

Malaysia's Government Procurement Act 2025: What Businesses Need To Know

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Public procurement remains one of the most commercially significant sectors in Malaysia, spanning infrastructure, healthcare, technology, construction, energy and professional services. Against this backdrop, the Government Procurement Act 2025 (GPA 2025) represents a significant milestone in Malaysia's procurement landscape, introducing for the first time a dedicated statutory framework governing Government procurement activity.

Prior to the GPA 2025, Government procurement was largely regulated through a combination of Treasury Instructions, Treasury Circulars, the Financial Procedure Act 1957 (FPA 1957) and Government Contracts Act 1949. While these instruments provided the operational framework for public procurement, the absence of a dedicated procurement statute often gave rise to concerns regarding consistency, transparency and enforcement.

The GPA 2025 seeks to address these concerns by establishing a comprehensive legislative framework governing persons involved in the administration, conduct and participation of Government procurement activities. The Act also reflects Malaysia's continuing efforts to strengthen governance standards, enhance procurement integrity and improve public confidence in the procurement process.

Why This Matters For Businesses

The GPA 2025 is more than a procedural reform. For the first time, Malaysia's Government procurement regime is underpinned by a dedicated statutory framework that imposes enforceable obligations on both public officials and private sector participants.

Businesses seeking Government contracts will need to pay closer attention to registration requirements, conflict-of-interest disclosures, ownership structures, procurement compliance processes and contractual arrangements. The introduction of statutory offences, appeal mechanisms and restrictions on the transfer of Government contracts also means that procurement compliance is no longer merely a commercial consideration, but a legal and governance issue.

Scope And Applicability

The definition of “Government procurement” under the GPA 2025 is broad, covering procurements for goods, services and works funded wholly or partly by the Federal Government or any State Governments.

However, the GPA 2025 does not apply to certain categories of procurements, including:

- (a) procurements or acquisitions of fiscal agency or depository services, liquidation and management services for regulated financial institutions or services related to the sale, redemption and distribution of public debt, including loans and Government bonds, notes and any other securities;
- (b) appointments on contract basis by the Federation or any State for the delivery of public service;
- (c) procurements conducted for the specific purpose of providing international assistance, including development aid;
- (d) procurements funded by an international organisation or foreign or international grants, loans or other assistance to which procurement procedures or conditions of the international organisation or donor apply; and
- (e) procurements conducted under the particular procedure or condition of an international agreement relating to the stationing of troops or relating to the joint implementation by the signatory.

Businesses should therefore assess whether a particular procurement falls within the scope of the GPA 2025, particularly where international funding arrangements or specialised procurement regimes apply.

Registration Requirements For Suppliers And Contractors

The GPA 2025 introduces a statutory registration framework for suppliers and contractors seeking to participate in Government procurement exercises. Applications for registration will be assessed by the Registrar of Government Procurement, who may impose conditions on registration. Registration may be refused on grounds including:

- (a) corruption-related convictions;
- (b) anti-competition infringements;
- (c) bankruptcy or insolvency; and
- (d) failure to disclose interests as required under the GPA 2025.

For many businesses, registration will no longer be viewed as a purely administrative requirement but as a statutory prerequisite to participating in Government procurement opportunities.

Accordingly, companies should ensure that corporate records, ownership disclosures, compliance procedures and governance structures are properly maintained and regularly reviewed.

Greater Emphasis On Integrity And Conflict Disclosures

One of the key themes of the GPA 2025 is the strengthening of procurement integrity and transparency.

Individuals involved in administering, conducting, or implementing Government procurement are required to disclose any direct or indirect interests in relation to a procurement exercise. The disclosure requirements extend beyond personal interests and include interests held through family members or associates. Importantly, the GPA 2025 adopts a broad definition of “associate”, encompassing nominees, partners, related corporations and trustees. As a result, businesses may face increased scrutiny in relation to beneficial ownership arrangements, related-party relationships and corporate structures.

These requirements complement Malaysia's broader anti-corruption framework, including Section 17A of the Malaysian Anti-Corruption Commission Act 2009, which imposes corporate liability for corruption offences committed by associated persons.

Competitive Procurement And Approval Threshold

The GPA 2025 reinforces the principle that Government procurement should generally be conducted through open and competitive procurement methods.

However, the Minister of Finance retains discretion to prescribe alternative procurement methods in certain circumstances. The Act also establishes an approval framework based on procurement value, with higher-value procurements requiring approval from procurement boards, Ministers, Menteri Besar or Chief Ministers, depending on the applicable thresholds.

The approval thresholds under the GPA 2025 are as follows:

No.	Approving authority	Procurement for goods and services	Procurement for works
1.	Minister/ <i>Menteri Besar</i> or Chief Minister or authority determined by State Government	More than RM50 million	More than RM100 million
2.	Procurement board (<i>The Minister or, in relation to a State, the Menteri Besar or Chief Minister may, by notification in the Gazette, establish a procurement board for every Ministry, or ministry or department of a State.</i>)	More than RM500,000 to RM50 million	More than RM500,000 to RM100 million
3.	Committee established by a controlling officer	From RM50,000 to RM500,000 value of a procurement contract or total value for a year	From RM50,000 to RM500,000
4.	Controlling officer (<i>appointed under the GPA 2025 or the FPA 1957</i>)	Below RM50,000 value of a procurement contract or total value for a year	Below RM50,000

Restrictions On Assignment, Transfer And Novation

Businesses should pay particular attention to the restrictions imposed on the assignment, transfer and novation of Government contracts.

Under the GPA 2025, a supplier or contractor is generally prohibited from transferring, assigning or novating a government contract without prior approval from the relevant controlling officer.

This requirement may have significant implications for:

- (a) consortium arrangements;
- (b) subcontracting structures;
- (c) corporate restructuring exercises;

- (d) mergers and acquisitions involving Government contractors; and
- (e) financing transactions where contractual rights may need to be assigned as security.

Businesses involved in Government projects should therefore assess these restrictions early when planning corporate transactions or project restructuring exercises.

Procurement Complaints And Appeals

Another notable feature of the GPA 2025 is the introduction of formal complaint and appeal mechanisms.

The GPA 2025 requires procuring entities to establish review panels to consider procurement-related complaints and objections. Parties dissatisfied with a review panel's decisions may subsequently appeal to the newly established Government Procurement Appeal Tribunal. The Appeal Tribunal is empowered to hear appeals relating to procurement decisions and processes, summon witnesses, receive evidence and issue binding decisions.

The introduction of these mechanisms is expected to provide greater procedural certainty and offer suppliers a clearer avenue for challenging procurement decisions and addressing alleged irregularities.

Penalties And Enforcement

The GPA 2025 introduces a range of enforcement measures and penalties for procurement-related misconduct, including offences relating to non-disclosure, conflicts of interest and breaches of statutory procurement obligations.

Importantly, liability under the GPA 2025 is not confined to suppliers and contractors. Procurement officers, controlling officers and public officials may also be subject to sanctions for failing to comply with their statutory duties and disclosure obligations.

The introduction of statutory offences underscores the Government's commitment to strengthening accountability and integrity across the procurement ecosystem.

Looking Ahead

The GPA 2025 represents a significant shift in Malaysia's public procurement landscape, moving from a predominantly policy-driven framework towards a comprehensive statutory regime with enhanced oversight, enforcement and accountability mechanisms.

While further regulations, subsidiary legislation and implementation guidelines are expected to provide additional clarity, businesses should begin assessing the impact of the GPA 2025 now. Early preparation will be critical to ensuring continued eligibility for Government procurement opportunities and managing the increased compliance expectations under Malaysia's evolving procurement framework.

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