

GUIDELINE FOR NEW / EXISTING INDEPENDENT ACCREDITED CONFORMITY ASSESSMENT BODY (ICAB) INCENTIVE

A. DEFINITION

- I. An Independent Accredited Conformity Assessment Body is defined by the Department of Standards Malaysia as “a body that has been accredited by the Department of Standards Malaysia, or any other accreditation bodies that are International Laboratory Accreditation Cooperation (ILAC) or International Accreditation Forum (IAF) signatory in accordance with specific criteria, procedures and requirements to operate, on a continuing basis, as a conformity assessment body.”
- II. ICAB is a company that offers independent conformity assessment services to its clients to test their products, materials, systems, or services for conformance to international specifications or safety standards and other conformities.

B. TAX INCENTIVE

I. For a new ICAB:

- **Income Tax Exemption of 100%** on statutory income for **five (5) years**, effective from the first income received by the company

OR

- **Income Tax Exemption equivalent to 60%** of qualifying capital expenditure (**Investment Tax Allowance**) incurred within a period of **five (5) years** from the date of the first qualifying capital expenditure. The allowance can be offset against **100%** of statutory income for each assessment year. Unutilised allowances can be carried forward until fully absorbed.

II. For an existing ICAB

- **Income Tax Exemption equivalent to 60%** of qualifying capital expenditure (**Investment Tax Allowance**) incurred within a period of **five (5) years**. The allowance can be offset against **100%** of statutory income for each assessment year. Unutilised allowances can be carried forward until fully absorbed.

C. ELIGIBILITY CRITERIA:

I. A company incorporated under the **Companies Act, 1965**.

II. Eligible applicants:

- **Newly established company;** or
- **Existing company**

III. The **qualifying activities** are as follows:

- Testing Laboratories
- Calibration Laboratories
- Certification Bodies
- Inspection Bodies
- Good Laboratory Practice Compliant Test Facilities

a) For a **NEW ICAB**, the company must undertake **any one (1)** of the above qualifying activities.

b) For an **EXISTING ICAB**, the company must undertake **at least one (1) additional activity** of the above qualifying activities.

IV. Priority subsectors / industries :

- Machinery & Equipment;
- Electrical and Electronics;
- Chemicals;
- Aerospace;
- Medical Devices; and
- Food.

V. Investments in fixed assets (excluding land) must be a minimum of RM5 million within 3 years from the date of the first capital expenditure incurred.

VI. The company **must obtain accreditation** from the Department of Standards Malaysia or any of the accreditation bodies, who are signatory to the following arrangement:

a) International Laboratory Accreditation Cooperation (ILAC), Mutual Recognition Arrangement (MRA); **or**

b) International Accreditation Forum (IAF), Multilateral Recognition Agreement (MLA) or OECD GLP Mutual Acceptance Data.

VII. A company applying for income tax exemption shall:

a) Derive **at least 70%** of the annual income from the qualifying activities as specified in paragraph (III). Non-qualifying activities shall not be eligible for income tax exemption.; and

b) Provide services to **non-related companies**.

VIII. **At least 50%** of the workforce of the company must be qualified personnel with diplomas and degrees in Science and Technical (S&T) fields.

IX. **At least 50%** of the overall workforce must be Malaysian.

D. EXPATRIATE POST

ICAB companies which undertake ICAB activities may also apply for expatriate post(s). However, the company should endeavour to train Malaysians in the same fields.

E. EFFECTIVE DATE OF APPLICATION

Applications received by **MIDA** from **1 January 2016 until 31 December 2018**, are eligible to be considered for this incentive.

F. PROCEDURE FOR APPLICATION

The application should be submitted in **three (3) copies** of **ICAB/JA Forms** to:

Chief Executive Officer

Malaysian Investment Development Authority (MIDA),

MIDA Sentral, No. 5 Jalan Stesen Sentral 5

Kuala Lumpur Sentral 50470

Kuala Lumpur.

(Attn.: Director, R&D & Business Services Division)

For projects in Sabah and Sarawak, **three (3) copies** of the form should also be submitted to the relevant MIDA office as follows:

Sabah

Director
MIDA Sabah Office
Lot D9.4 & 9.5
9th Floor,Block D,Bangunan KWSP
Karamunsing, 88100 Kota Kinabalu
Sabah, Malaysia

Sarawak

Director
MIDA Sarawak Office
Room 404, 4th Floor
Bangunan Bank Negara Malaysia
No 147, Jalan Satok, PO Box 716
93714 Kuching, Sarawak, Malaysia

For enquiries and clarification, please refer to:-

MIDA website : www.mida.gov.my
Tel : (603)2267-3633
Fax : (603) 2273-4208
Email : investmalaysia@mida.gov.my