

INCENTIVES FOR SMALL COMPANIES**A. PROMOTED ACTIVITIES AND PRODUCTS**

NO.	PROMOTED PRODUCTS / ACTIVITIES
I.	Agricultural activities
1.	Aquaculture
2.	Apiculture
II.	Processing of agricultural produce
1.	Coffee
2.	Tea
3.	Fruits
4.	Vegetables
5.	Herbs or spices
6.	Cocoa and cocoa products
7.	Coconut products except copra and crude coconut oil
8.	Starch and starch products
9.	Cereal products
10.	Sugar and confectionary products
11.	Plant extracts
12.	Apiculture products
13.	Animal feed ingredients
14.	Agricultural waste and by-products
III.	Forestry products
1.	Rattan products (excluding pole, peel and split)
2.	Bamboo products
3.	Other forestry products
IV.	Manufacture of rubber products
1.	Moulded rubber products
2.	Extruded rubber products
3.	General rubber goods
V.	Manufacture of oil palm products and their derivatives
1.	Processed products from palm oil
2.	Processed products from palm biomass/ waste/by-products
VI.	Manufacture of chemicals and pharmaceuticals
1.	Pigment preparation, dispersions and specialty coatings
2.	Desiccant
3.	Bio-resin (biopolymer)
4.	Inkjet inks
VII.	Manufacture of wood and wood products

NO.	PROMOTED PRODUCTS / ACTIVITIES
1.	Decorative panel boards (excluding plain plywood)
2.	Timber mouldings
3.	Builders' carpentry and joinery
4.	Products derived from utilisation of wood waste (e.g. activated charcoal, wooden briquettes, wood wool)
5.	Wooden household and office articles
VIII.	Manufacture of paper and paperboard products
1.	Moulded paper products
IX.	Manufacture of textiles and textile products
1.	Batik or songket or pua
2.	Accessories for the textile industry
X.	Manufacture of clay-based and sand-based products and other non-metallic mineral products
1.	Artware, ornaments and articles of ceramic or glass
2.	Abrasive products for grinding, polishing and sharpening
XI.	Manufacture of iron and steel products, non-ferrous metals and their products
1.	Wire and wire products
2.	Fabricated products
XII.	Supporting products and services
1.	Metal Stamping
2.	Industrial seals or seal materials
XIII.	Manufacture of transport components parts and accessories
1.	Transport components, parts and accessories
XIV.	Manufacture of parts and components for machinery and equipment
1.	Parts and components for machinery and equipment
XV.	Manufacture of electrical and electronic products, components and parts thereof
1.	Consumer electrical products, parts and components
2.	Consumer electronic products, parts and components
3.	Industrial electrical products, parts and components
4.	Industrial electronic products, parts and components
XVI.	Manufacture of furniture, parts and components
1.	Furniture, parts and components
XVII.	Manufacture of games and accessories
1.	Games and accessories
XVIII.	Manufacture of souvenirs
1.	Souvenirs, giftwares and decorative wares
XIX.	Manufacture of plastic products
1.	Decorative panels and ornaments
2.	Epoxy encapsulation moulding compound

B. TYPE OF INCENTIVES

- (i) **Pioneer Status (PS)** with income tax exemption of **100% 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 can be **offset against 100% of statutory income** in that year of assessment. Unutilised allowances can be carried forward until fully absorbed

C. ELIGIBILITY CRITERIA

- (i) Equity ownership:
 - Small companies with shareholders' fund of up to RM500,000 with at least 60% Malaysian equity; or
 - Small companies with shareholders' fund of above RM500,000 and not exceeding RM2.5 million with 100% Malaysian equity.
- (ii) Fulfill **3 criteria** stated below:-
 - Level of **value-added (VA)** percentage.
 - Level of technology as measured by the **Managerial, Technical and Supervisory (MTS) Index**.
 - Not more than **20%** of the paid-up capital in respect of ordinary shares of **the related company** is directly or indirectly owned by the **first mentioned company** having shareholders' funds of more than RM500,000/RM2.5 million; or
 - Not more than **20%** of the paid-up capital in respect of ordinary shares of **the company** is directly or indirectly owned by a **related company** having shareholders' funds of more than RM500,000/RM2.5 million; or
 - Not more than **20%** of the paid-up capital in respect of ordinary shares of **the first mentioned company and the related company** is directly or indirectly owned by **another company** having shareholders' funds of more than RM500,000/RM2.5 million.

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.*

** *Product which is not promoted in small scale list but promoted in general list, can still be considered for this incentive.*

D. APPLICATION FORM

- IK/JA-1 Application for Incentive and/or expatriate posts.
- IK/JA-2 Application for Incentive and/or expatriate posts for diversification/expansion.

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