipment, the value is assumed to be $50,000.
- The product is new, not secondhand or used merchandise.
- The exporting/importing firm hires and pays for a freight forwarder or customs broker (or both) and pays for all costs related to domestic transport, clearance and mandatory inspections by customs and other agencies, port or border handling, documentary compliance fees and the like.
- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.
- All electronic submissions of information requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process.
- A port or border is defined as a place (seaport or land border crossing) where merchandise can enter or leave an economy.
- Government agencies considered relevant are agencies such as customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies, central banks and any other government authorities.

Time

Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as 22 × 24 = 528 hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose that documents are submitted to a customs agency at 8:00 a.m., are processed overnight and can be picked up at 8:00 a.m. the next day. In this case the time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

Cost

Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates and their movements.

Documentary compliance

Documentary compliance captures the time and cost associated with compliance with the documentary requirements of all government agencies of the origin economy, the destination location and any transit economies (table 6.5). The aim is to measure the total burden of preparing the bundle of documents that will enable completion of the international trade for the product and partner pair assumed in the case study. As a shipment moves from Mumbai to New York City, for example, the freight forwarder must prepare and submit documents to the customs agency in India, to the port authorities in Mumbai and to the customs agency in the United States.

TABLE 6.5 What do the indicators on the time and cost to export and import cover?

Documentary compliance
Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in the selected origin city
Obtaining, preparing and submitting documents required by destination economy and any transit economies
Covers all documents required by law and in practice, including electronic submissions of information
Border compliance
Customs clearance and inspections by customs
Inspections by other agencies (if applied to more than 20% of shipments)
Port or border handling at most widely used port or border of the selected origin city
Domestic transport
Loading and unloading of shipment at warehouse or border
Transport by most widely used mode between warehouse and border
Transport by most widely used mode between border and warehouse
Traffic delays and road police checks while shipment is en route

The time and cost for documentary compliance include the time and cost for obtaining documents (such as time spent to get the document issued and stamped); preparing documents (such as time spent gathering information to complete the customs declaration or certificate of origin); processing documents (such as time spent waiting for the relevant authority to issue a phytosanitary certificate); presenting documents (such as time spent showing a port terminal receipt to port authorities); and submitting documents (such as time spent submitting a customs declaration to the customs agency in person or electronically).

All electronic or paper submissions of information requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process. All documents prepared by the freight forwarder or customs broker for the product and partner pair assumed in the case study are included regardless of whether they are required by law or in practice. Any documents prepared and submitted so as to get access to preferential treatment—for example, a certificate of origin—are included in the calculation of the time and cost for documentary compliance. Any documents prepared and submitted because of a perception that they ease the passage of the shipment are also included (for example, freight forwarders may prepare a packing list because in their experience this reduces the probability of physical or other intrusive inspections).

In addition, any documents that are mandatory for exporting or importing are included in the calculation of time and cost. Documents that need to be obtained only once are not counted, however. And *Doing Business* does not include documents needed to produce and sell in the domestic market—such as certificates of third-party safety standards testing that may be required to sell toys domestically—unless a government agency needs to see these documents during the export process.

Border compliance

Border compliance captures the time and cost associated with compliance with the economy's customs regulations and with regulations relating to other inspections that are mandatory in order for the shipment to cross the economy's border, as well as the time and cost for handling that takes place at its port or border. The time and cost for this segment include time and cost for customs clearance and inspection procedures conducted by other agencies. For example, the time and cost for conducting a phytosanitary inspection would be included here.

The computation of border compliance time and cost depends on where the border compliance procedures take place, who requires and conducts the procedures and what the probability is that inspections will be conducted. If all customs clearance and other inspections take place at the port or border at the same time, the time estimate for border compliance takes this simultaneity into account. It is entirely possible that the border compliance time and cost could be negligible or zero, as in the case of trade between members of the European Union or other customs unions.

If some or all customs or other inspections take place at other locations, the time and cost for these procedures are added to the time and cost for those that take place at the port or border. In Kazakhstan, for example, all customs clearance and inspections take place at a customs post in Almaty that is not at the land border between Kazakhstan and China. In this case border compliance time is the sum of the time spent at the terminal in Almaty and the handling time at the border.

Doing Business asks contributors to estimate the time and cost for clearance and inspections by customs agencies—defined as documentary and physical inspections for the purpose of calculating duties by verifying product classification, confirming quantity, determining origin and checking the veracity of other information on the customs declaration. (This category includes all inspections aimed at preventing smuggling.) These are clearance and inspection procedures that take place in the majority of cases and thus are considered the "standard" case. The time and cost estimates capture the efficiency of the customs agency of the economy.

Doing Business also asks contributors to estimate the total time and cost for clearance and inspections by customs and all other agencies for the specified product. These estimates account for inspections related to health, safety, phytosanitary standards, conformity and the like, and thus capture the efficiency of agencies that require and conduct these additional inspections.

If inspections by agencies other than customs are conducted in 20% or fewer cases, the border compliance time and cost measures take into account only clearance and inspections by customs (the standard case). If inspections by other agencies take place in more than 20% of cases, the time and cost measures account for clearance and inspections by all agencies. Different types of inspections may take place with different probabilities—for example, scanning may take place in 100% of cases while physical inspection occurs in 5% of cases. In situations like this, *Doing Business* would count the time only for scanning because it happens in more than 20% of cases while physical inspection does not. The border compliance time and cost for a location do not include the time and cost for compliance with the regulations of any other economy.

Domestic transport

Domestic transport captures the time and cost associated with transporting the shipment from a warehouse in the location measured to the seaport or land border of the economy. This set of procedures captures the time for (and cost of) the actual transport; any traffic delays and road police checks; as well as time spent loading or unloading at the warehouse or border. For a coastal economy with an overseas trading partner, domestic transport captures the time and cost from the loading of the shipment at the warehouse until the shipment reaches the city's port (see figure 6.5).

The time and cost estimates are based on the most widely used mode of transport (for example, truck, train or riverboat) and the most widely used route (for example, road or border posts) as reported by contributors. The

time and cost estimates are based on the mode and route chosen by the majority of contributors.

In the export case study, as noted, *Doing Business* does not assume a containerized shipment, and time and cost estimates may be based on the transport of 15 tons of noncontainerized products. In the import case study, auto parts are assumed to be containerized. In the cases where cargo is containerized, the time and cost for transport and other procedures are based on a shipment consisting of homogeneous cargo belonging to a single Harmonized System (HS) classification code. This assumption is particularly important for inspections, because shipments of homogeneous products are often subject to fewer and shorter inspections than shipments of products belonging to various HS codes.

In some cases, the shipment travels from the warehouse to a customs post or terminal for clearance or inspections and then travels onward to the port or border. In these cases, the domestic transport time is the sum of the time for both transport segments. The time and cost for clearance or inspections are included in the measures for border compliance, however, not in those for domestic transport.

This methodology was initially developed by Simeon Djankov, Caroline Freund and Cong S. Pham (2010. "Trading on Time," Review of Economics and Statistics *92 (1): 166–73) and was revised in 2015. The data details on trading across borders can be found for each economy at http://www.doingbusiness.org.*

Notes

1. To identify the trading partners and export product for each economy, *Doing Business* collected data on trade flows for the most recent four-year period from international databases such as the United Nations Commodity Trade Statistics Database (UN Comtrade). For economies for which trade flow data were not available, data from ancillary government sources (various ministries and departments) and World Bank Group country offices were used to identify the export product and natural trading partners.

CHAPTER 7

City and port profiles

George Town (Penang)

Dealing with construction permits (rank)	4
Score of dealing with construction permits (0–100)	66.1
Procedures (number)	21
Time (days)	141
Cost (% of warehouse value)	5.0
Building quality control index (0–15)	13

Registering property (rank)	3
Score of registering property (0–100)	71.1
Procedures (number)	8
Time (days)	32
Cost (% of property value)	4.4
Quality of land administration index (0–30)	26

Trading across borders (Penang Port)	
Score of trading across borders (0–100)	75.2
Time to export	
Border compliance (hours)	56
Documentary compliance (hours)	50
Cost to export	
Border compliance (US$)	150
Documentary compliance (US$)	123
Time to import	
Border compliance (hours)	72
Documentary compliance (hours)	98
Cost to import	
Border compliance (US$)	201
Documentary compliance (US$)	48

DEALING WITH CONSTRUCTION PERMITS

List of procedures

Warehouse value: MYR 2,188,617 ($523,000)
Data as of: November 2019

Procedure 1. Obtain technical conditions from the Water Corporation
Agency: Penang Water Corporation (Perbadanan Bekalan Air Pulau Pinang)
Time: 2 days
Cost: No charge

Procedure 2.* Obtain verification of zoning requirements
Agency: Planning Department of the Penang Local Council
Time: 1 day
Cost: MYR 100

Procedure 3. Request and obtain development approval and endorsements through OSC
Agency: OSC Counter of the Penang Local Council (Borang-Borang Perkhidmatan di Kaunter)
Time: 50 days
Cost: MYR 83,439 (MYR 14 per every 9 square meter (sq. m.) for the ground floor + MYR 12 per every 9 sq. m. for first floor + MYR 37 building plan approval + MYR 100 per acre for earthworks plan approval if the excavation is less than 20 feet + MYR 50,000 per acre for drainage contribution fee + MYR 5 per sq. ft. for the construction and upgrading of roads and intersections contribution fee)

Procedure 4.* Request and obtain letter of consent from the Fire and Rescue Department
Agency: Penang Fire and Rescue Department (Ibu Pejabat Jabatan Bomba dan Penyelamat Malaysia Negeri Pulau Pinang)
Time: 30 days
Cost: No charge

Procedure 5.* Request and obtain letter of approval from the Water Corporation
Agency: Penang Water Corporation (Perbadanan Bekalan Air Pulau Pinang)
Time: 19 days
Cost: MYR 300

Procedure 6.* Request and obtain approval of sewerage plans
Agency: Indah Water Konsortium (IWK)
Time: 18 days
Cost: MYR 300 (MYR 150 sewerage planning approval fee + MYR 150 sewerage design approval fee)

Procedure 7. Request and obtain excavation permit
Agency: Engineering Department of the Penang Local Council
Time: 5 days
Cost: No charge

Procedure 8. Submit pre-construction notifications to OSC on the commencement of building works and obtain letter of acknowledgment
Agency: OSC Counter of the Penang Local Council
Time: 7 days
Cost: No charge

Procedure 9. Receive site inspection to verify commencement of building works
Agency: Penang Local Council
Time: 1 day
Cost: No charge

Procedure 10. Receive materials inspection for water connection works
Agency: Penang Water Corporation (Perbadanan Bekalan Air Pulau Pinang)
Time: 1 day
Cost: MYR 1,000

Procedure 11.* Receive road and drainage works inspection
Agency: Public Works Department and Drainage and Irrigation Department of the Penang Local Council
Time: 1 day
Cost: No charge

Procedure 12.* Receive final inspection from the Water Corporation

Agency: Penang Water Corporation (Perbadanan Bekalan Air Pulau Pinang)

Time: 1 day

Cost: MYR 1,250 (MYR 250 supervision of connection + MYR 1,000 water inspection fee)

Procedure 13.* Receive final sewerage inspection

Agency: Sewerage Certifying Agency (Jabatan Perkihidmatan Pembetungan)

Time: 1 day

Cost: No charge

Procedure 14. Obtain clearance letter from the Water Corporation

Agency: Penang Water Corporation (Perbadanan Bekalan Air Pulau Pinang)

Time: 45 days

Cost: No charge

Procedure 15.* Obtain sewerage clearance letter

Agency: Sewerage Certifying Agency (Jabatan Perkihidmatan Pembetungan)

Time: 30 days

Cost: MYR 21,886 (1% of the warehouse value for development contribution)

Procedure 16.* Obtain road and drainage clearance letters

Agency: Public Works Department and Drainage and Irrigation Department of the Penang Local Council

Time: 10 days

Cost: No charge

Procedure 17. Receive fire safety inspection

Agency: Penang Fire and Rescue Department (Ibu Pejabat Jabatan Bomba dan Penyelamat Malaysia Negeri Pulau Pinang)

Time: 1 day

Cost: MYR 387

Procedure 18. Obtain fire safety clearance

Agency: Penang Fire and Rescue Department (Ibu Pejabat Jabatan Bomba dan Penyelamat Malaysia Negeri Pulau Pinang)

Time: 10 days

Cost: No charge

Procedure 19. Submit certificate of completion and compliance (CCC)

Agency: Penang Local Council

Time: 1 day

Cost: No charge

Procedure 20. Receive final inspection from the Penang Local Council

Agency: Engineering Department, Building Department, and the Landscaping Department of Penang Local Council

Time: 1 day

Cost: No charge

Procedure 21. Obtain water connection

Agency: Penang Water Corporation (Perbadanan Bekalan Air Pulau Pinang)

Time: 14 days

Cost: MYR 1,600

** Simultaneous with previous procedure*

Building quality control index

	Answer	Score
Building quality control index (0–15)		**13**
Quality of building regulations index (0–2)		**2**
How accessible are building laws and regulations in the economy? (0–1)	Available online; Free of charge.	1
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0–1)	List of required documents; Fees to be paid; Required pre-approvals.	1
Quality control before construction index (0–1)		**1**
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0–1)	Licensed engineer.	1
Quality control during construction index (0–3)		**2**
What types of inspections (if any) are required by law to be carried out during construction? (0–2)	Inspections by in-house engineer.	1
Do legally mandated inspections occur in practice during construction? (0–1)	Mandatory inspections are always done in practice.	1
Quality control after construction index (0–3)		**3**
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0–2)	Yes, in-house engineer submits report for final inspection.	2
Do legally mandated final inspections occur in practice? (0–1)	Final inspection always occurs in practice.	1
Liability and insurance regimes index (0–2)		**1**
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0–1)	Architect or engineer; Professional in charge of the supervision; Construction company.	1
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0–1)	No party is required by law to obtain insurance.	0

continued on next page

Building quality control index

	Answer	Score
Professional certifications index (0–4)		**4**
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0–2)	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer.	2
What are the qualification requirements for the professional who supervises the construction on the ground? (0–2)	Minimum number of years of experience; University degree in engineering, construction or construction management; Being a registered architect or engineer.	2

Reform recommendations to improve the ease of dealing with construction permits

	Building Associations (Institute of Architects and Institute of Engineers)	Penang Local Council	Planning Department of the Penang Local Council	Engineering Department of the Penang Local Council	Public Works Department and Drainage and Irrigation Department of the Penang Local Council	Penang Fire and Rescue Department	Penang Water Corporation	Sewerage Certifying Agency
Ensure that existing one stop centers are fully functional		✓	✓	✓	✓	✓	✓	✓
Expand the data available to construction professionals to facilitate information-gathering	✓	✓	✓	✓	✓	✓	✓	✓
Enhance existing online platforms	✓	✓	✓	✓	✓	✓	✓	✓
Accelerate the approval of zoning plans			✓					
Consider reducing the burden on entrepreneurs for infrastructure development		✓			✓			✓
Ensure consistency and transparency across all cities when evaluating new construction projects	✓	✓	✓	✓	✓	✓	✓	✓
Enforce self-regulation by qualified professionals and clarify the scope of inspections conducted by the authorities		✓		✓				
Enhance the risk-based classification system and fast-track approval options		✓						

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

REGISTERING PROPERTY

List of procedures

Warehouse value: MYR 2,188,617 ($523,000)
Data as of: November 2019

Procedure 1. Lawyer conducts land title search at Land Office in Penang

Agency: Penang Land and Mines Office and Companies Commission of Malaysia
Time: 1 day
Cost: MYR 30

Procedure 2. Lawyer conducts company search online

Agency: https://www.ssm-einfo.my/
Time: 0.5 days
Cost: MYR 15; Company search (MYR 10) + service charge (MYR 5) + SST (MYR 0.30; SST not included in cost)

Procedure 3. Lawyer conducts bankruptcy search online

Agency: https://e-insolvensi.mdi.gov.my/ or MYEG websites
Time: 0.5 days
Cost: Winding-up search (MYR 10 per search)

Procedure 4. Buyer and seller sign sales-purchase agreement in presence of lawyer and lawyer fills out Memorandum of Transfer (Form 14A)

Agency: Lawyer's office
Time: 3 days
Cost: MYR 17,320.32; Effective March 15, 2017, lawyers' professional fees (not including SST and disbursements) for preparing the sale and purchase agreement and completing the property transfer are as follows: 1.0% for the first MYR 500,000 of the purchase price (subject minimum of MYR 500); 0.8% for next MYR 500,000; 0.7% for the next MYR 2 million; 0.6% for the next MYR 2 million; 0.5% for the next MYR 2.5 million; where consideration is in excess of MYR 7.5 million, fees are negotiable on the excess (but shall not exceed 0.5% of the excess).

Procedure 5. Form 14A sent to Stamp Office for adjudication of stamp duty and valuation by JPPH

Agency: Stamp Office assessment and payment system (https://stamps.hasil.gov.my)
Time: 18 days
Cost: No charge

Procedure 6. Payment of stamp duty and stamping of Form 14A

Agency: Inland Revenue Board of Malaysia (IRBM)
Time: 1 day
Cost: MYR 71,548; Effective July 1, 2019, 1% on first MYR 100,000; 2% in excess of MYR 100,000 up to MYR 500,000; 3% in excess of MYR 500,000 to MYR 1 million; 4% over MYR 1 million.

Procedure 7. Transfer registered at Land Office/Registry

Agency: Land Office
Time: 7 days
Cost: MYR 7,223.08; Registration fee: MYR 7,193 + search fee: MYR 30. The registration fee is based on the Penang Land Rules, point 31.m (Transferring of property ownership): Land valued above MYR 1 million: MYR 1,250; Land valued above MYR 1 million: 0.5% of the remaining value.

Procedure 8. Update name of buyer at municipality

Agency: Penang Island City Council (Majlis Bandaraya Pulau Pinang)
Time: 1 day
Cost: No charge

Quality of land administration index

	Answer	Score
Quality of land administration index (0–30)		**26**
Reliability of infrastructure index (0–8)		**7**
Type of land registration system in the selected city:	Title Registration System	
What is the institution in charge of immovable property registration?	Land Office Pejabat Tanah dan Galian Pulau Pinang	
In what format land title certificates are kept at the immovable property registry of the selected city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1
Institution in charge of the plans showing legal boundaries in the selected city:	Department of Survey and Mapping Malaysia (JUPEM) under Jabatan Ketua Pengarah Tanah dan Galian (Department of Director General of Lands and Mines)	
In what format cadastral plans are kept at the mapping agency of the selected city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1

continued on next page

Quality of land administration index		
	Answer	**Score**
Transparency of information index (0–6)		**4**
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the selected city?	Only intermediaries and interested parties	0
Is the list of documents that are required to complete any type of property transaction made publicly available–and if so, how?	Yes, online	0.5
Link for online access:	http://ptg.penang.gov.my/index.php/en/services/borang-online	
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the selected city made publicly available–and if so, how?	Yes, online	0.5
Link for online access:	ptg.penang.gov.my/index.php/extensions13/pendaftaran-tanah/pendaftaran-urusan-tanah	
Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard?	No	0
Link for online access:		
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	Yes	1
Contact information:	https://www.jkptg.gov.my/my/hubungi-kami/borang/aduan	
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0
Number of property transfers in the selected city in 2018:		
Who is able to consult maps of land plots in the selected city?	Anyone who pays the official fee	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	https://ebiz.jupem.gov.my/KB/Published/11	
Does the cadastral/mapping agency formally specify the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	https://www.jupem.gov.my/halaman/piagam-pelanggan	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	Yes	0.5
Contact information:	https://www.jupem.gov.my/feedback	
Geographic coverage index (0–8)		**8**
Are all privately held land plots in the selected city formally registered at the immovable property registry?	Yes	2
Are all privately held land plots in the economy formally registered at the immovable property registry?	Yes	2
Are all privately held land plots in the selected city mapped?	Yes	2
Are all privately held land plots in the economy mapped?	Yes	2
Land dispute resolution index (0–8)		**7**
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	National Land Code Act 56 of 1965, Section 292: Instruments capable of being registered, and method of presentation therefor	
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Type of guarantee:	State guarantee	

continued on next page

Quality of land administration index

	Answer	Score
Legal basis:	The National Land Code (Act 56 of 1965), Section 22: Protection of officers and Section 340: Registration to confer indefeasible title or interest, except in certain circumstances	
Is there a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0
Legal basis:		
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Lawyer	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Lawyer	
Is there a national database to verify the accuracy of government-issued identity documents?	Yes	1
What is the court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the selected city?	High Court of Malaysia	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Less than a year	3
Are there publicly available statistics on the number of land disputes in Malaysia in the first instance court?	No	0
Number of land disputes in Malaysia in 2018:		
Equal access to property rights index (-2–0)		**0**
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0
Do married men and married women have equal ownership rights to property?	Yes	0

Reform recommendations to improve the ease of registering property

	Land Office	Valuation and Property Management Department at City Hall	Inland Revenue Board	Valuation and Property Services Department (JPPH)	Department of Land and Mines
Continue the digitalization process and improve the e-Tanah system	✓				✓
Improve coordination among stakeholders throughout the property registration process	✓	✓	✓	✓	✓
Improve transparency by expanding the access to information on land ownership	✓				✓
Implement a unified or linked database between land registry and cadastre	✓	✓			

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

TRADING ACROSS BORDERS

Penang Port

Port details

Characteristics	Export	Import
Product	HS 85 – Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	HS 8708 – Parts and accessories of motor vehicles
Trade partner	United States	China
Border	Penang Port	Penang Port
Distance (km)	15	15
Domestic transport time (hours)	0.5	0.5
Domestic transport cost (US$)	118	118

Components of border compliance

	Export		Import	
	Clearance and inspections required by customs authorities	Port handling	Clearance and inspections required by customs authorities	Port handling
Time to complete (hours)	8	48	34	72
Associated costs (US$)	36	114	89	112

Trade documents

Export	Import
Advance manifest	Bill of lading
Bill of lading	Catalogue of products
Certificate of origin	Certificate of origin (Form E)
Commercial invoice	Commercial invoice
Customs export declaration (Form K2)	Customs import declaration (Form K1)
Packing list	Delivery order
SOLAS certificate	Gate pass
	Packing list
	SOLAS certificate
	Telegraphic transfer form

Source: Doing Business database.

Reform recommendations to improve the ease of trading across borders									
	Ministry of Transport	Penang Port Commission	Penang Port Sdn. Bhd. (port operator)	Royal Malaysian Customs Department	Ministry of International Trade and Industry	Ministry of Agriculture and Agro-based Industry	Ministry of Energy, Science, Technology, Environment and Climate Change (Department of Environment)	Ministry of Finance	Dagang Net Technologies Sdn. Bhd.
Improve the transparency and accessibility of information on customs and port procedures	✓	✓	✓	✓	✓				
Improve coordination of agencies involved in export and import processes to streamline procedures and increase awareness on government initiatives	✓	✓	✓	✓	✓	✓	✓		
Enhance the functionality of the customs information system	✓	✓	✓	✓					
Introduce an electronic single window for trade	✓	✓	✓	✓	✓			✓	✓

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

Johor Bahru (Johor)

Dealing with construction permits (rank)	3
Score of dealing with construction permits (0–100)	72.2
Procedures (number)	19
Time (days)	136
Cost (% of warehouse value)	2.0
Building quality control index (0–15)	13

Registering property (rank)	2
Score of registering property (0–100)	72.4
Procedures (number)	8
Time (days)	25
Cost (% of property value)	4.3
Quality of land administration index (0–30)	26.5

Trading across borders (Johor Port)	
Score of trading across borders (0–100)	76.5
Time to export	
Border compliance (hours)	48
Documentary compliance (hours)	74
Cost to export	
Border compliance (US$)	144
Documentary compliance (US$)	53
Time to import	
Border compliance (hours)	48
Documentary compliance (hours)	120
Cost to import	
Border compliance (US$)	181
Documentary compliance (US$)	48

DEALING WITH CONSTRUCTION PERMITS

List of procedures

Warehouse value: MYR 2,188,617 ($523,000)
Data as of: November 2019

Procedure 1. Obtain technical conditions from the Water Supply Company (SAJH)
Agency: Johor Water Supply Company (Syarikat Bekalan Air Johor)
Time: 14 days
Cost: No charge

Procedure 2. Submit and obtain development approval through OSC
Agency: Johor Bahru Municipal Council (Majlis Bandaraya Johor Bahru)
Time: 60 days
Cost: MYR 19,907 (MYR 866 building plan approval of ground floor + MYR 1,011 building plan approval of first floor + MYR 10,000 ISF Fund + MYR 3,251 money trust + MYR 929 hoarding permit + MYR 3,600 road and drainage plan + MYR 250 earthworks plan)

Procedure 3.* Request and obtain letter of consent from the Fire and Rescue Department
Agency: Johor Fire and Rescue Department (Jabatan Bomba dan Penyelamat Malaysia Negeri Johor)
Time: 39 days
Cost: No charge

Procedure 4.* Request and obtain letter of approval from the Water Supply Company (SAJH)
Agency: Johor Water Supply Company (Syarikat Bekalan Air Johor)
Time: 30 days
Cost: MYR 1,300 (MYR 300 approval fee + MYR 1,000 development contribution fee)

Procedure 5.* Request and obtain excavation permit for utility works
Agency: Korridor Utility Johor (KUJ)
Time: 30 days
Cost: MYR 3,716 (MYR 4 per sq. m. of land plot for undergound utility mapping)

Procedure 6. Submit pre-construction notifications to OSC on the commencement of building works
Agency: Johor Bahru Municipal Council (Majlis Bandaraya Johor Bahru)
Time: 1 day
Cost: No charge

Procedure 7. Receive site inspection to verify commencement of building works
Agency: Johor Bahru Municipal Council (Majlis Bandaraya Johor Bahru)
Time: 1 day
Cost: No charge

Procedure 8. Receive materials inspection for water connection works
Agency: Johor Water Supply Company (Syarikat Bekalan Air Johor)
Time: 1 day
Cost: MYR 1,250 (MYR 250 supervision fee for the tests + MYR 1,000 water inspection fee)

Procedure 9.* Receive road and drainage works inspection
Agency: Johor Public Works Department (Jabatan Kerja Raya Johor) and Department of Irrigation and Drainage of Mersing District (Jabatan Pengairan Dan Saliran)
Time: 1 day
Cost: No charge

Procedure 10.* Receive final inspection from the Water Supply Company

Agency: Johor Water Supply Company (Syarikat Bekalan Air Johor)

Time: 1 day

Cost: MYR 1,250 (MYR 250 supervision of connection + MYR 1,000 water inspection fee)

Procedure 11.* Receive final sewerage inspection

Agency: Sewerage Certifying Agency (IWK)

Time: 1 day

Cost: No charge

Procedure 12. Obtain clearance letter from Water Supply Company

Agency: Johor Water Supply Company (Syarikat Bekalan Air Johor)

Time: 25 days

Cost: No charge

Procedure 13.* Obtain road and drainage clearance letters

Agency: Johor Public Works Department (Jabatan Kerja Raya Johor) and Department of Irrigation and Drainage of Mersing District (Jabatan Pengairan Dan Saliran)

Time: 24 days

Cost: MYR 14,850 (MYR 90 per meter drainage fee + 10% of the total drainage fee)

Procedure 14.* Obtain sewerage clearance letter

Agency: Sewerage Certifying Agency (IWK)

Time: 15 days

Cost: No charge

Procedure 15. Receive fire safety inspection

Agency: Johor Fire and Rescue Department (Jabatan Bomba dan Penyelamat Malaysia Negeri Johor)

Time: 1 day

Cost: MYR 499

Procedure 16. Obtain fire safety clearance

Agency: Johor Fire and Rescue Department (Jabatan Bomba dan Penyelamat Malaysia Negeri Johor)

Time: 14 days

Cost: No charge

Procedure 17. Submit certificate of completion and compliance (CCC)

Agency: Building Department via OSC

Time: 1 day

Cost: No charge

Procedure 18.* Submit F-Form and clearance letters to the Board of Architects or Board of Engineers

Agency: Board of Architects / Board of Engineers

Time: 1 day

Cost: No charge

Procedure 19. Obtain water connection

Agency: Johor Water Supply Company (Syarikat Bekalan Air Johor)

Time: 14 days

Cost: MYR 1,600

** Simultaneous with previous procedure*

Building quality control index

	Answer	Score
Building quality control index (0–15)		**13**
Quality of building regulations index (0–2)		**2**
How accessible are building laws and regulations in the economy? (0–1)	Available online; Free of charge.	1
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0–1)	List of required documents; Fees to be paid; Required pre-approvals.	1
Quality control before construction index (0–1)		**1**
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0–1)	Licensed engineer.	1
Quality control during construction index (0–3)		**2**
What types of inspections (if any) are required by law to be carried out during construction? (0–2)	Inspections by in-house engineer.	1
Do legally mandated inspections occur in practice during construction? (0–1)	Mandatory inspections are always done in practice.	1
Quality control after construction index (0–3)		**3**
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0–2)	Yes, in-house engineer submits report for final inspection.	2
Do legally mandated final inspections occur in practice? (0–1)	Final inspection always occurs in practice.	1
Liability and insurance regimes index (0–2)		**1**
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0–1)	Architect or engineer; Professional in charge of the supervision; Construction company.	1
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0–1)	No party is required by law to obtain insurance.	0
Professional certifications index (0–4)		**4**
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0–2)	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer.	2
What are the qualification requirements for the professional who supervises the construction on the ground? (0–2)	Minimum number of years of experience; University degree in engineering, construction or construction management; Being a registered architect or engineer.	2

Reform recommendations to improve the ease of dealing with construction permits

	Building Associations (Institute of Architects and Institute of Engineers)	Johor Bahru Municipal Council	Johor Public Works Department and Department of Irrigation and Drainage of Mersing District	Johor Fire and Rescue Department	Johor Water Supply Company	Sewerage Certifying Agency	Johor Utility Corridor
Ensure that existing one stop centers are fully functional		✓	✓	✓	✓	✓	✓
Expand the data available to construction professionals to facilitate information-gathering	✓	✓	✓	✓	✓	✓	✓
Enhance existing online platforms	✓	✓	✓	✓	✓	✓	✓
Accelerate the approval of zoning plans		✓					
Consider reducing the burden on entrepreneurs for infrastructure development			✓			✓	
Ensure consistency and transparency across all cities when evaluating new construction projects	✓	✓	✓	✓	✓	✓	
Enhance the risk-based classification system and fast-track approval options		✓					

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

REGISTERING PROPERTY

List of procedures

Warehouse value: MYR 2,188,617 ($523,000)
Data as of: November 2019

Procedure 1. Lawyer conducts land title search at Land Office in Johor

Agency: Johor Land and Mines Department (Pejabat Tanah dan Galian Johor)

Time: 1 day

Cost: MYR 60

Procedure 2. Lawyer conducts company search online

Agency: https://www.ssm-einfo.my/

Time: 0.5 days

Cost: MYR 15; Company search (MYR 10) + service charge (MYR 5) + SST (MYR 0.30; SST not included in cost)

Procedure 3. Lawyer conducts bankruptcy search online

Agency: https://e-insolvensi.mdi.gov.my/ or MYEG websites

Time: 0.5 days

Cost: Winding-up search (MYR 10 per search)

Procedure 4. Buyer and seller sign sales-purchase agreement in presence of lawyer and lawyer fills out Memorandum of Transfer (Form 14A)

Agency: Lawyer's office

Time: 3 days

Cost: MYR 17,320.32; Effective March 15, 2017, lawyers' professional fees (not including SST and disbursements) for preparing the sale and purchase agreement and completing the property transfer are as follows: 1.0% for the first MYR 500,000 of the purchase price (subject minimum of MYR 500); 0.8% for next MYR 500,000; 0.7% for the next MYR 2 million; 0.6% for the next MYR 2 million; 0.5% for the next MYR 2.5 million; where consideration is in excess of MYR 7.5 million, fees are negotiable on the excess (but shall not exceed 0.5% of the excess).

Procedure 5. Form 14A sent to Stamp Office for adjudication of stamp duty and valuation by JPPH

Agency: Stamp Office assessment and payment system (https://stamps.hasil.gov.my)

Time: 14 days

Cost: No charge

Procedure 6. Payment of stamp duty and stamping of Form 14A

Agency: Inland Revenue Board of Malaysia (IRBM)

Time: 1 day

Cost: MYR 71,548; Effective July 1, 2019, 1% on first MYR 100,000; 2% in excess of MYR 100,000 up to MYR 500,000; 3% in excess of MYR 500,000 to MYR 1 million; 4% over MYR 1 million.

Procedure 7. Transfer registered at Land Office/Registry

Agency: Land Office

Time: 4 days

Cost: MYR 5,520; Registration fee: MYR 5,400 + search fee: MYR 120. Registration fee is calculated based on the following schedule:

a. below MYR 25,000	MYR 50
b. exceeding MYR 25,000 to MYR 50,000	MYR 80
c. exceeding MYR 50,000 to MYR 100,000	MYR 150
d. exceeding MYR 100,000 to MYR 200,000	MYR 300
e. exceeding MYR 200,000 to MYR 300,000	MYR 600
f. exceeding MYR 300,000 to MYR 400,000	MYR 1,500
g. exceeding MYR 400,000 to MYR 500,000	MYR 2,000
h. exceeding MYR 500,000 and above	MYR 2,000 plus an additional MYR 100 for each additional valuation of MYR 50,000 or part of it.

Procedure 8. Update name of buyer at municipality

Agency: Johor Bahru City Council

Time: 1 day

Cost: MYR 50

Quality of land administration index

	Answer	Score
Quality of land administration index (0–30)		**26.5**
Reliability of infrastructure index (0–8)		**7**
Type of land registration system in the selected city:	Title Registration System	
What is the institution in charge of immovable property registration?	Land Office under Jabatan Ketua Pengarah Tanah dan Galian (Department of Director General of Land and Mines)	
In what format land title certificates are kept at the immovable property registry of the selected city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1
Institution in charge of the plans showing legal boundaries in the selected city:	Department of Survey and Mapping Malaysia (JUPEM) under Jabatan Ketua Pengarah Tanah dan Galian (Department of Director General of Lands and Mines)	
In what format cadastral plans are kept at the mapping agency of the selected city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1
Transparency of information index (0–6)		**4.5**
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the selected city?	Only intermediaries and interested parties	0
Is the list of documents that are required to complete any type of property transaction made publicly available–and if so, how?	Yes, online	0.5

continued on next page

Quality of land administration index		
	Answer	**Score**
Link for online access:	https://ptj.johor.gov.my/index.php/bahagian/pendaftaran/urusniaga	
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the selected city made publicly available–and if so, how?	Yes, online	0.5
Link for online access:	https://ptj.johor.gov.my/index.php/bahagian/pendaftaran/maklumat-bayaran	
Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	https://ptj.johor.gov.my/index.php/bahagian/pendaftaran/piagam-pelanggan	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	Yes	1
Contact information:	https://www.jkptg.gov.my/my/hubungi-kami/borang/aduan	
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0
Number of property transfers in the selected city in 2018:		
Who is able to consult maps of land plots in the selected city?	Anyone who pays the official fee	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	https://ebiz.jupem.gov.my/KB/Published/11	
Does the cadastral/mapping agency formally specify the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	https://www.jupem.gov.my/halaman/piagam-pelanggan	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	Yes	0.5
Contact information:	https://www.jupem.gov.my/feedback	
Geographic coverage index (0–8)		**8**
Are all privately held land plots in the selected city formally registered at the immovable property registry?	Yes	2
Are all privately held land plots in the economy formally registered at the immovable property registry?	Yes	2
Are all privately held land plots in the selected city mapped?	Yes	2
Are all privately held land plots in the economy mapped?	Yes	2
Land dispute resolution index (0–8)		**7**
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	National Land Code Act 56 of 1965, Section 292: Instruments capable of being registered, and method of presentation therefor	
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Type of guarantee:	State guarantee	
Legal basis:	The National Land Code (Act 56 of 1965), Section 22: Protection of officers and Section 340: Registration to confer indefeasible title or interest, except in certain circumstances	
Is there a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0
Legal basis:		

continued on next page

Quality of land administration index

	Answer	Score
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Lawyer	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Lawyer	
Is there a national database to verify the accuracy of government-issued identity documents?	Yes	1
What is the court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the selected city?	High Court of Malaysia	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Less than a year	3
Are there publicly available statistics on the number of land disputes in Malaysia in the first instance court?	No	0
Number of land disputes in Malaysia in 2018:		
Equal access to property rights index (-2–0)		**0**
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0
Do married men and married women have equal ownership rights to property?	Yes	0

Reform recommendations to improve the ease of registering property

	Land Office	Valuation and Property Management Department at City Hall	Inland Revenue Board	Valuation and Property Services Department (JPPH)	Department of Land and Mines
Continue the digitalization process and improve the e-Tanah system	✓				✓
Improve coordination among stakeholders throughout the property registration process	✓	✓	✓	✓	✓
Improve transparency by expanding the access to information on land ownership	✓				✓
Implement a unified or linked database between land registry and cadastre	✓	✓			

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

TRADING ACROSS BORDERS

Johor Port

Port details

Characteristics	Export	Import
Product	HS 15 – Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	HS 8708 – Parts and accessories of motor vehicles
Trade partner	Turkey	China
Border	Johor Port	Johor Port
Distance (km)	10	10
Domestic transport time (hours)	0.5	0.5
Domestic transport cost (US$)	67	67

Components of border compliance

	Export		Import	
	Clearance and inspections required by customs authorities	Port handling	Clearance and inspections required by customs authorities	Port handling
Time to complete (hours)	9	48	35	48
Associated costs (US$)	35	109	69	112

Trade documents

Export	Import
Bill of lading	Bill of lading
Certificate of origin (Form MTFTA)	Catalogue of products
Commercial invoice	Certificate of origin (Form E)
Customs export declaration (Form K2)	Commercial invoice
Packing list	Customs import declaration (Form K1)
SOLAS certificate	Delivery order
	Gate pass
	Packing list
	SOLAS certificate

Source: Doing Business database.

Reform recommendations to improve the ease of trading across borders									
	Ministry of Transport	Johor Port Authority	Johor Port Bhd. (port operator)	Royal Malaysian Customs Department	Ministry of International Trade and Industry	Ministry of Agriculture and Agro-based Industry	Ministry of Energy, Science, Technology, Environment and Climate Change (Department of Environment)	Ministry of Finance	Dagang Net Technologies Sdn. Bhd.
Improve the transparency and accessibility of information on customs and port procedures	✓	✓	✓	✓	✓				
Improve coordination of agencies involved in export and import processes to streamline procedures and increase awareness on government initiatives	✓	✓	✓	✓	✓	✓	✓		
Enhance the functionality of the customs information system	✓	✓	✓	✓					
Introduce an electronic single window for trade	✓	✓	✓	✓	✓			✓	✓

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

Kota Kinabalu (Sabah)

Dealing with construction permits (rank)	5
Score of dealing with construction permits (0–100)	63.3
Procedures (number)	22
Time (days)	212
Cost (% of warehouse value)	2.3
Building quality control index (0–15)	13

Registering property (rank)	5
Score of registering property (0–100)	62.3
Procedures (number)	8
Time (days)	99
Cost (% of property value)	3.9
Quality of land administration index (0–30)	24

DEALING WITH CONSTRUCTION PERMITS

List of procedures

Warehouse value: MYR 2,188,617 ($523,000)
Data as of: November 2019

Procedure 1. Obtain technical conditions from the Water Department
Agency: Sabah Water Department (Jabatan Air Negeri Sabah)
Time: 14 days
Cost: No charge

Procedure 2. Request and obtain development clearance from Central Board
Agency: Central Board
Time: 30 days
Cost: MYR 480

Procedure 3. Request and obtain approval of building plans at the Kota Kinabalu City Hall (DBKK)
Agency: City Planning Department of the Kota Kinabalu City Hall (Dewan Bandaraya Kota Kinabalu)
Time: 37 days
Cost: MYR 1,300

Procedure 4.* Request and obtain letter of consent from the Fire and Rescue Department
Agency: Sabah Fire and Rescue Department (Jabatan Bomba dan Penyelamat Negeri Sabah)
Time: 30 days
Cost: No charge

Procedure 5.* Request and obtain water reticulation plan approval and approval of licensed contractor
Agency: Sabah Water Department (Jabatan Air Negeri Sabah)
Time: 30 days
Cost: No charge

Procedure 6. Request and obtain approval of engineering plans
Agency: Engineering Department of the Kota Kinabalu City Hall (Dewan Bandaraya Kota Kinabalu)
Time: 30 days
Cost: No charge

Procedure 7. Submit pre-construction notifications to Kota Kinabalu City Hall on the commencement of building works
Agency: Building Control Department of the Kota Kinabalu City Hall (Dewan Bandaraya Kota Kinabalu)
Time: 1 day
Cost: No charge

Procedure 8.* Submit pre-construction notifications to Water Department on the commencement of building works
Agency: Sabah Water Department (Jabatan Air Negeri Sabah)
Time: 1 day
Cost: No charge

Procedure 9. Receive materials inspection for water connection works
Agency: Sabah Water Department (Jabatan Air Negeri Sabah)
Time: 1 day
Cost: No charge

Procedure 10.* Submit wayleave approval request for excavation works
Agency: Roads and Maintenance Division, Public Works Department (JKR)
Time: 1 day
Cost: No charge

Procedure 11. Receive road and drainage works inspection
Agency: Public Works Department (JKR)
Time: 1 day
Cost: No charge

Procedure 12.* Receive final inspection from the Water Department
Agency: Sabah Water Department (Jabatan Air Negeri Sabah)
Time: 1 day
Cost: No charge

Procedure 13.* Receive final sewerage inspection
Agency: Engineering Department of City Hall (Dewan Bandaraya Kota Kinabalu) and Public Works Department (JKR)
Time: 1 day
Cost: No charge

Procedure 14. Obtain road and drainage clearance letters
Agency: Drainage and Irrigation Department
Time: 14 days
Cost: No charge

Procedure 15.* Obtain clearance letter from the Water Department
Agency: Sabah Water Department (Jabatan Air Negeri Sabah)
Time: 14 days
Cost: No charge

Procedure 16.* Obtain sewerage connection approval letter
Agency: Engineering Department of City Hall (Dewan Bandaraya Kota Kinabalu) and Public Works Department (JKR)
Time: 14 days
Cost: MYR 32,829 (1.5% of warehouse value contribution fee)

Procedure 17. Receive fire safety inspection
Agency: Sabah Fire and Rescue Department (Jabatan Bomba dan Penyelamat Negeri Sabah)
Time: 1 day
Cost: MYR 499

Procedure 18. Obtain fire safety clearance
Agency: Sabah Fire and Rescue Department (Jabatan Bomba dan Penyelamat Negeri Sabah)
Time: 14 days
Cost: No charge

Procedure 19. Submit clearance letters and request occupation certificate

Agency: City Planning Department of the Kota Kinabalu City Hall (Dewan Bandaraya Kota Kinabalu)

Time: 1 day

Cost: No charge

Procedure 20. Receive final inspection from the Kota Kinabalu City Hall

Agency: Engineering Department and Building Control Department (Dewan Bandaraya Kota Kinabalu)

Time: 1 day

Cost: No charge

Procedure 21. Obtain occupation certificate

Agency: City Planning Department of the Kota Kinabalu City Hall (Dewan Bandaraya Kota Kinabalu)

Time: 30 days

Cost: No charge

Procedure 22. Obtain water connection

Agency: Sabah Water Department (Jabatan Air Negeri Sabah)

Time: 31 days

Cost: MYR 16,200 (15% of the cost of piping works (estimated at MYR 100,000) + MYR 1,200 for the water meter)

** Simultaneous with previous procedure*

Building quality control index

	Answer	Score
Building quality control index (0–15)		**13**
Quality of building regulations index (0–2)		**2**
How accessible are building laws and regulations in the economy? (0–1)	Available online; Free of charge.	1
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0–1)	List of required documents; Fees to be paid; Required pre-approvals.	1
Quality control before construction index (0–1)		**1**
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0–1)	Licensed architect; Licensed engineer.	1
Quality control during construction index (0–3)		**2**
What types of inspections (if any) are required by law to be carried out during construction? (0–2)	Inspections by in-house engineer.	1
Do legally mandated inspections occur in practice during construction? (0–1)	Mandatory inspections are always done in practice.	1
Quality control after construction index (0–3)		**3**
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0–2)	Yes, final inspection is done by government agency; Yes, in-house engineer submits report for final inspection.	2
Do legally mandated final inspections occur in practice? (0–1)	Final inspection always occurs in practice.	1
Liability and insurance regimes index (0–2)		**1**
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0–1)	Architect or engineer; Professional in charge of the supervision; Construction company.	1
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0–1)	No party is required by law to obtain insurance.	0
Professional certifications index (0–4)		**4**
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0–2)	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer.	2
What are the qualification requirements for the professional who supervises the construction on the ground? (0–2)	Minimum number of years of experience; University degree in engineering, construction or construction management; Being a registered architect or engineer.	2

Reform recommendations to improve the ease of dealing with construction permits

	Building Associations (Institute of Architects and Institute of Engineers)	Building Control Department of the Kota Kinabalu City Hall	Engineering Department of the Kota Kinabalu City Hall	Central Board	Public Works Department	Sabah Fire and Rescue Department	Sabah Water Department	Sewerage Authority
Introduce one stop centers		✓	✓	✓	✓	✓	✓	✓
Expand the data available to construction professionals to facilitate information-gathering	✓	✓	✓	✓	✓	✓	✓	✓
Introduce online platforms	✓	✓	✓	✓	✓	✓	✓	✓
Accelerate the approval of zoning plans				✓				
Consider reducing the burden on entrepreneurs for infrastructure development			✓					
Ensure consistency and transparency across all cities when evaluating new construction projects	✓	✓	✓		✓	✓	✓	✓
Enforce self-regulation by qualified professionals and clarify the scope of inspections conducted by the authorities		✓	✓		✓			✓
Enhance the risk-based classification system and fast-track approval options		✓	✓					

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

REGISTERING PROPERTY

List of procedures

Warehouse value: MYR 2,188,617 ($523,000)
Data as of: November 2019

Procedure 1. Lawyer conducts land title search at Land Office in Kota Kinabalu
Agency: Sabah Land and Survey Department
Time: 30 days
Cost: MYR 20

Procedure 2. Lawyer conducts company search online
Agency: https://www.ssm-einfo.my/
Time: 0.5 days
Cost: MYR 15; Company search (MYR 10) + service charge (MYR 5) + SST (MYR 0.30; SST not included in cost)

Procedure 3. Lawyer conducts bankruptcy search online
Agency: https://e-insolvensi.mdi.gov.my/ or MYEG websites
Time: 0.5 days
Cost: Winding-up search (MYR 10 per search)

Procedure 4. Buyer and seller sign sales-purchase agreement in presence of lawyer and lawyer fills out Memorandum of Transfer (Form 14A)
Agency: Lawyer's office
Time: 7 days
Cost: MYR 12,948.78; Lawyers' professional fees (not including SST and disbursements) for preparing the sale and purchase agreement and completing the property transfer are as follows: 2.5% for the first MYR 10,000; 1.0% for the next MYR 40,000; 0.9% for next MYR 50,000; 0.8% for the next MYR 200,000; 0.7% for the next MYR 400,000; 0.6% for the next MYR 500,000; 0.45% for the next MYR 1 million; 0.35% for the next MYR 3 million; 0.25% for the next MYR 5 million; negotiable where consideration is in excess of MYR 10.2 million.

Procedure 5. Memorandum of Transfer sent to Stamp Office for adjudication of Stamp Duty and valuation by JPPH
Agency: Stamp Office assessment and payment system (https://stamps.hasil.gov.my)
Time: 14 days
Cost: No charge

Procedure 6. Payment of stamp duty and stamping of Memorandum of Transfer
Agency: Inland Revenue Board of Malaysia (IRBM)
Time: 1 day
Cost: MYR 71,548; Effective July 1, 2019, 1% on first MYR 100,000; 2% in excess of MYR 100,000 up to MYR 500,000; 3% in excess of MYR 500,000 to MYR 1 million; 4% over MYR 1 million.

Procedure 7. Payment for City Hall's endorsement of the Certificate of Payment of Assessment; update name of buyer at municipality
Agency: Kota Kinabalu City Hall
Time: 1 day
Cost: MYR 10

Procedure 8. Transfer registered at Land Office/Registry
Agency: Land Office
Time: 45 days
Cost: MYR 70; Registration fee (MYR 50) + search fee (MYR 20)

Quality of land administration index		
	Answer	**Score**
Quality of land administration index (0–30)		**24**
Reliability of infrastructure index (0–8)		**5**
Type of land registration system in the selected city:	Title Registration System	
What is the institution in charge of immovable property registration?	Central Land Office under Jabatan Tanah dan Ukur Sabah (Sabah Lands and Surveys Department)	
In what format land title certificates are kept at the immovable property registry of the selected city—in a paper format or in a computerized format (scanned or fully digital)?	Paper	0
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	No	0
Institution in charge of the plans showing legal boundaries in the selected city:	Sabah Lands and Surveys Department (Jabatan Tanah dan Ukur Sabah)	
In what format cadastral plans are kept at the mapping agency of the selected city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Different databases but linked	1
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1
Transparency of information index (0–6)		**4.5**
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the selected city?	Anyone who pays the official fee	1
Is the list of documents that are required to complete any type of property transaction made publicly available–and if so, how?	No	0
Link for online access:		
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the selected city made publicly available–and if so, how?	Yes, in person	0
Link for online access:		
Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard?	No	0
Link for online access:		
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	Yes	1
Contact information:	https://www.jkptg.gov.my/my/hubungi-kami/borang/aduan	
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	Yes	0.5
Number of property transfers in the selected city in 2018:	21,227	
Who is able to consult maps of land plots in the selected city?	Anyone who pays the official fee	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	https://ebiz.jupem.gov.my/KB/Published/11	
Does the cadastral/mapping agency formally specify the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	https://www.jupem.gov.my/halaman/piagam-pelanggan	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	Yes	0.5

continued on next page

Quality of land administration index		
	Answer	**Score**
Contact information:	http://aduan.sabah.gov.my/bpans/public/bi/complaintform.aspx	
Geographic coverage index (0–8)		**8**
Are all privately held land plots in the selected city formally registered at the immovable property registry?	Yes	2
Are all privately held land plots in the economy formally registered at the immovable property registry?	Yes	2
Are all privately held land plots in the selected city mapped?	Yes	2
Are all privately held land plots in the economy mapped?	Yes	2
Land dispute resolution index (0–8)		**6.5**
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	Land Ordinance (Sabah Cap 68), Section 88	
Is the system of immovable property registration subject to a state or private guarantee?	No	0
Type of guarantee:		
Legal basis:		
Is there a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0
Legal basis:		
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Lawyer	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Lawyer	
Is there a national database to verify the accuracy of government-issued identity documents?	Yes	1
What is the court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the selected city?	High Court of Sabah and Sarawak	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Less than a year	3
Are there publicly available statistics on the number of land disputes in Malaysia in the first instance court?	No	0
Number of land disputes in Malaysia in 2018:		
Equal access to property rights index (-2–0)		**0**
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0
Do married men and married women have equal ownership rights to property?	Yes	0

Reform recommendations to improve the ease of registering property	Land Office	Valuation and Property Management Department at City Hall	Inland Revenue Board	Valuation and Property Services Department (JPPH)	Department of Land and Mines
Continue the digitalization process and improve the e-Tanah system	✓				✓
Improve coordination among stakeholders throughout the property registration process	✓	✓	✓	✓	✓
Improve transparency by expanding the access to information on land ownership	✓				✓
Implement a unified or linked database between land registry and cadastre	✓	✓			

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

Kuala Lumpur

Dealing with construction permits (rank)	1
Score of dealing with construction permits (0–100)	89.0
Procedures (number)	9
Time (days)	53
Cost (% of warehouse value)	1.3
Building quality control index (0–15)	13

Registering property (rank)	1
Score of registering property (0–100)	78.0
Procedures (number)	6
Time (days)	16.5
Cost (% of property value)	4.1
Quality of land administration index (0–30)	26.5

Trading across borders (Port Klang)	
Score of trading across borders (0–100)	88.5
Time to export	
Border compliance (hours)	28
Documentary compliance (hours)	10
Cost to export	
Border compliance (US$)	213
Documentary compliance (US$)	35
Time to import	
Border compliance (hours)	36
Documentary compliance (hours)	7
Cost to import	
Border compliance (US$)	213
Documentary compliance (US$)	60

DEALING WITH CONSTRUCTION PERMITS

List of procedures

Warehouse value: MYR 2,188,617 ($523,000)
Data as of: November 2019

Procedure 1. Obtain technical conditions from the Water Authority (SYABAS)
Agency: Water Authority (Syarikat Bekalan Air Selangor, SYABAS)
Time: 2 days
Cost: No charge

Procedure 2. Submit and obtain development approval through OSC
Agency: Kuala Lumpur City Hall's One Stop Centre (OSC)
Time: 30 days
Cost: MYR 3,600 (MYR 480 planning fee + MYR 1,300 building plan fee + MYR 100 engineering plan fee + MYR 300 water plan approval fee + MYR 1,000 water development contribution fee + MYR 150 sewerage planning approval fee + MYR 150 sewerage design approval fee + MYR 120 notification fee to commence works)

Procedure 3. Submit pre-construction notifications to OSC
Agency: Kuala Lumpur City Hall's One Stop Centre (OSC)
Time: 1 day
Cost: No charge

Procedure 4. Request final utilities inspections and clearance letters through OSC
Agency: Kuala Lumpur City Hall's One Stop Centre (OSC)
Time: 1 day
Cost: MYR 24,235 (MYR 250 supervision of water connection + MYR 1,000 water inspection fee + MYR 600 sewerage inspection fee + MYR 499 fire safety inspection fee + 1% of warehouse value for sewerage contribution fees)

Procedure 5. Receive final inspection from the Water Authority
Agency: Water Authority (SYABAS)
Time: 1 day
Cost: No charge

Procedure 6. Receive fire safety inspection
Agency: Fire and Rescue Department
Time: 1 day
Cost: No charge

Procedure 7. Obtain clearance letters from OSC
Agency: Kuala Lumpur City Hall's One Stop Centre (OSC)
Time: 13 days
Cost: No charge

Procedure 8. Submit certificate of completion and compliance (CCC)
Agency: Building Department and Board of Architect via OSC
Time: 1 day
Cost: No charge

Procedure 9. Obtain water connection
Agency: Water Authority (SYABAS)
Time: 3 days
Cost: MYR 1,600

Building quality control index

	Answer	Score
Building quality control index (0–15)		**13**
Quality of building regulations index (0–2)		**2**
How accessible are building laws and regulations in the economy? (0–1)	Available online; Free of charge.	1
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0–1)	List of required documents; Fees to be paid; Required pre-approvals.	1
Quality control before construction index (0–1)		**1**
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0–1)	Licensed engineer.	1
Quality control during construction index (0–3)		**2**
What types of inspections (if any) are required by law to be carried out during construction? (0–2)	Inspections by in-house engineer.	1
Do legally mandated inspections occur in practice during construction? (0–1)	Mandatory inspections are always done in practice.	1
Quality control after construction index (0–3)		**3**
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0–2)	Yes, in-house engineer submits report for final inspection.	2
Do legally mandated final inspections occur in practice? (0–1)	Final inspection always occurs in practice.	1
Liability and insurance regimes index (0–2)		**1**
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0–1)	Architect or engineer; Professional in charge of the supervision; Construction company.	1
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0–1)	No party is required by law to obtain insurance.	0
Professional certifications index (0–4)		**4**
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0–2)	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer.	2
What are the qualification requirements for the professional who supervises the construction on the ground? (0–2)	Minimum number of years of experience; University degree in engineering, construction or construction management; Being a registered architect or engineer.	2

Reform recommendations to improve the ease of dealing with construction permits

	Building Associations (Institute of Architects and Institute of Engineers)	Kuala Lumpur City Hall's One Stop Centre (OSC)	Infrastructure Planning Department	Civil Engineering and Urban Transportation Department	City Planning Department	Fire and Rescue Department	Water Authority	Sewerage Certifying Agency
Expand the data available to construction professionals to facilitate information-gathering	✓	✓	✓	✓	✓	✓	✓	✓
Introduce online platforms	✓	✓	✓	✓	✓	✓	✓	✓
Accelerate the approval of zoning plans					✓			
Consider reducing the burden on entrepreneurs for infrastructure development			✓					✓
Ensure consistency and transparency across all cities when evaluating new construction projects	✓					✓	✓	✓

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

REGISTERING PROPERTY

List of procedures

Warehouse value: MYR 2,188,617 ($523,000)
Data as of: November 2019

Procedure 1. Lawyer conducts land title, company and bankruptcy searches online
Agency: E-Tanah online single window
Time: 0.5 days
Cost: MYR 55; Land title search (MYR 30) + company search (MYR 10) + service charge (MYR 5) + SST (MYR 0.3; SST not included in cost) + winding-up search (MYR 10; all online through e-Tanah).

Procedure 2. Buyer and seller sign sales-purchase agreement in presence of lawyer and lawyer fills out Memorandum of Transfer (Form 14A)
Agency: Lawyer's office
Time: 1 day
Cost: MYR 17,320.32; Effective March 15, 2017, lawyers' professional fees (not including SST and disbursements) for preparing the sale and purchase agreement and completing the property transfer are as follows: 1.0% for the first MYR 500,000 of the purchase price (subject minimum of MYR 500); 0.8% for next MYR 500,000; 0.7% for the next MYR 2 million; 0.6% for the next MYR 2 million; 0.5% for the next MYR 2.5 million; where consideration is in excess of MYR 7.5 million, fees are negotiable on the excess (but shall not exceed 0.5% of the excess).

Procedure 3. Form 14A sent to Stamp Office for adjudication of stamp duty and valuation by JPPH
Agency: Stamp Office assessment and payment system (https://stamps.hasil.gov.my)
Time: 9 days
Cost: No charge

Procedure 4. Payment of stamp duty and stamping of Form 14A
Agency: Inland Revenue Board of Malaysia (IRBM)
Time: 1 day
Cost: MYR 71,548; Effective July 1, 2019, 1% on first MYR 100,000; 2% in excess of MYR 100,000 up to MYR 500,000; 3% in excess of MYR 500,000 to MYR 1 million; 4% over MYR 1 million.

Procedure 5. Transfer registered at Land Office/Registry
Agency: Land Office
Time: 4 days
Cost: MYR 130; Registration fee (MYR 100) + search fee (MYR 30)

Procedure 6. Update name of buyer at municipality
Agency: Kuala Lumpur City Hall
Time: 1 day
Cost: No charge

Quality of land administration index

	Answer	Score
Quality of land administration index (0–30)		**26.5**
Reliability of infrastructure index (0–8)		**7**
Type of land registration system in the selected city:	Title Registration System	
What is the institution in charge of immovable property registration?	Land Office under Jabatan Ketua Pengarah Tanah dan Galian (Department of Director General of Land and Mines)	
In what format land title certificates are kept at the immovable property registry of the selected city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1
Institution in charge of the plans showing legal boundaries in the selected city:	Department of Survey and Mapping Malaysia (JUPEM) under Jabatan Ketua Pengarah Tanah dan Galian (Department of Director General of Lands and Mines)	
In what format cadastral plans are kept at the mapping agency of the selected city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1

continued on next page

Quality of land administration index		
	Answer	**Score**
Transparency of information index (0–6)		**4.5**
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the selected city?	Only intermediaries and interested parties	0
Is the list of documents that are required to complete any type of property transaction made publicly available–and if so, how?	Yes, online	0.5
Link for online access:	http://www.ptgwp.gov.my/portal/web/guest/muat-turun-borang	
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the selected city made publicly available–and if so, how?	Yes, online	0.5
Link for online access:	http://www.ptgwp.gov.my/portal/web/guest/muat-turun-borang	
Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	http://www.ptgwp.gov.my/portal/web/guest/piagam-pelanggan?target=piagampelanggan	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	Yes	1
Contact information:	https://www.jkptg.gov.my/my/hubungi-kami/borang/aduan	
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0
Number of property transfers in the selected city in 2018:		
Who is able to consult maps of land plots in the selected city?	Anyone who pays the official fee	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	https://ebiz.jupem.gov.my/KB/Published/11	
Does the cadastral/mapping agency formally specify the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	https://www.jupem.gov.my/halaman/piagam-pelanggan	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	Yes	0.5
Contact information:	https://www.jupem.gov.my/feedback	
Geographic coverage index (0–8)		**8**
Are all privately held land plots in the selected city formally registered at the immovable property registry?	Yes	2
Are all privately held land plots in the economy formally registered at the immovable property registry?	Yes	2
Are all privately held land plots in the selected city mapped?	Yes	2
Are all privately held land plots in the economy mapped?	Yes	2
Land dispute resolution index (0–8)		**7**
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	National Land Code Act 56 of 1965, Section 292: Instruments capable of being registered, and method of presentation therefor	
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Type of guarantee:	State guarantee	

continued on next page

Quality of land administration index

	Answer	Score
Legal basis:	The National Land Code (Act 56 of 1965), Section 22: Protection of officers and Section 340: Registration to confer indefeasible title or interest, except in certain circumstances	
Is there a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0
Legal basis:		
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Lawyer	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Lawyer	
Is there a national database to verify the accuracy of government-issued identity documents?	Yes	1
What is the court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the selected city?	High Court of Malaysia	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Less than a year	3
Are there publicly available statistics on the number of land disputes in Malaysia in the first instance court?	No	0
Number of land disputes in Malaysia in 2018:		
Equal access to property rights index (-2–0)		**0**
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0
Do married men and married women have equal ownership rights to property?	Yes	0

Reform recommendations to improve the ease of registering property

	Land Office	Valuation and Property Management Department at City Hall	Inland Revenue Board	Valuation and Property Services Department (JPPH)	Department of Land and Mines
Improve coordination among stakeholders throughout the property registration process	✓	✓	✓	✓	✓
Improve transparency by expanding the access to information on land ownership	✓				✓
Implement a unified or linked database between land registry and cadastre	✓	✓			

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

TRADING ACROSS BORDERS

Port Klang

Port details

Characteristics	Export	Import
Product	HS 85 – Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	HS 8708 – Parts and accessories of motor vehicles
Trade partner	China	Thailand
Border	Port Klang	Port Klang
Distance (km)	53	53
Domestic transport time (hours)	4	5
Domestic transport cost (US$)	190	195

Components of border compliance

	Export		Import	
	Clearance and inspections required by customs authorities	Port handling	Clearance and inspections required by customs authorities	Port handling
Time to complete (hours)	5	24	6	36
Associated costs (US$)	47.5	165	47.5	165

Trade documents

Export	Import
Bill of lading	Bill of lading
Certificate of origin (Form E)	Certificate of origin (Form D)
Commercial invoice	Commercial invoice
Customs export declaration (Form K2)	Customs import declaration (Form K1)
Packing list	Delivery order
SOLAS certificate	eGate pass
	Packing list
	SOLAS certificate

Source: Doing Business database.

Reform recommendations to improve the ease of trading across borders									
	Ministry of International Trade and Industry	Ministry of Transport	Port Klang Authority	Westports Malaysia Sdn. Bhd. (port operator)	Royal Malaysian Customs Department	Ministry of Agriculture and Agro-based Industry	Ministry of Energy, Science, Technology, Environment and Climate Change (Department of Environment)	Ministry of Finance	Dagang Net Technologies Sdn. Bhd.
Improve the transparency and accessibility of information on customs and port procedures	✓	✓	✓	✓	✓				
Improve coordination of agencies involved in export and import processes to streamline procedures and increase awareness on government initiatives	✓	✓	✓	✓	✓	✓	✓		
Introduce an electronic single window for trade	✓	✓	✓	✓	✓			✓	✓

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

Kuantan (Pahang)

Dealing with construction permits (rank)	2
Score of dealing with construction permits (0–100)	73.0
Procedures (number)	20
Time (days)	118
Cost (% of warehouse value)	1.6
Building quality control index (0–15)	13

Trading across borders (Kuantan Port)	
Score of trading across borders (0–100)	78.5
Time to export	
Border compliance (hours)	57
Documentary compliance (hours)	74
Cost to export	
Border compliance (US$)	138
Documentary compliance (US$)	53
Time to import	
Border compliance (hours)	54
Documentary compliance (hours)	74
Cost to import	
Border compliance (US$)	136
Documentary compliance (US$)	48

Registering property (rank)	4
Score of registering property (0–100)	70.4
Procedures (number)	8
Time (days)	39
Cost (% of property value)	4.3
Quality of land administration index (0–30)	26

DEALING WITH CONSTRUCTION PERMITS

List of procedures

Warehouse value: MYR 2,188,617 ($523,000)
Data as of: November 2019

Procedure 1. Obtain technical conditions from the Water Department
Agency: Water Department (Pengurusan Air Pahang Berhad)
Time: 14 days
Cost: No charge

Procedure 2.* Request clearance of land title from Land Office
Agency: Land Office
Time: 1 day
Cost: MYR 100

Procedure 3. Request and obtain building permit from the Kuantan Municipal Council
Agency: Kuantan Municipal Council (Marjlis Perbandaran Kuantan)
Time: 45 days
Cost: MYR 2,439 (MYR 715 site plan + MYR 300 engineering plan + MYR 50 street lighting plan + MYR 938 building plan + MYR 150 water supply plan + MYR 420 sewerage plan)

Procedure 4.* Request and obtain letter of consent from the Fire and Rescue Department
Agency: Pahang Fire and Rescue Department (Rasmi Jabatan Bomba dan Penyelamat Pahang)
Time: 37 days
Cost: No charge

Procedure 5.* Request and obtain letter of approval from the Water Department (PAIP)
Agency: Water Department (Pengurusan Air Pahang Berhad)
Time: 30 days
Cost: MYR 300

Procedure 6.* Request and obtain underground utility mapping and approval of excavation works
Agency: Korridor Utility Pahang
Time: 30 days
Cost: MYR 6,503 (MYR 4 per sq. m. of land plot)

Procedure 7. Submit the B-form and pre-construction notifications on the commencement of building works
Agency: Kuantan Municipal Council (Marjlis Perbandaran Kuantan)
Time: 1 day
Cost: MYR 120

Procedure 8.* Submit pre-construction notifications on the commencement of piping works to the Water Department and request materials inspection
Agency: Water Department (Pengurusan Air Pahang Berhad)
Time: 1 day
Cost: No charge

Procedure 9.* Submit pre-construction notifications on the commencement of sewerage works to the Sewerage Department
Agency: Sewerage Certifying Agency (Indah Water Konsortium)
Time: 1 day
Cost: No charge

Procedure 10. Receive materials inspection for water connection works
Agency: Pahang Water Department (Pengurusan Air Pahang Berhad)
Time: 1 day
Cost: MYR 1,000

Procedure 11. Receive road and drainage works inspection

Agency: Road Department and the Drainage and Irrigation Department

Time: 1 day

Cost: No charge

Procedure 12.* Receive final inspection from the Water Department

Agency: Water Department (Pengurusan Air Pahang Berhad)

Time: 1 day

Cost: MYR 1,250 (MYR 250 supervision of connection + MYR 1,000 water inspection fee)

Procedure 13.* Receive final sewerage inspection

Agency: Sewerage Certifying Agency (Indah Water Konsortium)

Time: 1 day

Cost: MYR 22,486 (1% of the warehouse value for development contribution + MYR 600 sewerage inspection fee)

Procedure 14. Obtain road and drainage clearance letters

Agency: Kuantan Municipal Council (Marjlis Perbandaran Kuantan)

Time: 14 days

Cost: No charge

Procedure 15.* Obtain sewerage clearance letter

Agency: Sewerage Certifying Agency (Indah Water Konsortium)

Time: 14 days

Cost: No charge

Procedure 16.* Obtain clearance letter from the Water Department

Agency: Water Department (Pengurusan Air Pahang Berhad)

Time: 14 days

Cost: No charge

Procedure 17. Receive fire safety inspection

Agency: Pahang Fire and Rescue Department (Rasmi Jabatan Bomba dan Penyelamat Pahang)

Time: 1 day

Cost: MYR 499

Procedure 18. Obtain fire safety clearance

Agency: Pahang Fire and Rescue Department (Rasmi Jabatan Bomba dan Penyelamat Pahang)

Time: 7 days

Cost: No charge

Procedure 19. Submit certificate of completion and compliance (CCC)

Agency: Kuantan Municipal Council (Marjlis Perbandaran Kuantan)

Time: 1 day

Cost: No charge

Procedure 20. Obtain water connection

Agency: Water Department (Pengurusan Air Pahang Berhad)

Time: 27 days

Cost: MYR 350 (MYR 250 water supply connection + MYR 100 service fee for meter installation)

** Simultaneous with previous procedure*

Building quality control index

	Answer	Score
Building quality control index (0–15)		**13**
Quality of building regulations index (0–2)		**2**
How accessible are building laws and regulations in the economy? (0–1)	Available online; Free of charge.	1
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0–1)	List of required documents; Fees to be paid; Required pre-approvals.	1
Quality control before construction index (0–1)		**1**
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0–1)	Licensed architect; Licensed engineer.	1
Quality control during construction index (0–3)		**2**
What types of inspections (if any) are required by law to be carried out during construction? (0–2)	Inspections by in-house engineer.	1
Do legally mandated inspections occur in practice during construction? (0–1)	Mandatory inspections are always done in practice.	1
Quality control after construction index (0–3)		**3**
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0–2)	Yes, in-house engineer submits report for final inspection.	2
Do legally mandated final inspections occur in practice? (0–1)	Final inspection always occurs in practice.	1
Liability and insurance regimes index (0–2)		**1**
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0–1)	Architect or engineer; Professional in charge of the supervision; Construction company.	1
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0–1)	No party is required by law to obtain insurance.	0
Professional certifications index (0–4)		**4**
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0–2)	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer.	2
What are the qualification requirements for the professional who supervises the construction on the ground? (0–2)	Minimum number of years of experience; University degree in engineering, construction or construction management; Being a registered architect or engineer.	2

Reform recommendations to improve the ease of dealing with construction permits

	Building Associations (Institute of Architects and Institute of Engineers)	Kuantan Municipal Council	Land Office	Public Works Department	Pahang Fire and Rescue Department	Water Department	Sewerage Certifying Agency	Pahang Utility Corridor
Ensure that existing one stop centers are fully functional		✓	✓	✓	✓	✓	✓	✓
Expand the data available to construction professionals to facilitate information-gathering	✓	✓	✓	✓	✓	✓	✓	✓
Enhancing existing online platforms	✓	✓	✓	✓	✓	✓	✓	✓
Accelerate the approval of zoning plans			✓					
Consider reducing the burden on entrepreneurs for infrastructure development							✓	✓
Ensure consistency and transparency across all cities when evaluating new construction projects	✓	✓				✓	✓	
Enhance the risk-based classification system and fast-track approval options		✓		✓				

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

REGISTERING PROPERTY

List of procedures

Warehouse value: MYR 2,188,617 ($523,000)
Data as of: November 2019

Procedure 1. Lawyer conducts land title search at Land Office in Kuantan

Agency: Land Office
Time: 1 day
Cost: MYR 50

Procedure 2. Lawyer conducts company search online

Agency: https://www.ssm-einfo.my/
Time: 0.5 days
Cost: MYR 15; Company search (MYR 10) + service charge (MYR 5) + SST (MYR 0.30; SST not included in cost)

Procedure 3. Lawyer conducts bankruptcy search online

Agency: https://e-insolvensi.mdi.gov.my/ or MYEG websites
Time: 0.5 days
Cost: Winding-up search (MYR 10 per search)

Procedure 4. Buyer and seller sign sales-purchase agreement in presence of lawyer and lawyer fills out Memorandum of Transfer (Form 14A)

Agency: Lawyer's office
Time: 3 days
Cost: MYR 17,320.32; Effective March 15, 2017, lawyers' professional fees (not including SST and disbursements) for preparing the sale and purchase agreement and completing the property transfer are as follows: 1.0% for the first MYR 500,000 of the purchase price (subject minimum of MYR 500); 0.8% for next MYR 500,000; 0.7% for the next MYR 2 million; 0.6% for the next MYR 2 million; 0.5% for the next MYR 2.5 million; where consideration is in excess of MYR 7.5 million, fees are negotiable on the excess (but shall not exceed 0.5% of the excess).

Procedure 5. Form 14A sent to Stamp Office for adjudication of stamp duty and valuation by JPPH

Agency: Stamp Office assessment and payment system (https://stamps.hasil.gov.my)
Time: 18 days
Cost: No charge

Procedure 6. Payment of stamp duty and stamping of Form 14A

Agency: Inland Revenue Board of Malaysia (IRBM)
Time: 1 day
Cost: MYR 71,548; Effective July 1, 2019, 1% on first MYR 100,000; 2% in excess of MYR 100,000 up to MYR 500,000; 3% in excess of MYR 500,000 to MYR 1 million; 4% over MYR 1 million.

Procedure 7. Transfer registered at Land Office/Registry

Agency: Land Office
Time: 14 days
Cost: MYR 4,650; Registration fee: MYR 4,600 + search fee: MYR 50. The registration fee depends on the value of the property as adjudicated by the IRBM:

a. Less than MYR 25,000	MYR 25
b. MYR 25,001 to MYR 50,000	MYR 50
c. MYR 50,001 to MYR 100,000	MYR 100
d. MYR 100,001 to MYR 250,000	MYR 400
e. MYR 250,001 to MYR 500,000	MYR 800
f. MYR 500,001 and above	MYR 1,200 with an increase in MYR 100 for every increase of MYR 50,000 thereafter

Procedure 8. Update name of buyer at municipality

Agency: Kuantan Municipal Council
Time: 1 day
Cost: MYR 50

Quality of land administration index		
	Answer	**Score**
Quality of land administration index (0–30)		**26**
Reliability of infrastructure index (0–8)		**7**
Type of land registration system in the selected city:	Title Registration System	
What is the institution in charge of immovable property registration?	Land Office under Jabatan Ketua Pengarah Tanah Dan Galian (Department of Director General of Land and Mines)	
In what format land title certificates are kept at the immovable property registry of the selected city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1
Institution in charge of the plans showing legal boundaries in the selected city:	Department of Survey and Mapping Malaysia (JUPEM) under Jabatan Ketua Pengarah Tanah dan Galian (Department of Director General of Lands and Mines)	
In what format cadastral plans are kept at the mapping agency of the selected city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1
Transparency of information index (0–6)		**4**
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the selected city?	Only intermediaries and interested parties	0
Is the list of documents that are required to complete any type of property transaction made publicly available–and if so, how?	Yes, online	0.5
Link for online access:	http://ptg.pahang.gov.my/index.php/perkhidmatan-kami/urusniaga-pendaftaran-hak-milik/senarai-semak-urusniaga-pendaftaran	
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the selected city made publicly available–and if so, how?	Yes, online	0.5
Link for online access:	http://ptg.pahang.gov.my/index.php/orang-awam/bayaran-fi/fi-pendaftaran	
Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard?	No	0
Link for online access:		
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	Yes	1
Contact information:	https://www.jkptg.gov.my/my/hubungi-kami/borang/aduan	
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0
Number of property transfers in the selected city in 2018:		
Who is able to consult maps of land plots in the selected city?	Anyone who pays the official fee	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	https://ebiz.jupem.gov.my/KB/Published/11	
Does the cadastral/mapping agency formally specify the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	https://www.jupem.gov.my/halaman/piagam-pelanggan	

continued on next page

Quality of land administration index		
	Answer	**Score**
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	Yes	0.5
Contact information:	https://www.jupem.gov.my/feedback	
Geographic coverage index (0–8)		**8**
Are all privately held land plots in the selected city formally registered at the immovable property registry?	Yes	2
Are all privately held land plots in the economy formally registered at the immovable property registry?	Yes	2
Are all privately held land plots in the selected city mapped?	Yes	2
Are all privately held land plots in the economy mapped?	Yes	2
Land dispute resolution index (0–8)		**7**
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	National Land Code Act 56 of 1965, Section 292: Instruments capable of being registered, and method of presentation therefor	
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Type of guarantee:	State guarantee	
Legal basis:	The National Land Code (Act 56 of 1965), Section 22: Protection of officers and Section 340: Registration to confer indefeasible title or interest, except in certain circumstances	
Is there a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0
Legal basis:		
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Lawyer	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Lawyer	
Is there a national database to verify the accuracy of government-issued identity documents?	Yes	1
What is the court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the selected city?	High Court of Malaysia	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Less than a year	3
Are there publicly available statistics on the number of land disputes in Malaysia in the first instance court?	No	0
Number of land disputes in Malaysia in 2018:		
Equal access to property rights index (-2–0)		**0**
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0
Do married men and married women have equal ownership rights to property?	Yes	0

Reform recommendations to improve the ease of registering property					
	Land Office	Valuation and Property Management Department at City Hall	Inland Revenue Board	Valuation and Property Services Department (JPPH)	Department of Land and Mines
Continue the digitalization process and improve the e-Tanah system	✓				✓
Improve coordination among stakeholders throughout the property registration process	✓	✓	✓	✓	✓
Improve transparency by expanding the access to information on land ownership	✓				✓
Implement a unified or linked database between land registry and cadastre	✓	✓			

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

TRADING ACROSS BORDERS

Kuantan Port

Port details

Characteristics	Export	Import
Product	HS 39 – Plastics and articles thereof	HS 8708 – Parts and accessories of motor vehicles
Trade partner	Korea, Rep.	Thailand
Border	Kuantan Port	Kuantan Port
Distance (km)	5	5
Domestic transport time (hours)	0.3	0.3
Domestic transport cost (US$)	66	66

Components of border compliance

	Export		Import	
	Clearance and inspections required by customs authorities	Port handling	Clearance and inspections required by customs authorities	Port handling
Time to complete (hours)	9	48	9	54
Associated costs (US$)	38	100	38	98

Trade documents

Export	Import
Bill of lading	Bill of lading
Certificate of origin (Form AK)	Certificate of origin (Form D)
Commercial invoice	Commercial invoice
Customs export declaration (Form K2)	Customs import declaration (Form K1)
Packing list	Delivery order
SOLAS certificate	Gate pass
	Packing list
	SOLAS certificate

Source: Doing Business database.

Reform recommendations to improve the ease of trading across borders									
	Ministry of Transport	Kuantan Port Authority	Kuantan Port Consortium Sdn. Bhd. (port operator)	Royal Malaysian Customs Department	Ministry of International Trade and Industry	Ministry of Agriculture and Agro-based Industry	Ministry of Energy, Science, Technology, Environment and Climate Change (Department of Environment)	Ministry of Finance	Dagang Net Technologies Sdn. Bhd.
Improve the transparency and accessibility of information on customs and port procedures	✓	✓	✓	✓	✓				
Improve coordination of agencies involved in export and import processes to streamline procedures and increase awareness on government initiatives	✓	✓	✓	✓	✓	✓	✓		
Enhance the functionality of the customs information system	✓	✓	✓	✓					
Introduce an electronic single window for trade	✓	✓	✓	✓	✓			✓	✓

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

Kuching (Sarawak)

Dealing with construction permits (rank)	6
Score of dealing with construction permits (0–100)	61.7
Procedures (number)	23
Time (days)	231
Cost (% of warehouse value)	1.7
Building quality control index (0–15)	13

Registering property (rank)	6
Score of registering property (0–100)	47.5
Procedures (number)	10
Time (days)	304.5
Cost (% of property value)	4.2
Quality of land administration index (0–30)	28

DEALING WITH CONSTRUCTION PERMITS

List of procedures

Warehouse value: MYR 2,188,617 ($523,000)
Data as of: November 2019

Procedure 1. Obtain technical conditions from the Water Board
Agency: Kuching Water Board (Laman Weh Lembaga Air Kuching)
Time: 14 days
Cost: No charge

Procedure 2.* Request and obtain a soil test
Agency: Private Engineering Company
Time: 10 days
Cost: MYR 12,500

Procedure 3.* Obtain land survey/topographical map
Agency: Licensed Land Surveyor
Time: 5 days
Cost: No charge

Procedure 4. Request and obtain land use approval
Agency: Land and Survey Department
Time: 30 days
Cost: No charge

Procedure 5.* Request and obtain letter of approval from the Water Board
Agency: Kuching Water Board (Laman Weh Lembaga Air Kuching)
Time: 30 days
Cost: MYR 2,000 (capital contribution charges for a one-inch diameter pipe)

Procedure 6. Request and obtain building permit from the Kuching South City Council
Agency: Building Department of the Kuching South City Council (Majlis Bandaraya Kuching Selatan – MBKS)
Time: 90 days
Cost: MYR 1,301 (MYR 1 per sq. m.)

Procedure 7.* Request and obtain letter of consent from the Fire and Rescue Department
Agency: Sarawak Fire and Rescue Department (Ibu Pejabat Jabatan Bomba & Penyelamat Negeri Sarawak)
Time: 30 days
Cost: No charge

Procedure 8. Submit pre-construction notifications to the Building Department on the commencement of building works
Agency: Building Department of the Kuching South City Council (Majlis Bandaraya Kuching Selatan – MBKS)
Time: 1 day
Cost: No charge

Procedure 9.* Submit pre-construction notifications to the Department of Occupational Health and Safety (JKKP) on the commencement of building works
Agency: Department of Occupational Health and Safety
Time: 1 day
Cost: No charge

Procedure 10. Receive site inspection to verify commencement of building works
Agency: Building Department of the Kuching South City Council (Majlis Bandaraya Kuching Selatan – MBKS)
Time: 1 day
Cost: No charge

Procedure 11. Submit wayleave approval request for excavation works
Agency: Engineering Department of the Kuching City Council
Time: 7 days
Cost: MYR 50 (processing fee)

Procedure 12. Receive materials inspection for water connection works
Agency: Kuching Water Board (Laman Weh Lembaga Air Kuching)
Time: 1 day
Cost: No charge

Procedure 13. Receive road and drainage inspection
Agency: Drainage and Irrigation Department
Time: 1 day
Cost: MYR 274 (drainage contribution fee of 0.0125% of the construction cost)

Procedure 14. Receive final inspection from the Water Board
Agency: Kuching Water Board (Laman Weh Lembaga Air Kuching)
Time: 1 day
Cost: MYR 50

Procedure 15. Install septic tank
Agency: Sewerages Services Department
Time: 14 days
Cost: MYR 20,000

Procedure 16.* Obtain road and drainage clearance letters
Agency: Drainage and Irrigation Department
Time: 10 days
Cost: No charge

Procedure 17.* Obtain clearance letter from the Water Board
Agency: Kuching Water Board (Laman Weh Lembaga Air Kuching)
Time: 7 days
Cost: No charge

Procedure 18. Receive fire safety inspection

Agency: Sarawak Fire and Rescue Department (Ibu Pejabat Jabatan Bomba & Penyelamat Negeri Sarawak)

Time: 1 day

Cost: MYR 499

Procedure 19. Obtain fire safety clearance

Agency: Sarawak Fire and Rescue Department (Ibu Pejabat Jabatan Bomba & Penyelamat Negeri Sarawak)

Time: 24 days

Cost: No charge

Procedure 20. Submit clearance letters and request occupational permit and final inspection

Agency: Building Department of the Kuching South City Council (Majlis Bandaraya Kuching Selatan – MBKS)

Time: 1 day

Cost: No charge

Procedure 21. Receive final inspection from the Kuching South City Council

Agency: Building Department of the Kuching South City Council (Majlis Bandaraya Kuching Selatan – MBKS)

Time: 1 day

Cost: No charge

Procedure 22. Obtain occupational permit

Agency: Building Department of the Kuching South City Council (Majlis Bandaraya Kuching Selatan – MBKS)

Time: 28 days

Cost: No charge

Procedure 23. Obtain water connection

Agency: Kuching Water Board (Laman Weh Lembaga Air Kuching)

Time: 14 days

Cost: MYR 1,140

** Simultaneous with previous procedure*

Building quality control index

	Answer	Score
Building quality control index (0–15)		**13**
Quality of building regulations index (0–2)		**2**
How accessible are building laws and regulations in the economy? (0–1)	Available online; Free of charge.	1
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0–1)	List of required documents; Fees to be paid; Required pre-approvals.	1
Quality control before construction index (0–1)		**1**
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0–1)	Licensed engineer.	1
Quality control during construction index (0–3)		**2**
What types of inspections (if any) are required by law to be carried out during construction? (0–2)	Inspections by in-house engineer.	1
Do legally mandated inspections occur in practice during construction? (0–1)	Mandatory inspections are always done in practice.	1
Quality control after construction index (0–3)		**3**
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0–2)	Yes, final inspection is done by government agency; Yes, in-house engineer submits report for final inspection.	2
Do legally mandated final inspections occur in practice? (–1)	Final inspection always occurs in practice.	1
Liability and insurance regimes index (0–2)		**1**
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0–1)	Architect or engineer; Professional in charge of the supervision; Construction company.	1
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0–1)	No party is required by law to obtain insurance.	0
Professional certifications index (0–4)		**4**
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0–2)	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer.	2
What are the qualification requirements for the professional who supervises the construction on the ground? (0–2)	Minimum number of years of experience; University degree in engineering, construction or construction management; Being a registered architect or engineer.	2

Reform recommendations to improve the ease of dealing with construction permits

	Building Associations (Institute of Architects and Institute of Engineers)	Building Department of the Kuching South City Council	Land and Survey Department	Engineering Department of the Kuching City Council	Drainage and Irrigation Department	Sarawak Fire and Rescue Department	Kuching Water Board
Introduce one stop centers		✓	✓	✓	✓	✓	✓
Expand the data available to construction professionals to facilitate information-gathering	✓	✓	✓	✓	✓	✓	✓
Introduce online platforms	✓	✓	✓	✓	✓	✓	✓
Accelerate the approval of zoning plans			✓				
Consider reducing the burden on entrepreneurs for infrastructure development							✓
Ensure consistency and transparency across all cities when evaluating new construction projects	✓	✓		✓	✓	✓	✓
Enforce self-regulation by qualified professionals and clarify the scope of inspections conducted by the authorities		✓		✓			
Enhance the risk-based classification system and fast-track approval options		✓		✓			

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

REGISTERING PROPERTY

List of procedures

Warehouse value: MYR 2,188,617 ($523,000)
Data as of: November 2019

Procedure 1. Obtain consent from the Land & Survey Department to sell the property
Agency: Land and Survey Department, Kuching Division
Time: 270 days
Cost: No charge

Procedure 2. Lawyer conducts land title search online
Agency: E-lasis
Time: 0.5 days
Cost: MYR 5 (online through e-lasis)

Procedure 3. Lawyer conducts company search online
Agency: https://www.ssm-einfo.my/
Time: 0.5 days
Cost: MYR 15; Company search (MYR 10) + service charge (MYR 5) + SST (MYR 0.30; SST not included in cost)

Procedure 4. Lawyer conducts bankruptcy search online
Agency: https://e-insolvensi.mdi.gov.my/ or MYEG websites
Time: 0.5 days
Cost: Winding-up search (MYR 10 per search)

Procedure 5. Certificate of Indebtedness obtained from City Council
Agency: Council of the City of Kuching South or Kuching North City Hall or Padawan Municipal Council
Time: 3 days
Cost: MYR 30

Procedure 6. Buyer and seller sign sales-purchase agreement in presence of a Superintendent, a Registrar or any person generally or specially authorized by the Director of Lands and Surveys; lawyer fills out Memorandum of Transfer (Form G)
Agency: Lawyer's office
Time: 7 days
Cost: MYR 20,905.89; Effective May 1, 2018, the fee scale is as follows: 2.5% up to MYR 10,000; 1.0% for the next MYR 40,000; 0.9% for the next MYR 50,000; 0.8% for the next MYR 200,000; 0.7% for the next MYR 400,000; 0.6% for the next MYR 500,000; 0.55% for the next MYR 1 million; 0.5% for the next MYR 3 million. The vendor's solicitor shall charge half of the scale, and the purchaser's solicitor shall charge the full scale.

Procedure 7. Form G sent to Stamp Office for adjudication of stamp duty and valuation by JPPH
Agency: Stamp Office assessment and payment system (https://stamps.hasil.gov.my)
Time: 17 days
Cost: No charge

Procedure 8. Payment of stamp duty and stamping of Memorandum of Transfer (Form G)

Agency: Inland Revenue Board of Malaysia (IRBM)

Time: 2 days

Cost: MYR 71,548; Effective July 1, 2019, 1% on the first MYR 100,000; 2% in excess of MYR 100,000 up to MYR 500,000; 3% in excess of MYR 500,000 to MYR 1 million; 4% over MYR 1 million.

Procedure 9. Transfer registered at the Registry Section, Land and Survey Department, Kuching Division

Agency: Registry Section, Land & Survey Department, Kuching Division

Time: 3 days

Cost: MYR 15; Registration fee (MYR 10) + search fee (MYR 5)

Procedure 10. Update name of buyer at municipality

Agency: Council of the City of Kuching South or Kuching North City Hall or Padawan Municipal Council

Time: 1 day

Cost: No charge

Quality of land administration index

	Answer	Score
Quality of land administration index (0–30)		**28**
Reliability of infrastructure index (0–8)		**8**
Type of land registration system in the selected city:	Title Registration System	
What is the institution in charge of immovable property registration?	Registry Section, Land and Survey Department, Kuching Division	
In what format land title certificates are kept at the immovable property registry of the selected city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1
Institution in charge of the plans showing legal boundaries in the selected city:	Survey Branch, Land and Survey Department, Kuching Division	
In what format cadastral plans are kept at the mapping agency of the selected city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Single database	1
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1
Transparency of information index (0–6)		**6**
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the selected city?	Anyone who pays the official fee	1
Is the list of documents that are required to complete any type of property transaction made publicly available–and if so, how?	Yes, online	0.5
Link for online access:	https://landsurvey.sarawak.gov.my/modules/web/pages.php?mod=publication&menu_id=0&sub_id=293	
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the selected city made publicly available–and if so, how?	Yes, online	0.5
Link for online access:	https://landsurvey.sarawak.gov.my/modules/web/pages.php?mod=faq&menu_id=0&sub_id=72	
Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	https://landsurvey.sarawak.gov.my/page-0-259-1101-Client-Charter.html	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	Yes	1
Contact information:	https://www.jkptg.gov.my/my/hubungi-kami/borang/aduan	
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	Yes	0.5

continued on next page

Quality of land administration index		
	Answer	**Score**
Number of property transfers in the selected city in 2018:	26,012	
Who is able to consult maps of land plots in the selected city?	Anyone who pays the official fee	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	https://ebiz.jupem.gov.my/KB/Published/11	
Does the cadastral/mapping agency formally specify the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	https://www.jupem.gov.my/halaman/piagam-pelanggan	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	Yes	0.5
Contact information:	https://www.jupem.gov.my/feedback	
Geographic coverage index (0–8)		**8**
Are all privately held land plots in the selected city formally registered at the immovable property registry?	Yes	2
Are all privately held land plots in the economy formally registered at the immovable property registry?	Yes	2
Are all privately held land plots in the selected city mapped?	Yes	2
Are all privately held land plots in the economy mapped?	Yes	2
Land dispute resolution index (0–8)		**7**
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	Sarawak Land Code, Section 113	
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Type of guarantee:	State guarantee	
Legal basis:	Sarawak Land Code, Section 132	
Is there a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0
Legal basis:		
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Lawyer	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Lawyer	
Is there a national database to verify the accuracy of government-issued identity documents?	Yes	1
What is the court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the selected city?	High Court of Sabah and Sarawak	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	1–2 years	2
Are there publicly available statistics on the number of land disputes in Malaysia in the first instance court?	No	0
Number of land disputes in Malaysia in 2018:		
Equal access to property rights index (-2–0)		**0**
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0
Do married men and married women have equal ownership rights to property?	Yes	0

Reform recommendations to improve the ease of registering property	Land and Survey Department of Sarawak	Land Office	Valuation and Property Management Department at City Hall	Inland Revenue Board	Valuation and Property Services Department (JPPH)	Department of Land and Mines
Continue the digitalization process and improve the e-Tanah system						✓
Improve coordination among stakeholders throughout the property registration process		✓	✓	✓	✓	✓
Improve transparency by expanding the access to information on land ownership		✓				✓
Consider streamlining the consent process and making it transparent	✓					
Implement a unified or linked database between land registry and cadastre		✓	✓			

Note: All recommendations are detailed in the "What can be improved?" section of the corresponding indicator chapter.

Source: Doing Business database.

CHAPTER 8

Acknowledgments

Doing Business in Malaysia 2020 was produced by a team led by Laura Diniz and Joyce Antone Ibrahim. The team comprised Azizbek Bakiyev, Maksym Iavorskyi and Enrique Orellana Tamez. The report was prepared under the direction of Pilar Salgado Otónel and Madalina Papahagi.

The team is grateful for valuable peer review comments provided by colleagues from across the World Bank Group. Mohammad Amin, Smita Kuriakose and Richard Record reviewed the full text. Experts in each of the three areas measured were consulted when drafting the individual chapters: Jean Arlet, Edgar Chavez, Marie Lily Delion, Nuno Mendes dos Santos, Sagita Muco and Jayashree Srinivasan.

Firas Raad and Rita Ramalho provided guidance and leadership throughout the project. Edgar Chavez, Minisha Deepu, Lilla Fordos, Eleanor Flora Gomez, Philipp Hlatky, Arvind Jain, Trimor Mici, Monique Pelloux Patron, Mei Ling Tan and Julien Vilquin provided valuable assistance at various stages of the project. Manasi Amalraj, Varun Doiphode, Akash Pradhan and Kamalesh Sengaonkar developed the website (http://www.doingbusiness.org/malaysia). The report was edited by Bronwen Brown, and Fathom Creative, Inc., produced the layout.

The study was funded by the Malaysian government and was carried out in collaboration with the Malaysia Productivity Corporation (MPC). The MPC team comprised Zainon Bakar (team leader) and Mohammad Khairul Hakimin Zainoor. Siti Rohana Rubaidi and Shanthini Tamadoram from MPC provided support throughout the project. Valuable assistance was

also provided by state governments across Malaysia, which hosted meetings between the project team and local public officials during the implementation phase.

Data collection was carried out in collaboration with the Malaysian Bar, the Advocates Association of Sarawak and the Sabah Law Society, as well as local practitioners with relevant expertise in the areas benchmarked.

More than 300 lawyers, engineers, architects, construction experts, customs brokers, freight forwarders, trade experts and public officials contributed to *Doing Business in Malaysia 2020*. The team would like to express its special gratitude to the national and local public officials who participated in the project and who made valuable comments during the consultation and data review period. The names of those wishing to be acknowledged are listed on the following pages.

PRIVATE SECTOR CONTRIBUTORS

GEORGE TOWN

Asmawi Abu Bakar

Luah Beng Hup
Penang Freight Forwarders Association (PFFA)

Zemilah Mohd Noor
EzriLaw Firm

Ilona B.P. Ong
Penang Freight Forwarders Association (PFFA)

Kelana Puteh
Penang Port Sdn Bhd

Sathish Ramachandran
Deol & Gill, Advocates & Solicitors

Suhaimi Sulaiman
Dagang Net Technologies Sdn Bhd

Lee Wei Koon
Curio Pack Sdn Bhd

JOHOR BAHRU

Muhammad Faiz Bin Mansor
Gateway Shipping Sdn Bhd

Nicholas Chew
Faizul Hilmy & Chew

Jia Yee Chung
Faizul Hilmy & Chew

Norazrin binti Hadison
Johor Port

Khairul Airffin Haron
Johor Port

Sathish Ramachandran
Deol & Gill, Advocates & Solicitors

Dinesh Shanker Supramaniam
Johor Port

KOTA KINABALU

Rizal Ahmed Banjar
Arkitek EDP Sdn Bhd / Malaysian Institute of Architects (Sabah Chapter)

Sharon Amin
Malaysian Institute of Architects (Sabah Chapter)

Ronnie Ang
Sabah Housing and Real Estate Developers Association (SHAREDA)

James Yong Hon Min
Institution of Engineers Malaysia (Sabah Chapter)

Chin Keow Nar
C.K. Nar & Co.

KUALA LUMPUR

Swee Yik Chia
Chia, Lee & Associates

Walter Culas
Airfreight Forwarders Association of Malaysia (AFAM)

Hoon Huar Goh
Goh Partnership

Leon Gan Han Chen
Halim Hong & Quek

Zhuang Hong Ooi
Chia, Lee & Associates

Sathish Ramachandran
Deol & Gill, Advocates & Solicitors

Rosmi Mohamed Rasul
Airfreight Forwarders Association of Malaysia (AFAM)

Paul Seo Tet Chong
Selangor Freight Forwarders and Logistics Association

Grace & Co.

KUANTAN

Eileen Ang Sze Fei
Eileen Ang & Co.

Wan Zahirin Bin Wan Abdullah

Soon Kah Boon
Evergreen Marine Corporation Sdb Bhd

Kevin Kam
Larry & Kevin

Mohd Kamal bin AB Manaf
Kuantan Port Consortium Sdn Bhd

Muhammad Nur Firdaus Zahri
BDP International, Inc.

Zuliana
Greenpen Freight Services Sdn Bhd

Gateway Shipping Sdn Bhd

KUCHING

Ai-lyn Ong
Loke King Goh and Partners

Willis Wong

PUBLIC SECTOR OFFICIALS

GEORGE TOWN

Ismail Abd Manaf
City Council of Penang Island

Abdul Halim Abd Rahman
City Council of Penang Island

Che Noraini Abdullah
City Council of Penang Island

Zaidi Ahmad
City Council of Penang Island

Chin Kooi Cheah
City Council of Penang Island

Mohd Shukor Rejab
City Council of Penang Island

Rizuwan Salleh
City Council of Penang Island

Cho Ching Sin
City Council of Penang Island

Mohamed Isharudin Yaacob
City Council of Penang Island

Abd Fataf Amdan
Fire and Rescue Department of Malaysia (George Town Office)

Johari Azwar
Fire and Rescue Department of Malaysia (George Town Office)

Mohd Fahril Azri Mohd Rodzi
Indah Water Konsortium (George Town Office)

Suhaimy Zuhaidy
Indah Water Konsortium (George Town Office)

Arni Nadhirah Abdul Hadi
Land and Mines Office of Penang

Kamarudin Arim
Land and Mines Office of Penang

Mohd Lokman Hakim Syed Sultan
Land and Mines Office of Penang

Mohd Munir Abdul Rahman
Malaysia Inland Revenue Board Of Malaysia

Taufik bin Ahmad
Ministry of Economic Affairs

Rosita Ali
Ministry of International Trade and Industry

Clement Wong Chen Siong
Ministry of International Trade and Industry

Mohd Faiz Shazwan Zainal Abidin
Ministry of International Trade and Industry

Nur Iffah Shahirah Jafri
Penang Port Commission

Mong Wei Chin
Penang Water Supply Corporation

Idzahar Jaafar
Penang Water Supply Corporation

Chong Yoon Heng
Royal Malaysian Customs Department (Penang Port)

Hazwan Ismail
Royal Malaysian Customs Department (Penang Port)

Sohaizan Othman
Royal Malaysian Customs Department (Penang Port)

Nadzerah Salleh
Royal Malaysian Customs Department (Penang Port)

Wan Shahiful Badli Wan Bakar
Royal Malaysian Customs Department (Penang Port)

Mohd Redzuan Zulkifle
Royal Malaysian Customs Department (Penang Port)

Muhammad Amir Teh Husin Teh
State Planning Economic Unit (Penang)

Nazrulizam Kamaruddin
State Planning Economic Unit (Penang)

Zaily Aizul
Terminal Kontena Butterworth (Malaysia)

Ann Niam Yau
The IEM Penang Secretariat

Farha M. Saad
Valuation and Property Services Department of Malaysia (George Town Office)

Valzahmer Erdino Mohd Tahir
Valuation and Property Services Department of Malaysia (George Town Office)

Rozana Zakaria
Valuation and Property Services Department of Malaysia (George Town Office)

JOHOR BAHRU

Mohammad Zulhimi Che Abdullah
Department of Survey and Mapping Malaysia (Johor Bahru Office)

Muhamad Sufi Md. Shafie
Department of Survey and Mapping Malaysia (Johor Bahru Office)

Mastura Maarof
Fire and Rescue Department of Malaysia (Johor Bahru Office)

Mohd Hafiz Firdaus Abdul Sukor
Indah Water Konsortium (Johor Bahru Office)

Syahrinaz Haron
Inland Revenue Board of Malaysia (Johor Bahru Office)

Tun Muhammad Ridzuan Tun Chik
Inland Revenue Board of Malaysia (Johor Bahru Office)

Siti Marina Abdullah
Johor Bahru City Council

Norhafizah Ahamad
Johor Bahru City Council

Che Wan Mohd Rapanah Che Wan Embong
Johor Bahru City Council

Mazlifah Isa
Johor Bahru City Council

Mohamad Noor Redzuan Mohd Sani
Johor Bahru City Council

Noryadi Muhammad
Johor Bahru City Council

Abd. Jalil Tasliman
Johor Bahru City Council

Rosli Yusop
Johor Bahru City Council

Ahmad Syahrir Ashaari
Johor Port Authority

Kamaruzaman bin HJ Munasir
Johor Port Authority

Farhana Abdul Majid
Land and Mines Office of Johor

Mohd Haniff Ahmad
Land and Mines Office of Johor

Fizwan Hj. Mohd Rashidi
Land and Mines Office of Johor

Nur Salwani Mislan
Land and Mines Office of Johor

Mohamad Noor Azam Sulaiman
Land and Mines Office of Johor

Nurulhuda Harun
Ministry of International Trade and Industry

Effizaneza Saiman
Ranhill SAJ

Asahari Simon
Ranhill SAJ

Azahar Ismail
Royal Malaysian Customs Department (Johor Port)

Mohd Zulhelmei Md Zaini
Royal Malaysian Customs Department (Johor Port)

Nur Amin Mohamed Rumsani
Royal Malaysian Customs Department (Johor Port)

Daud Mohd
Royal Malaysian Customs Department (Johor Port)

Nurhamizah Mohd Tahir
Royal Malaysian Customs Department (Johor Port)

Suhaila Said
Royal Malaysian Customs Department (Johor Port)

Zulhelmi
Royal Malaysian Customs Department (Johor Port)

Sukri Abd. Hamid
State Planning Economic Division (Johor)

Zairul Adilla Haji Zani
State Planning Economic Division (Johor)

Mohd Fahmi Salam
State Planning Economic Division (Johor)

Siti Fatimah Ismail
Valuation and Property Services Department of Malaysia (Johor Bahru Office)

Mohamad Hazimin Mustapa
Valuation and Property Services Department of Malaysia (Johor Bahru Office)

KOTA KINABALU

Roscidah Mahmud
Companies Commission of Malaysia (Sabah)

Geafri Mongijal
Department of Survey and Mapping Malaysia (Kota Kinabalu Office)

Victor Primus
Department of Survey and Mapping Malaysia (Kota Kinabalu Office)

Hilman Rasyed
Department of Survey and Mapping Malaysia (Kota Kinabalu Office)

Zuraidah Sahar
Department of Survey and Mapping Malaysia (Kota Kinabalu Office)

Hussein Abdul
Fire and Rescue Department of Malaysia (Kota Kinabalu Office)

Barbara Mojilip
Inland Revenue Board of Malaysia (Kota Kinabalu Office)

Elaine Chang Yee Ling
Kota Kinabalu City Hall

Janet E. Ikun
Kota Kinabalu City Hall

Sally Edward Ghani
Kota Kinabalu City Hall

Stanley Hon Chong
Kota Kinabalu City Hall

Abby Mae Joe
Kota Kinabalu City Hall

Rayner Ricky Sedomon
Kota Kinabalu City Hall

Lifred Wong
Kota Kinabalu City Hall

Nurvina Intan Baizurah Najib
Ministry of Housing and Local Government

Andrea Abidin Madingkir
Sabah Lands and Surveys Department

Gilbert Gondungan
Sabah Lands and Surveys Department

Mohd. Saifurrazee Mohamed Hussin
Sabah Lands and Surveys Department

Jennieve Peter
Sabah Public Works Department

Alvin Garry Rasion
Sabah Public Works Department

Ahmad Fikrie Abdullah
Sabah Water Department

Abd Halim Ag. Marali
Sabah Water Department

Chee Chun Chieh
Sabah Water Department

Douglas Dunn Gumbilau
Sabah Water Department

Hanifsom A.S. Suhaili
Sabah Water Department

Thomas Logijin
State Planning Economic Unit (Sabah)

Clare S.C. Moduying
State Planning Economic Unit (Sabah)

Robert Stidi
State Planning Economic Unit (Sabah)

Gwendolen Vu
State Planning Economic Unit (Sabah)

Azmi Abd. Khalid
Valuation and Property Services Department of Malaysia (Kota Kinabalu Office)

Zulhisyam Abdul
Valuation and Property Services Department of Malaysia (Kota Kinabalu Office)

Cik Clarence
Valuation and Property Services Department of Malaysia (Kota Kinabalu Office)

Caroline Julis
Valuation and Property Services Department of Malaysia (Kota Kinabalu Office)

Adli Sukor
Valuation and Property Services Department of Malaysia (Kota Kinabalu Office)

Victor Vincent
Valuation and Property Services Department of Malaysia (Kota Kinabalu Office)

KUALA LUMPUR

Mohd Azua Mohd Zain
Department of Survey and Mapping Malaysia (Kuala Lumpur Office)

Nor Mahathir Muhamad
Fire and Rescue Department of Malaysia (Kuala Lumpur Office)

Mohd Shazzuan Ramli
Fire and Rescue Department of Malaysia (Kuala Lumpur Office)

Amram Yaya
Fire and Rescue Department of Malaysia (Kuala Lumpur Office)

Abdul Hadi Abdul Karim
Indah Water Konsortium (Kuala Lumpur Office)

Subkiah Jamaludin
Inland Revenue Board of Malaysia (Kuala Lumpur Office)

Nek Mah Basri
Kuala Lumpur City Hall

Haziron Hamad
Kuala Lumpur City Hall

Mohammad Shukri Sainudin
Kuala Lumpur City Hall

Mohd Azlan Shah
Kuala Lumpur City Hall

Syazrul Nizam Sulaiman
Kuala Lumpur City Hall

Tahrina Taib
Kuala Lumpur City Hall

Nor Azura Abdul Rahman
Land and Mines Office of Kuala Lumpur

Mohd Firdaus Ibaroslan
Land and Mines Office of Kuala Lumpur

Muhamad Ghasyidan Abd Ghani
Land and Mines Office of Putrajaya

Huzunul Khaidil Mohamed
Land and Mines Office of Putrajaya

Ooi Tee Lee
Ministry of Housing and Local Government

Fara Azuin Amiruddin
Ministry of International Trade and Industry

Raja Shamir Raja Izuddin Chulan
Ministry of International Trade and Industry

Jamiliah Hamzah
Ministry of International Trade and Industry

Ennie Salina Roseli
Ministry of International Trade and Industry

Perabavathi Sinnasamy
Royal Malaysian Customs Department

Siti Khairiah Shuhaimi Basha
Selangor Water Supply Corporation

Zamzuri Selamat
Selangor Water Supply Corporation

Zulifahalila Abbas
Valuation and Property Services Department of Malaysia (Kuala Lumpur Office)

Ari Adam
Valuation and Property Services Department of Malaysia (Kuala Lumpur Office)

Mohd Rozaidi Md Yusoff
Valuation and Property Services Department of Malaysia (Kuala Lumpur Office)

Khadijah Zainal Abidin
Valuation and Property Services Department of Malaysia (Kuala Lumpur Office)

Muhamad Azizul Zahidin
Westports Authority

KUANTAN

Pauzzi Ismail
Department of Survey and Mapping Malaysia (JUPEM)

Norlidawati A. Majid
Fire and Rescue Department of Malaysia (Kuantan Office)

Nor Arrifin Kamari
Fire and Rescue Department of Malaysia (Kuantan Office)

Wan Ahmad Fadzillah Wan Abdul Rahman
Fire and Rescue Department of Malaysia (Kuantan Office)

Rosafizi Mokhtar
Indah Water Konsortium (Kuantan Office)

Nor Hafiza Abdul Kadir
Inland Revenue Board of Malaysia (Kuantan Office)

Khamisah Omar
Inland Revenue Board of Malaysia (Kuantan Office)

Nurul Ashikin Ahmad Khairudin
Kuantan Municipal Council

Che Huzzana Che Husain
Kuantan Municipal Council

Mohd Hisamuddin Ideris
Kuantan Municipal Council

Sabaznur Ismail
Kuantan Municipal Council

Md Rapi Md Nor
Kuantan Municipal Council

Muhammad Afiq Omar
Kuantan Municipal Council

Mohd Khairil Hazwan Omar
Kuantan Municipal Council

Nafiza Aida Baharom
Kuantan Port Authority

Mimi Mazira binti Mohd Idris
Kuantan Port Authority

Mohd Idi Amin Salleh
Kuantan Port Authority

Khairul Hisyam Abdul Basik
Land and Mines Office of Kuantan

Ahmad Rizal Ali Jaafar
Land and Mines Office of Kuantan

Halimah-Tus-Saadiah Mohd Halim
Land and Mines Office of Kuantan

Bibi Sabrina binti Yahaya
Land and Mines Office of Kuantan

Amilia Suraya Muhamad Arif
Ministry of International Trade and Industry

Hanani Nasir
Pahang State Secretary Office

Jalaini Jasman
Pahang Water Supply Corporation

Rosman Mohd Basir
Pahang Water Supply Corporation

Al Firdaus Mohd Hashim
Pahang Water Supply Corporation

Ahmad Izzuddin Mohd
Royal Malaysian Customs Department (Kuantan Port)

Mohd Zarif Mohd Yusof
Royal Malaysian Customs Department (Kuantan Port)

Siti Aishah Shahir
Royal Malaysian Customs Department (Kuantan Port)

Rudy Rohan Johan
State of Economic Planning Division

Hanani Mohamad Nasir
State of Economic Planning Division

Muhammad Noor Isman Ismail
Valuation and Property Services Department of Malaysia (Kuantan Office)

KUCHING

Azizah Salim
Fire and Rescue Department of Malaysia (Kuching Office)

Otteran Gira
Inland Revenue Board of Malaysia (Kuching Office)

Abdul Aziz Morni
Kuching North City Hall

Samharis Ahmad Osman
Kuching Water Board

Stephanie Alau Apui
Lands and Surveys Department Sarawak

Awang Zamhari Awang Mahmood
Lands and Surveys Department Sarawak

Chai Chee Kien
Lands and Surveys Department Sarawak

Zaidi Haji Mahdi
Lands and Surveys Department Sarawak

Kueh Hui Urg
Lands and Surveys Department Sarawak

Abdullah Julaihi
Lands and Surveys Department Sarawak

Lim Khing Chong
Lands and Surveys Department Sarawak

Norshaherma Kolek
Lands and Surveys Department Sarawak

Haji Unus Tambi
Lands and Surveys Department Sarawak

Daisy Jay
Sewerage Services Department Sarawak

Ahmat Amrin Abdul Mutalib
State Service Modernization Unit, Chief Minister's Department of Sarawak

Afirulnazrin Afandi
State Service Modernization Unit, Chief Minister's Department of Sarawak

Herlina Ajaib Jamahari
State Service Modernization Unit, Chief Minister's Department of Sarawak

Perez Ibai
State Service Modernization Unit, Chief Minister's Department of Sarawak

Jerry Jimbon
State Service Modernization Unit, Chief Minister's Department of Sarawak

Zaimastura Junaidi
State Service Modernization Unit, Chief Minister's Department of Sarawak

Michael Ronnie Langgong
State Service Modernization Unit, Chief Minister's Department of Sarawak

Nadzirah Onara
State Service Modernization Unit, Chief Minister's Department of Sarawak

Wong Ming Kong
The Council of the City of Kuching South

Diara Anak Jalin
Valuation and Property Services Department of Malaysia (Kuching Office)

Muhammad Syafriz Md Takiyudin
Valuation and Property Services Department of Malaysia (Kuching Office)

Gervais Onak Jahok
Valuation and Property Services Department of Malaysia (Kuching Office)

Roslima Taha
Valuation and Property Services Department of Malaysia (Kuching Office)

www.doingbusiness.org/malaysia

WORLD BANK GROUP
Development Economics | Global Indicators

MPC