

INCENTIVES FOR GENERAL INVESTMENT**A. PROMOTED ACTIVITIES/PRODUCTS**

| NO. | PROMOTED PRODUCTS / ACTIVITIES |
|-------------|---|
| I. | Agricultural production |
| 1. | Floriculture |
| II. | Processing of agricultural produce |
| 1. | Chocolate and chocolate confectionery |
| 2. | Vegetables, tubers or roots & fruits |
| 3. | Livestock products |
| 4. | Agricultural waste or agricultural by-products |
| 5. | Aquatic products |
| 6. | Aquaculture feed |
| 7. | Plant extracts for pharmaceutical, perfumery, cosmetic or food industries and essentials oils |
| 8. | Food Supplements |
| 9. | Additives, flavours, colouring and functional ingredients |
| III. | Manufacture of rubber products |
| 1. | Tyres for earthmover, agricultural vehicles, industries vehicles, commercial vehicles, motorcycle and aircraft. |
| 2. | Latex products: |
| 3. | a) Safety or special function gloves |
| 4. | Dry rubber products |
| | a) Beltings |
| | b) Hoses, pipes and tubings |
| | c) Rubber profiles |
| | d) Seals, gaskets, washers, packings, rings and rubber linings |
| | e) Anti-vibration, damping and sound insulation products |
| IV. | Manufacture of palm oil products and their derivatives |
| 1. | Oleochemicals or oleochemical derivatives or preparations |
| 2. | Palm based nutraceuticals, constituents of palm oil or palm kernel oil |
| 3. | Palm-based food products and ingredients |
| | a. Specialty animal fat replacer |
| | b. Palm-based mayonnaise and salad dressing |
| | c. Milk or coconut powder substitute |
| | d. Red palm oil and related products |
| | e. Palm-based food ingredient |

| NO. | PROMOTED PRODUCTS / ACTIVITIES |
|--------------|---|
| | f. Modified (interesterified) palm oil and palm kernel oil products |
| | g. Margarine, vanaspati, shortening or other manufactured fat products |
| | h. Cocoa butter replacers, cocoa butter substitutes, cocoa butter equivalent, palm mid fraction or special olein |
| 4. | Processed products from: |
| | a. Palm kernel cake |
| | b. Palm oil mill effluent |
| | c. Palm biomass |
| V. | Manufacture of chemicals and petrochemicals |
| 1. | Chemical derivatives or preparations from organic or inorganic sources |
| 2. | Petrochemical products |
| VI. | Manufacture of pharmaceutical and related products |
| 1. | Pharmaceuticals or Biopharmaceuticals |
| 2. | Nutraceuticals |
| 3. | Microbials and probiotics |
| VII. | Manufacture of wood-based products |
| 1. | Design, development and production of wooden furniture |
| 2. | Engineered wood products excluding plywood |
| VIII. | Manufacture of pulp, paper and paperboard |
| 1. | Corrugated medium paper, testliner or kraftliner or kraft paper and paperboard |
| IX. | Manufacture of kenaf-based products |
| 1. | Kenaf based products such as animal, feed, kenaf particle or fibre, reconstituted panel board or products (such as particleboard, Medium Density Fibreboard) and moulded products |
| X. | Manufacture of textiles and textile products |
| 1. | Natural or man-made fibres |
| 2. | Yarn of natural or man-made fibres |
| 3. | Woven fabrics |
| 4. | Knitted fabrics |
| 5. | Non-woven fabrics |
| 6. | Finishing of fabrics such as bleaching, dyeing and printing |
| 7. | Specialised Apparel |
| 8. | Technical or functional textiles and textile products |
| XI. | Manufacture of clay-based, sand-based and other non-metallic mineral products |

| NO. | PROMOTED PRODUCTS / ACTIVITIES |
|--------------|---|
| 1. | High alumina or basic refractories |
| 2. | Laboratory, chemical or industrial wares |
| 3. | Synthetic diamonds |
| 4. | Crystallized or moulded glass such as bricks, tiles, slabs, pellets, paving blocks and squares |
| 5. | Absorbent mineral clay |
| 6. | Marble and granite products |
| 7. | Panels, boards, tiles, blocks or similar articles of natural and synthetic fiber agglomerated with cement, plaster or other mineral binding substance |
| XII. | Manufacture of iron and steel |
| 1. | Blooms or slabs of steel |
| 2. | Shapes or sections of steel of height more than 200 mm |
| 3. | Plates, sheets, coils, hoops or strips of steel:- |
| 4. | a) Hot rolled |
| | b) Cold rolled or cold reduced |
| 5. | Seamless steel pipes |
| 6. | Ferromanganese, silicon manganese or ferrosilicon |
| 7. | Electrolytic galvanised steel sheet in coil |
| XIII. | Manufacture of non-ferrous metal and their products |
| 1. | Primary ingots, billets or slabs of non-ferrous metals other than tin metals |
| 2. | Bars, rods, shapes or sections of non-ferrous metals except EC copper rods |
| 3. | Plates, sheets, coils, hoops or strips of non-ferrous metals |
| 4. | Pipes or tubes of non-ferrous metals |
| 5. | Aluminium composite panel |
| XIV. | Manufacture of machinery and machinery components |
| 1. | Specialised machinery or equipment for specific industry |
| 2. | Power generating machinery or equipment |
| 3. | General industrial machinery or equipment |
| 4. | Modules for machinery or equipment and industrial parts or components |
| 5. | Metalworking machinery or equipment |
| 6. | Upgrading or reconditioning of machinery or equipment including heavy machinery |
| XV. | Supporting products or services |
| 1. | Metal castings |

| NO. | PROMOTED PRODUCTS / ACTIVITIES |
|-------------|--|
| 2. | Metal forgings |
| 3. | Surface engineering |
| 4. | Machining, jigs and fixtures |
| 5. | Moulds, tools and dies |
| 6. | Heat treatment |
| XVI. | Manufacture of electrical and electronics products and component, parts thereof and related services |
| 1. | Semiconductor: <ul style="list-style-type: none"> a) Wafer fabrication b) Semiconductor assembly c) Semiconductor components and parts: <ul style="list-style-type: none"> i) advanced substrates ii) solder materials iii) bond pads d) Semiconductor tools <ul style="list-style-type: none"> i) wafer carriers ii) integrated circuit (IC) carriers iii) photomask and mask blank e) Semiconductor related services <ul style="list-style-type: none"> i) dies or wafer level preparation ii) integrated circuit (IC) testing iii) wafer probing or sorting iv) wafer bumping |
| 2. | Advanced display products and parts <ul style="list-style-type: none"> a) advanced display products b) advanced display modules c) backlighting systems |
| 3. | Information and Communication Technology (ICT) products, systems or devices <ul style="list-style-type: none"> a) digital convergence products or devices b) data storage systems or devices |
| 4. | Digital entertainment or Infotainment products <ul style="list-style-type: none"> a) Digital TV |

| NO. | PROMOTED PRODUCTS / ACTIVITIES |
|---------------|--|
| | b) Digital home theatre system or products thereof |
| | c) Digital audio or video or image recorders or players |
| 5. | Optoelectronic equipment, systems, devices or components |
| | a) Photonics devices or components |
| | b) Optoelectronics equipment or systems, devices or components |
| | c) Optical fibres or optical fibre products |
| 6. | Electronic tracking or security systems or devices |
| | a) Voice or pattern or vision recognition or synthesis equipments or systems or devices |
| | b) Electronic navigational and tracking equipment or systems or devices |
| | c) Radio frequency identification (RFID) systems or devices |
| 7. | Electronic components |
| | a) Multilayer or flexible printed circuit boards |
| | b) Advanced connectors |
| 8. | Alternative energy equipment, products, systems , devices or components |
| | a) Solar cells or panels or module or systems |
| | b) Rechargeable batteries or storage systems |
| | c) Fuel cells |
| 9. | Energy saving lighting |
| 10. | Electrical products: |
| | a) Uninterruptible power supplies |
| | b) Inverters or converters |
| XVII. | Manufacture of professional, medical, scientific and measuring devices or parts |
| 1. | Medical, surgical, dental or veterinary devices or equipment and parts or components/accessories thereof |
| 2. | Testing, measuring or laboratory equipment or apparatus |
| XVIII. | Manufacture of plastic products |
| 1. | Specialised plastic films or sheets |
| 2. | Geosystems products |
| 3. | Engineering plastic products |
| 4. | Products moulded under clean room conditions |
| 5. | Biopolymers or products thereof |
| XIX. | Protective equipment and devices |
| 1. | Coated or knitted safety gloves |

| NO. | PROMOTED PRODUCTS / ACTIVITIES |
|--------------|--|
| 2. | Advance ballistic protection glass |
| 3. | Fall protection equipment |
| XX. | Manufacturing related services |
| 1. | Integrated logistics services |
| 2. | Cold chain facilities and service for food products |
| 3. | Gas and radiation sterilisation services |
| 4. | Environmental management: a) Recycling of waste such as: i) toxic and non- toxic waste ii) chemicals iii) reclaimed rubber |
| 5. | Industrial design services |
| XXI. | Hotel business and tourism industry |
| 1. | Establishment of medium and low-cost hotels (up to a three-star hotel) |
| 2. | Establishment of 4 and 5 stars hotel |
| 3. | Expansion or modernisation of existing hotels |
| 4. | Establishment of tourism projects |
| 5. | Expansion or modernisation of tourism projects |
| 6. | Establishment of recreational camps |
| 7. | Establishment of convention centres |
| XXII. | Miscellaneous |
| 1. | Sports goods or equipment |
| 2. | Jewellery of precious metal |
| 3. | Costume jewellery |
| 4. | Biodegradable disposable packaging products and household wares |

MANUFACTURING ACTIVITIES

B. TYPE OF INCENTIVE

- (i) **Pioneer Status (PS)** with income tax exemption of **70% of statutory income** for **5 years**. Unabsorbed capital allowances and accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or
- (ii) **Investment Tax Allowance (ITA)** of **60% of qualifying capital expenditure** incurred within a period of **5 years**. The allowance is **offset against 70%** of statutory income for each assessment year. Unutilised allowances can be carried forward until fully absorbed.

C. ELIGIBILITY CRITERIA

- (i) Company has not commenced production*.
- (ii) Fulfill **2 criteria** stated below:-
 - Level of **value-added (VA)** percentage.
 - Level of technology as measured by the **Managerial, Technical and Supervisory (MTS) Index**.

*Note : * For a new company with Malaysian equity ownership of at least 60%, which are already in production not more than one year from the date of application received by MIDA, can be considered for incentive.*

D. APPLICATION FORM

- ICA / JA-1 for New Manufacturing Project.
- ICA / JA-2 for Expansion and/or Diversification Project by a Licensed Manufacturer or by an Existing Non-Licensed Manufacturer.

Form can be downloaded from www.mida.gov.my

MANUFACTURING RELATED SERVICES

1A. INTEGRATED LOGISTICS SERVICES

The main activities in the integrated logistics services (ILS) industry cover freight forwarding, warehousing, transportation and other related value-added services such as distribution, procurement and supply chain management on an integrated basis.

1B. TYPE OF INCENTIVE

Companies providing integrated logistics services are eligible for Pioneer Status or Investment Tax Allowance as follows:

- (i) **Pioneer Status (PS)** with income tax exemption 70% of statutory income for a period of five years; or
- (ii) **Investment Tax Allowance (ITA) of 60% of qualifying capital expenditure** incurred within a period of **5 years**. The allowance is **offset against 70%** of statutory income for each assessment year. Unutilised allowances can be carried forward until fully absorbed.

1C. ELIGIBILITY CRITERIA

- (i) A company undertaking integrated logistics services, whether new entrants or existing logistics services providers intending to expand/diversify into integrated operations, may apply.
- (ii) Locally Incorporated under the Companies Act, 1965.
- (iii) An integrated logistics services provider who undertakes the following three (3) principal activities:
 - Freight forwarding
 - Warehousing
 - Transportation and at least one of the following activities:
 - Distribution
 - Other related and value-added services/activities (e.g. palletizing, product assembly/installation, breaking bulk, consolidation, packaging/re-packaging, procurement, quality control, labelling/relabelling, testing, etc.)
 - Supply chain management
- (iv) The equity of the company must be at least 60% Malaysian.
- (v) Minimum Infrastructure to be Owned by Applicant Company
 - Commercial Vehicles – 20 units
 - Warehousing facilities – 5,000 sq. metres

1D. APPLICATION FORM

- **Form ILS-1** for Incentive and/or Expatriate Posts
- **Form ILS-2** for Incentive for Expansion/Diversification and/or Expatriate Posts
- **Form IILS** for International Integrated Logistics Services Status and/or Expatriate Posts

Form can be downloaded from www.mida.gov.my

2A. COLD-CHAIN FACILITIES AND SERVICES

The provision of cold room facilities or refrigerated transportation for local perishable agriculture produces (fruits, vegetables, flowers, ferns, and meat and aquatic products) with or without other post-harvest activities including cleaning, washing, grading, freezing/chilling and packing;

2B. TYPE OF TAX INCENTIVES

- **Pioneer Status (PS)** with tax exemption of 70% on the **increased** statutory income arising from reinvestment for a period of 5 years; or
- **Investment Tax Allowance (ITA)** of 60% of the additional qualifying capital expenditure incurred within a period of 5 years. The allowance can be offset against 70% of the statutory income in each year of assessment. Unutilised allowances can be carried forward until fully absorbed.

2C. ELIGIBILITY CRITERIA

- Incorporate a company under the Companies Act 1965;
- The applicant company must be an independent service provider;
- At least 60% of the company's revenue must be derived from the provision of cold room facilities, refrigerated transportation and other related services for local agriculture produce.

2D. APPLICATION FORM

There is no specific form for Cold Chain Facilities and services, however company can apply the incentive by submitting the following form:-

- ICA / JA-2 for Expansion and/or Diversification Project by a Licensed Manufacturer or by an Existing Non-Licensed Manufacturer.

Form can be downloaded from www.mida.gov.my

3A. INDUSTRIAL DESIGN SERVICES

New companies that provides industrial design services or existing industrial design service providers undertaking expansion or non-industrial service providers which would be carrying out industrial design activities.

For purposes of this incentive, industrial design means the use of a combination of applied art, science and engineering to improve the aesthetics, ergonomics and usability of a product; as well as to improve the product's marketability and production. The role of industrial design is to create and execute design solutions for problems of form, usability, physical ergonomics, marketing, brand development and sales.

3B. TYPE OF TAX INCENTIVES

Pioneer Status (PS) with tax exemption of 70% on statutory income for a period of 5 years.

3C. ELIGIBILITY CRITERIA

1. The industrial design service providers and Malaysian designers must be registered with the Malaysia Design Council (Majlis Rekabentuk Malaysia, MRM);
2. The industrial design service providers must be incorporated under the Companies Act, 1965 or registered under the Business Registration Act 1956 and shall provide industrial design services to non-related companies;
3. The industrial design services provided are meant for the purpose of mass production;
4. For new industrial design service providers, at least 50% of the workforce must be Malaysian designers; and
5. For existing industrial design service providers, the design facilities must be upgraded by increasing the capital expenditure of at least 50% and employ an additional 50% qualified Malaysian designers.
6. This incentive is applicable for applications received by MIDA from 8 October 2011 until 31 December 2016.

3D. APPLICATION FORM

Application should be made by using the relevant form as follows:-

- ID-1 for New industrial design service providers:
- ID-2 for Existing design service providers undertaking expansion/ diversification:

HOTEL BUSINESS AND TOURISM INDUSTRY

1A. HOTEL BUSINESS

Definition of "hotel" is any accommodation, which includes a hotel, a motel, chalet or hostel, of the approved standard registered with the Ministry of Culture, Arts and Tourism.

Definition of "hotel business" is carrying on of a business in a hotel where such business provides sleeping accommodation and may include providing of food, drinks and other services or facilities and the granting of concessions of any part of such hotel for purposes connected with and incidental to the promotion of tourism.

1B. TYPE TAX INCENTIVES

- Companies undertaking new investments in 1 to 5 star hotels (Peninsular Malaysia) and 1-3 star hotel (Sabah and Sarawak) are eligible for the following incentives:
 - (i) **Pioneer Status (PS)** with tax exemption of 70% on the **increased** statutory income arising from reinvestment for a period of 5 years; or
 - (ii) **Investment Tax Allowance (ITA)** of 60% of the additional qualifying capital expenditure incurred within a period of 5 years. The allowance can be offset against 70% of the statutory income in each year of assessment. Unutilised allowances can be carried forward until fully absorbed.
- Companies undertaking new investments in 4 and 5 star hotels in Sabah and Sarawak are eligible for the following incentives:
 - (i) **Pioneer Status (PS)** with tax exemption of 100% on the **increased** statutory income arising from reinvestment for a period of 5 years; or
 - (ii) **Investment Tax Allowance (ITA)** of 100% of the additional qualifying capital expenditure incurred within a period of 5 years. The allowance can be offset against 100% of the statutory income in each year of assessment. Unutilised allowances can be carried forward until fully absorbed.

1C. ELIGIBILITY CRITERIA

- (i) The project must be registered with the Ministry of Tourism Malaysia with appropriate star rating.
- (ii) The equity condition will be imposed to 1 to 3 star hotels. Existing equity conditions will prevail if no additional capital investment is involved.

1D. APPLICATION FORM

Form H&T/JA-1 form for Hotel Incentive and/or Expatriate Posts

Form can be downloaded from www.mida.gov.my

2A. TOURISM PROJECT

- Construction of Holiday Camps and Recreation including Summer Camps
- Construction of Convention Centers
- Theme Park

2B. TYPE OF TAX INCENTIVES

- (i) **Pioneer Status (PS)** with tax exemption of 70% on the **increased** statutory income arising from reinvestment for a period of 5 years; or
- (ii) **Investment Tax Allowance (ITA)** of 60% of the additional qualifying capital expenditure incurred within a period of 5 years. The allowance can be offset against 70% of the statutory income in each year of assessment. Unutilised allowances can be carried forward until fully absorbed.

2C. ELIGIBILITY CRITERIA

- A project other than a hotel business exclusively carried out for the purposes connected with the promotion of tourism and **registered with the Ministry of Tourism Malaysia.**
- **Income must be derived from tourist project.**
- **Equity condition:**
 - ✓ For **new projects**, at least **49% of shares** must be held by **Malaysians** including **30% reserved.**
 - ✓ For modernisation/expansion/renovation project, the equity condition imposed will be similar to the equity condition imposed on incentive for the original project.
- **Construction of Holiday Camps and Recreation including Summer Camps**
 - ✓ A **minimum investment of RM500,000 in fixed assets** (excluding land cost) must be incurred for the development of recreational camps.
- **Construction of Convention Centers**
 - ✓ **The hall** must be capable of accommodating at least **3,000 participants.**
 - ✓ A **minimum investment of RM10 million** in fixed assets (excluding land cost) must be incurred within **3 years** from the date of the incentive approval letter.
- **Theme Park**
 - ✓ A **minimum investment of RM10 million** in fixed assets (excluding land cost) must be incurred within **3 years** from the date of the incentive approval letter.

2D. APPLICATION FORM

Form H&T/JA-1 form for Incentive and/or Expatriate Posts

Form can be downloaded from www.mida.gov.my