
Malaysia

Local stock exchange

Bursa Malaysia

<http://www.bursamalaysia.com/>

Rules for listed filings

IFRS required or permitted for listed companies?

Malaysian Financial Reporting Standards (“MFRS”) Reporting Framework is identical to IFRS. All non-Private Entities¹ (except Transitioning Entities (“TE”) are required to apply the MFRS Framework for annual periods beginning on or after January 1, 2012. TEs are required to adopt MFRS for annual periods beginning on or after January 1, 2018 but are permitted to do so earlier.

TEs are non-Private Entities within the scope of IAS 41 “Agriculture” and IFRIC Interpretation 15 “Agreements for Construction of Real Estate”. An entity that consolidates or equity accounts another entity that has chosen to defer adoption of MFRS, may itself choose to defer adoption of MFRS.

Version of IFRS

MFRS Reporting Framework is identical to IFRS issued by the IASB

Are subsidiaries of foreign companies or foreign companies listed on local exchanges subject to different rules?

Subsidiaries of listed foreign companies in Malaysia that are governed under the Financial Reporting Act 1997 are subject to same rules above.

Foreign companies listed on stock exchange in Malaysia may also use any acceptable internationally recognized accounting standards issued by the International Accounting Standards Board, Financial Accounting Standards Board (United States of America), UK Financial Reporting Council (United Kingdom) and Australian Accounting Standards Board.

¹ Note:

A Private Entity is a private company, incorporated under the Malaysian Companies Act, 1965, that:

- (a) is not itself required to prepare or lodge any financial statements under any law administered by the Securities Commission or the Central Bank; and
- (b) is not a subsidiary, associate of, or jointly controlled by, an entity which is required to prepare or lodge any financial statements under any law administered by the Securities Commission or the Central Bank.

The meaning of subsidiary, associate or jointly controlled are as respectively defined and explained in MFRS 10 Consolidated Financial Statements, MFRS 128 Investments in Associates and Joint Ventures and MFRS 11 Joint Arrangements.

Rules for statutory filings

Is IFRS or IFRS for SMEs required, permitted or prohibited for statutory filings?

For all non-Private Entities (other than TEs), refer to same rules above. Private Entities are permitted to use MFRS Framework for statutory filings.

In February 2014, the Malaysian Accounting Standards Board (“MASB”) issued a new financial reporting framework for Private Entities⁽¹⁾, known as the Malaysian Private Entities Reporting Standards (“MPERS”). MPERS is largely similar to the IFRS for SME issued by IASB in July 2009 except for the requirements on income tax and property development activities. All Private Entities shall apply the MPERS for their financial statements beginning on or after January 1, 2016, with early application permitted. Private Entities are also permitted to apply MFRS Framework. The 2015 limited amendments to MPERS (equivalent to the limited amendments made by the IASB in 2015) shall be effective for annual periods on or after 1 January 2017, but early application is permitted.

Version of IFRS

MFRS are identical to IFRS issued by the IASB

In addition to local GAAP statutory financial statements, are there any other regulatory financial statement requirements that permit or require the use of IFRS?

No

IFRS conversion plans

Plans for converging

The Malaysian Accounting Standards Board issued the MFRS Reporting Framework in November 2011.

Other useful websites

Malaysian Accounting Standards Board
<http://www.masb.org.my/>

Tax information

Type of tax regime

Independent: Taxable profit is determined in accordance with a specific set of tax rules with little or no direct reliance on the legal entity statutory financial statements.

Comments on tax regime

Generally the relationship between statutory accounting standards and taxable income can be described as independent, with income tax being determined according to tax rules and principles. However, the professional accounting bodies have put forward suggestions to the tax authorities for partial convergence to accounting standards in certain areas.

Plans for IFRS converging as the basis of tax reporting

Generally, the local tax authorities do not have plans to converge the tax reporting to IFRS. In respect of financial institution, the government has allowed partial convergence of the tax treatment to MFRS 139 "Financial Instruments: Recognition and Measurement" (equivalent of IAS 39).