

TOURISM AND TRAVEL RELATED SERVICES





Introduction

This booklet is one of a series of 20 booklets prepared by MIDA for the purpose of providing investors with relevant information on establishing projects in the identified services sub-sectors in Malaysia. The complete list of booklets is as follows:

- Booklet 1:** General Policies, Facilities and Guidelines
- Booklet 2:** Regional Operations
- Booklet 3:** Research and Development (R&D) Services
- Booklet 4:** Logistics Services
- Booklet 5:** Specialised Technical Support Services
- Booklet 6:** Information and Communication Technology Services
- Booklet 7:** Environmental Management Services
- Booklet 8:** Distributive Trade Services
- Booklet 9:** Tourism and Travel Related Services
- Booklet 10:** Education and Industrial Training Services
- Booklet 11:** Legal Services
- Booklet 12:** Accounting, Auditing and Taxation Services
- Booklet 13:** Architectural Consultancy Services
- Booklet 14:** Surveying Consultancy Services
- Booklet 15:** Medical and Health Care Services
- Booklet 16:** Engineering and Energy Consultancy Services
- Booklet 17:** Management Consultancy Services
- Booklet 18:** Market Research Services
- Booklet 19:** Advertising Services
- Booklet 20:** Quick Reference

The Ministry of International Trade & Industry (MITI) spearheads the development of industrial activities to further enhance Malaysia's economic growth. As an agency under MITI, the Malaysian Investment Development Authority (MIDA) is in charge of the promotion and coordination of industrial development in the country.

MIDA is the first point of contact for investors who intend to set up projects in manufacturing and services sector in Malaysia. With its headquarters in Malaysia's capital city of Kuala Lumpur, MIDA has established a global network of 20 overseas offices covering North America, Europe and the Asia Pacific to assist investors interested in establishing manufacturing projects and services activities in Malaysia. Within Malaysia, MIDA has 12 branch offices in the various states to facilitate investors in the implementation and operation of their projects.

If you wish to explore investment opportunities in Malaysia, please contact MIDA for more information as well as assistance in your decision-making (please see the last page of contact details of MIDA's headquarters and state and overseas offices).

TOURISM AND TRAVEL RELATED SERVICES

BOOKLET

9

1	HOTEL AND RESTAURANT	2
1.1	Licensing and Registration	2
1.2	Equity Policy	2
1.3	Specific Immigration Procedures	3
1.4	Tax Incentives	3
2	TOUR OPERATING/TRAVEL AGENCY BUSINESS	4
2.1	Licensing and Registration	5
2.2	Renewal of Licence	6
2.3	Equity Policy	7
2.4	Letter of Support for Expatriates	9
2.5	Specific Immigration Procedures	9
2.6	Tax Incentive	9
3	TOURISM VEHICLE BUSINESS	10
3.1	Licensing and Registration	10
3.2	Equity Policy	12
3.3	Tax Incentives	13
4	MALAYSIA MY SECOND HOME (MM2H) AGENT LICENCE	13
4.1	Licensing and Registration	14
4.2	Equity Policy	15
5	FINANCIAL ASSISTANCE	16
5.1	Tourism Development Infrastructure Fund	
5.2	Special Tourism Fund	16
6	OTHER INCENTIVES	19
6.1	Double Deduction on Overseas Promotion	19
6.2	Double Deduction on Approved Trade Fairs	20
6.3	Tax Exemption for Promoting International Conference and Trade Exhibitions	20
6.4	Double Deduction on Cultural Performances	20
6.5	Incentives for the Luxury Yacht Industry	20
6.6	Incentive for the Promotion of Healthcare Travel	21
7	GENERAL AGREEMENT ON TRADE IN SERVICES (GATS) ASEAN FRAMEWORK AGREEMENT ON SERVICES (AFAS) AND FREE TRADE AGREEMENTS (FTAS)	22



TOURISM AND TRAVEL RELATED SERVICES

Tourism and Travel Related Services is divided into four (4) sub-sectors namely:

- Hotels and restaurants (including catering);
- Travel agency and tour operator services;
- Tourist guide services; and
- Other tourism services.

Tourism activities are part of more general services activities most notably many transport services, certain business services, distribution services; and recreational, cultural and sporting services.

Malaysia gives a lot of importance to the tourism sub-sector in view of the foreign exchange earnings potential. Major tourism industries guidelines within the subsector consist of Hotel and Restaurant, Tour Operating/Travel Agency Business, Tourism Vehicle Business, and Malaysia My Second Home scheme (MM2H). Other tourism activities include Meetings, Incentives, Conferences, Exhibitions (MICE), Medical/Health Tourism, and SPA and Wellness Services.

1. HOTEL AND RESTAURANT

1.1 Licensing and Registration

Guidelines for licence of Hotel and Restaurant businesses are provided in the 'Guidelines for Improvement of Issuance of Business Licence and Composite Hotel Licence (Amendment 2011)' obtainable from the Ministry of Urban Wellbeing Housing and Local Government.

1.2 Equity Policy

The Government had announced on 22 April 2009 that the following hotel and restaurant services would be among the 27 services sub-sectors that would be liberalised:

- Hotel and Restaurant Services (for 4 and 5 star hotels only) (CPC 64110 and CPC 64199)
- Food Serving Services (for services provided in 4 and 5 star hotels only) (CPC 642)
- Beverage Serving Services for consumption on premises (for services provided in 4 and 5 star hotels only) (CPC 643)

Please refer to MITI website www.miti.gov.my for information on liberalisation.

For purposes of tax incentive, the following equity policy is applicable for the hotel industry:

Star Rating	Local Equity Condition
1 – 2 star	100% Malaysian
3 star	At least 30% Malaysian for applications received in 2015 and thereafter
4 – 5 star	No equity condition

1.3 Specific Immigration Procedures

A company which operates 4 and/or 5 star hotels and/or tourism projects rated by the Ministry of Tourism and Culture (MOTAC) that requires expatriate posts should submit the applications to MIDA.

However, a company which operate hotels rated as 3 star and below that require expatriate posts should forward the applications for Employment Passes to the Immigration Department.

1.4 Tax Incentives

(a) Incentives for Undertaking New Investments in Hotels and Tourism Projects

Companies undertaking new investments in 1 to 5 star hotels and/or tourism projects are eligible for the following incentives:

- (i) Pioneer Status, with income tax exemption of 70% (100% for 4 and 5 star hotels in Sabah and Sarawak) of the statutory income for a period of five (5) years, commencing from its Production Day which is determined by the Ministry of International Trade and Industry (MITI). Unabsorbed capital allowances as well as 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 of 60% (100% for 4 and 5 star hotels in Sabah and Sarawak) on the qualifying capital expenditure incurred within a period of five (5) years. The allowance can be offset against 70% (100% for 4 and 5 star hotels in Sabah and Sarawak) of the statutory income in each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications should be submitted to MIDA. For 4 and 5 star hotels, applications must be submitted on or before 31 December 2020

(b) Incentive for Reinvestment in Hotels and Tourism Projects

Companies that reinvest in the expansion and modernisation of 1 to 5 star hotels and/or tourism projects are eligible for additional rounds of tax incentives as follows:

- hotel projects: three (3) rounds; and
- tourism projects: two (2) rounds.

The incentives are as follows:

- (i) Pioneer Status with income tax exemption of 70% (100% for 4 and 5 star hotels) of the statutory income for a period of five (5) years, commencing from its Production Day which is determined by the Ministry of International Trade and Industry (MITI). Unabsorbed capital allowances as well as 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 of 60% (100% for 4 and 5 star hotels) on the qualifying capital expenditure incurred within a period of five (5) years. The allowance can be offset against 70% (100% for projects located in Sabah and Sarawak) of the statutory income in each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

For tourism projects, companies are eligible to apply for either PS or ITA for both two rounds of reinvestments. However, for hotel projects, companies are eligible to apply for ITA only for all the three rounds of reinvestments.

Applications should be submitted to MIDA.

2. TOUR OPERATING/TRAVEL AGENCY BUSINESS (TOBTAB)

The three (3) types of businesses licensed are as follows:

- (a) Tour operating business (Inbound & Outbound)

‘Tour operating business’ means any business of providing all or any of the following services:

- (i) Arranging for sale or commission any transportation, accommodation, tour services or any other incidental services for tourists within or outside Malaysia.
- (ii) Organising or conducting for sale or commission inbound or outbound tours.
- (iii) Providing conveyances for hire to tourists.
- (iv) Any other service incidental to any of the activities enumerated above.

- (b) ‘Travel agency business’ (Ticketing) means any business of providing all or any of the following services:

- (i) Selling, arranging or making available for commission tickets entitling a person to travel on any conveyance either by land, sea or air;

- (ii) Selling, arranging or making available for commission accommodation places within Malaysia or outside Malaysia; and
- (iii) any other services incidental to any of the activities enumerated above.

Applicants must be private limited companies incorporated under the Companies Act, 2016.

2.1 Licensing and Registration

A company intending to apply for the Tour Operating/Travel Agency Business Licence is required to submit application to the Tourism Licensing Division through Tourism Industry Licensing System (SPIP) at www.spip.gov.my.

Further details can be obtained from the MOTAC website at www.motac.gov.my

Applicant must submit required documents as follows:

- Purchase SSM e-Info through www.spip.gov.my
- MyKad (Malaysians) / Passport (non-Malaysian) of the Shareholders / Directors
- Supporting letter on cooperative relationships with overseas travel agencies
- Draft proposals on tour packages (Inbound & Outbound)
- Paperwork containing business planning, target number of tourists to Malaysia and short-term revenue for the company which its shareholders are foreign companies.
- Financial Audited Report (latest) which has been lodged and endorsed by the Companies Commission of Malaysia (for companies that have been licensed by MOTAC but the license has expired / revoked)

Once the application is approved, the company must take the following actions:

- (i) To provide business premise within two (2) months from the date of approval letter in accordance with the following criteria:
 - Meet the business premises floor space requirement
 - The business's head office premise must be situated within a structure and shall have permanent address
 - The business premise does not shared with any other business
 - The business premise must be located in a commercial area and not in the residential area.
- (ii) To submit required documents for inspection of premises as follows:
 - A copy of Office Rental Agreement (at least 1 year period) / "Sales & Purchase" (S&P) if the premise is owned by the company
 - A sketch of the floor plan

- Premise photo (inside & outside of premise area)
- (iii) To submit a copy of the tourism association's membership certificate recognised by MOTAC
- (iv) To submit a copy of "Travel & Tour Management Course" certificate:
- At least one (1) representative of the company (key post) must attend TTMC which is organized by Tourism Training Institute recognised by MOTAC
- (v) To pay the license fee:
- After all requirements imposed are met

2.2 Renewal of Licence

- Apply renewal within 60 days before the expiry date (as per Sec. 32 Act 482)
- Renewal submitted after expiry date will be compounded
- Submit the renewal of Head Quarter and Branch Office license for approval simultaneously
- Board of Director/Key Personnel to attend "Travel & Tour Enhancement Course" (TTEC)
- Free from compound (AIP 1992/APKP 1999)

Requirements For Licence Renewal

3 YEARS	2 YEARS	1 YEAR
<ul style="list-style-type: none"> • Complete document • Audited financial account shows the net profit after tax • Balance of equity (statement of changes in equity) comply with the minimum paid-up capital required 	<ul style="list-style-type: none"> • Complete document • Audited financial account shows the net losses for the current year • Balance of equity (statement of changes in equity) comply with the minimum paid-up capital required 	<ul style="list-style-type: none"> • Complete document • Balance of equity (statement of changes in equity) does not comply with the minimum paid-up capital required • Insufficient asset to meet company's liabilities (balance sheet)

2.3 Equity Policy

- As of 2 September 2014, foreign equity ownership is restricted to company (not individual)
- Companies with foreign equity ownership are only allowed to apply for Inbound & Ticketing licenses
- Foreign company must be an established tour operating company in the respective

country (endorsed by Tourism Malaysia Office/Malaysian Embassy/Malaysian High Commissioner)

- 100% foreign equity ownership is restricted to Inbound licence only

**GUIDELINES FOR EQUITY AND PAID-UP CAPITAL REQUIREMENTS FOR MALAYSIAN / FOREIGNER IN TOUR OPERATING AND TRAVEL AGENCY BUSINESS
(NEW GUIDELINES CAME INTO FORCE ON 2 SEPTEMBER 2014)**

No.	Type of License	Equity Ownership	Maximum Shareholding	Location of Premise	Minimum Paid-up Capital
1.	Inbound	Foreign Company (ASEAN/Non Asean)	100%	City/Rural	RM 1,500,000
2.	Inbound & Ticketing	Foreign Company (ASEAN)	70% - Singapore/ Cambodia only 51% - Except Singapore & Cambodia	City/Rural	RM 1,000,000
3.	Inbound & Ticketing	Foreign Company (Non ASEAN)	30%	City/Rural	RM 500,000.00
4.	Outbound	Foreign Company (ASEAN/Non Asean)	Not Allowed	Not Applicable	Not Applicable
5.	Inbound	Citizen/Local Company	100%	City Rural	RM 200,000 RM 50,000
6.	Outbound	Citizen/Local Company	100%	City/Rural	RM 200,000
7.	Ticketing	Citizen/Local Company	100%	City Rural	RM 200,000 RM 100,000
8.	Inbound & Outbound	Citizen/Local Company	100%	City/Rural	RM 200,000
9.	Inbound & Ticketing	Citizen/Local Company	100%	City Rural	RM 200,000 RM 150,000
10.	Outbound & Ticketing	Citizen/Local Company	100%	City/Rural	RM 200,000
11.	Inbound, Outbound & Ticketing	Citizen/Local Company	100%	City/Rural	RM 200,000

2.4 Letter Of Support For Expatriates

- Companies providing tourism and travel related services can apply for Letter of Support for Expatriates from the Ministry of Tourism and Culture (MOTAC) for expatriate posts, namely key posts.
- However, the endorsement of the application for expatriates is given by the Malaysian Immigration Department
- Terms and Conditions of the application for Letter of Support for Expatriates are as follows:
 - 1 additional expatriate is allowed for every branch licence
 - Allowed for key position (minimum salary of RM5,000.00/month)
 - Possess academic qualification in tourism / other relevant fields
 - Satisfactory health condition
 - If expatriate is a shareholder – minimum shareholding is 10%

2.5 Specific Immigration Procedures

Companies providing tourism and travel related services can apply for expatriate posts, namely Key Posts and Time Posts. For the application for expatriate posts, companies are to comply with the following minimum paid-up capital:

No.	Equity	Paid-Up Capital
1	100% Locally owned	RM 250,000
2	Jointly Owned By Foreign & Local	RM 350,000
3	100% Foreign owned	RM 500,000

Applications should be submitted to the Ministry of Tourism and Culture (MOTAC). Upon approval, companies should forward their applications for Employment Passes to the Immigration Department for endorsement.

2.6 Tax Incentive

Tax Exemption for Tour Operators

- This incentive is only applicable to tour operators licensed by the Ministry of Tourism and Culture Malaysia (MOTAC).
- The incentive is available until the Year of Assessment 2020.
- Claims should be submitted to IRB.

(a) Foreign Tourists

- Tour operators who bring in at least 750 foreign tourists in groups in a year inclusive of tours that enter and exit the country by air, sea or land transportation, will be exempted from tax in respect of income derived from the business of operating such tours.

(b) Local Tourists

- Companies that organize domestic tour packages for at least 1,500 local tourists per year qualify for tax exemption on the income earned.
- A domestic tour means any tour package within Malaysia participated by local tourists (excluding inbound tourists) by air, land or sea transportation involving at least one night's accommodation.

3. TOURISM VEHICLE BUSINESS

'Tourism vehicle' means an excursion bus or hire and drive car.

'Tourism vehicle business' means the business of operating or letting out for hire a tourist vehicle.

Based on Section 4, Tourism Vehicles Licensing Act, 1999, tourism vehicle is required to be licensed.

"(a) No person shall carry on or hold himself out as carrying on tourism vehicle business except a company which is licensed under the Tourism Industry Act, 1992 and which holds a valid licence granted under this section."

3.1 Licensing and Registration

A company can apply for Tourism Vehicle Business License, either Excursion Bus License or Hire and Drive Car License (applicable for applicant in Sabah, Sarawak and Labuan only).

(i) For Application for Excursion Bus License

A company intending to apply for Excursion Bus License must at least possess an inbound business licence approved by the Commissioner of Tourism under the Tourism Industry Act, 1992.

Application requirements and form can be obtained from MOTAC website at www.motac.gov.my

(ii) For Application for Hire and Drive Licence

A company intending to apply for Hire and Drive Licence must at least possess an inbound business licence approved by the Commissioner of Tourism under the Tourism Industry Act, 1992.

Application requirements and form can be obtained from MOTAC website at www.motac.gov.my

(iii) Other Approvals

Applications to amend the Terms and Conditions of Excursion Bus/Hire and Drive Car Licence, Foreign Excursion Bus Licence to Enter Malaysia and Exemption of Tourist Guide in Excursion Bus can be considered.

Amendments on Terms and Conditions of Excursion Bus/Hire and Drive Cars Licence

Type of amendments:

- (a) Amendments on the name of company
- (b) Amendments on the address of company
- (c) Change on vehicle's engine/chassis number
(base on changes recorded in vehicles registration card)
- (d) Replacement of vehicles
(Replacement of old vehicles by new vehicles or replacing of vehicle that have exceeded the age permitted)
- (e) Modification on number of seats

For Bus:

- 8 – 16 passengers
- 17 – 26 passengers
- 27 – 40 passengers
- 44 passengers (leg room must be at least 15.6')
- 45 passengers – will be considered on a case by case basis

For Hire and Drive Car:

- Not more than 10 passengers including driver

- (f) Change of Road Transport Department (JPJ) code (Changing of State's code number to facilitate vehicles' registration).

A Company intending to amend on Terms and Conditions of Excursion Bus/Hire and Drive

Car Licence is required to submit its application to MOTAC

Application requirements and form can be obtained from MOTAC website at www.motac.gov.my

Application for Foreign Excursion Bus Licence

A company intending to apply for foreign excursion Bus Licence to enter Malaysia is required to fulfill the following conditions:

- Company must be registered and licensed as a tour agency by the relevant authorities in its home country;
- Excursion bus to be licensed must be registered as a commercial vehicle in accordance with any land transportation law enforced by the respective country's transport authority;
- Application must be submitted at least five (5) days before the date of entry; and
- Excursion bus shall be used exclusively for the conveyance of tourists and in consideration of payment which has no fare stages.

Application form can be downloaded from MOTAC website at www.motac.gov.my

Exemption of Tourist Guide in Excursion Bus

Exemption of Tourist Guide in Excursion Bus can be considered for the following purposes:-

- (a) Point to point transfer which does not involve tourist attractions, eg. sending tourist to jetty to go to island resort;
- (b) Transfer service, e.g. conference, crew transfer, exhibition;
- (c) Religious ceremony;
- (d) Wedding;
- (e) Sports; and
- (f) Any reasonable purposes determined by the Ministry such as death, visit and festival.

Application for exemption of tourist guide can be made through a tour agency which is registered under MOTAC. Exemption of tourist guide is permitted only for Excursion Buses that carry domestic tourists. No exemption of tourist guide is permitted for Excursion Buses that carry foreign tourists except for crew transfer purpose. Application is to be made through a formal letter by the tour agency.

Further details can be obtained from MOTAC website at www.motac.gov.my

3.2 Equity Policy

The Government had announced on 22 April 2009 that the following tourism services would be among the 27 services sub-sectors that would be liberalised:

- Theme Park (CPC 96194)
- Convention and Exhibition Centre (seating capacity of above 3,000) (CPC 87909)

Please refer to MITI website www.miti.gov.my for information on liberalisation.

3.3 Tax Incentive

Tax Incentive for Car Rental Operators

Operators of car rental services for tourists are eligible for full excise duty exemption on the purchase of national cars and to enable tourists to explore challenging destinations, tour operators are also eligible for a 50% excise duty exemption on locally assembled 4WD vehicles.

Applications should be submitted to the Ministry of Finance.

4. MALAYSIA MY SECOND HOME (MM2H) AGENT LICENCE

MM2H Programme

The Malaysia My Second Home (MM2H) Programme is an initiative by the Government of Malaysia to allow foreigners who fulfill certain criteria, to stay in Malaysia for as long as possible on a multiple entry Social Visit Pass.

The Social Visit Pass is initially for a period of ten (10) years, and is renewable.

4.1 Eligibility

It is open to all foreigners from countries that has diplomatic relations with Malaysia regardless of race, religion, gender or age.

Applicants are allowed to bring their spouses and unmarried children below the age of 21 as dependents.

MM2H Agent refers to businesses providing all or any of the following services:

- (i) Facilitation during MM2H application process
- (ii) Assistance to participants relocation to Malaysia
- (iii) Any other additional service deemed required

Type of Services offered by Licensed Companies under MM2H Programme

Type Of Services Offered	Proposed Fee Structure
APPLICATION PROCESS	
Provide latest information regarding the terms and conditions to foreign citizens who are interested to join the MM2H Programme	
Prepare application together with the required documents for submission to the Immigration/MOTAC. This includes ensuring that the application form is properly filled up and all the required documents are attached and certified	
Signed a Personal Bond with the Government of Malaysia to guarantee the good conduct of the participants throughout their stay in Malaysia under this programme. If the licensed companies clients are caught violating the terms and conditions of their stay in Malaysia, they are required to arrange for immediate deportation of their clients back to their home country, including purchase of air tickets, food and lodging, etc.	
Inform clients about the status of their application until they received the Conditional Approval letter from Immigration Department. Advise clients to come to Malaysia within 6 months from the date of approval of the Conditional Approval letter to fulfil all the required terms and conditions.	
ASSIST PARTICIPANTS TO RELOCATE TO MALAYSIA	
Arrange for the transportation and accommodation for successful applicants upon their arrival in Malaysia	
Assist successful applicants to: <ul style="list-style-type: none"> - open a fixed deposit account - arrange for insurance policy and medical report (if required) Bring successful applicants to the Immigration Department (or to the MM2H Centre once the Immigration Unit (MM2H) which is part of MM2H Centre to pay the required visa fees and have their passport stamped with the Malaysia My Second Home sticker.	
Alert participants on the types of incentives they can now apply for under this programme (house and maid).	

ADDITIONAL SERVICES	
House rental or house purchase *	Negotiable and depends on the acceptance of clients.
Application for AP for imported car	
Application for housemaid	
Arrangement to bring clients'personal belongings to Malaysia	
Application for student passes for children of MM2H participants who wish to study in Malaysia	
Application to withdraw part of the fixed deposit after a period of one (1) year for the purchase of house, careducation and medical purpose	
Application for telecommunication and utilities services (telephone, electricity, water supply, etc.)	
Any other service upon specific request	

** Note: According to the Board of Valuers, Appraisers and Estate Agents Act, 1981, only registered Real Agents and/or its Authorised Negotiators are legally permitted to promote and conduct Real Estate Agency Services which include buy, sell, rent or lease of any real estate property.*

Agents must be private limited companies incorporated under the Companies Act, 1965 or Companies Act, 2016

On assistance to relocate MM2H participants to Malaysia, MM2H agents will assist in visa fee and passports stamped with MM2H stickers at:-

MALAYSIA MY SECOND HOME CENTRE IMMIGRATION UNIT
Ministry of Tourism and Culture Malaysia,
Level 10, No. 2, Tower 1,
Jalan P5/6, Presint 5,
62200 W.P. Putrajaya,
MALAYSIA

ANNOUNCEMENT FOR TAX INCENTIVE UNDER MM2H PROGRAMME

The Government has decided to abolish the tax incentive on the purchase of a new locally assembled vehicle or the import of a pre-owned private vehicle into Malaysia under MM2H Programme. Therefore, this tax incentive will be terminated effective from 1 January 2018. However, Ministry of Finance will give special consideration to MM2H participant with first MM2H's Visa approved beginning 1 January 2017 until 31 December 2017 to submit complete application via Sistem Maklumat Pengurusan Cukai / Sistem Maklumat Pengurusan Cukai Kerajaan Malaysia not later than 31 December 2018.

4.1 Licensing and Registration

- A company intending to apply for inbound (MM2H) license is required to submit its application through Tourism Industry Licensing System (SPIP) at www.spip.gov.my.
- Further details can be obtained from MOTAC website at www.motac.gov.my
- Applicant must be a private limited company incorporated under the Companies Act, 2016.
- Applicant must put (MM2H) as part of company's name.
- Applicant must be free from any compounds under AIP 1992.
- Once application is approved, the company must take the following actions:
 - (i) To **provide business premise within two (2) months** from the date of approval letter in accordance with the following criteria:
 - Meet the conditions of business premises area
 - Operational premise of the Head Quarter Office are structured and have permanent address
 - The business premise does not shared with any other business
 - The business premise must be located in a commercial area and not in the residential area.
 - (ii) To **submit required documents for inspection of premises** as follows:
 - A copy of Office Rental Agreement (at least 1 year period) / "Sales & Purchase" (S&P) if the premise is owned by the company
 - A sketch of the floor plan
 - Premise photo (inside & outside premise area)
 - (iii) To submit a copy of the **tourism association's membership certificate** recognized by MOTAC
 - (iv) To submit a copy of "**Travel & Tour Management Course**" (TTMC) certificate:
 - At least one (1) representative of the company (key post) must attend TTMC which is organized by Tourism Training Institute recognized by MOTAC
 - (v) To pay the **license fee**:
 - After all requirements imposed are met

4.2 Equity Policy

Paid up capital requirement (for all locations)

- 100% local ownership: RM 50,000.00

5. FINANCIAL ASSISTANCE

5.1 Tourism Development Infrastructure Fund

The Tourism Development Infrastructure Fund has been established to support the Government's efforts in developing the tourism sub-sector. To apply for the fund the following criteria apply:

Eligible Applicant:

- Applicants must be registered under the Companies Act, 1965 or Companies Act, 2016 Companies Commission of Malaysia Act, 2002 or/and Companies Co-operative Act, 1970 or Co-operative Act, 1993.
- Applicants must be majority-owned by Malaysians (at least 51%)
- Existing and new enterprises carrying out or planning to carry out tourism infrastructure projects are eligible
- Applicants must have a minimum paid-up capital of RM5.0 million or minimum of 20% from the total loan applied whichever is higher

Eligible Project:

Projects must be located in Malaysia and any tourism infrastructure projects that contribute to the development of the tourism industry are eligible. Priority shall be given to the following types of projects:

- Integrated or regional tourism centres/attractions/facilities and complexes
- Convention hall
- Gallery and information centre
- F&B or stores related to tourism.
- Hotels, chalets, resorts and other forms of accommodation with special 'theme-based' development for example water theme park, jungle theme park, medical tourism, eco-tourism, edu-tourism or sports tourism
- Facilities related to medical tourism, eco/agro tourism, eco/agro-tourism and sports tourism
- Urban redevelopment to enhance tourist spot
- Integration of various transport mode, limousine terminal and pedestrian walks/crossings to provide efficient urban connectivity from point to point

- River and waterfront development
- Theme and/or recreation parks and centres such as water theme park, heritage, museum, safari parks, zoo, flower garden, theatre/cultural show/culture centre and other special concept theme parks
- Marina and marine tourism
- Other facilities that support the above which include access roads, golf course, cable cars, jetties, airstrips, boats or ferries
- Other sectors related to tourism infrastructure as identified from time to time by MOTAC and/or the Bank.

NON PERMISSIBLE LOAN

- Acquisition shares
- Existing assets of the company
- Taking over existing productive capacity
- Financing of casinos

PROJECTS THAT CANNOT BE FINANCED

Projects	Loan cannot be used to finance
Integrated or regional tourism centres/ attractions/facilities and complexes	Games machines, Riding machines, Mobile-jet ski, Gym equipment
Theme Park	Games Machines
Safari	Animals
Time sharing apartment and leaseback	

The fund is administered by the Bank Pembangunan Malaysia Berhad and its terms and conditions are as follows:

Loan amount:

Minimum - RM5 million

Maximum - RM100 million or up to a maximum of 80% of the total project cost whichever is lower is allowed (The minimum loan amount will be received after one year of implementation i.e. after getting feedback from the industry).

Lending Rate:

4% - 6% per annum computed based on annuity, yearly rest basis

Tenure of Loan:

Maximum loan period up to 20 years

Repayment terms:

The period for repayment will be determined based on the project cash flow, the economic life of the assets financed and/or terms of repayments as stipulated by the fund provider. Grace period may be given and is determined based on the gestation period and the cash flow of the project.

BASIC INFORMATION REQUIRED TO APPLY FOR TOURISM DEVELOPMENT INFRASTRUCTURE FUND

- Application letter
- Tourism Development Infrastructure Fund Application Form (must be typed)

Company profile shall include:

- Form 9 or Business Registration Form*
- Form 24 (Shareholder) - complete since it was registered*
- Form 49 (Board of Director)*
- Memorandum of Articles of Association*
- SSM e-info
- Profile of Board of Directors, shareholders and key management personnel
- Last three (3) years audited financial report
- * must be certified by company secretary

Project proposal shall include:

- Detailed project costs and proposed sources of financing
- Feasibility study of the project prepared by an independent consultant

Other Documents

- Applicants are required to submit additional documents based on applicant's project.

The completed application form must be submitted to:

Secretary General
Ministry of Tourism and Culture Malaysia
Industrial Development Division
Level 14, Tower 1
No. 2, Jalan P5/6, Presint 5
62200 PUTRAJAYA
Website: www.motac.gov.my

For further inquiries or consultation session regarding TIDF, please contact Dana Pelancongan 03-8891 7480/7492/7469 or email to danapelancongan@motac.gov.my

Applicant is encourage to get consultation session regarding terms and condition of the loan from BPMB as follow:

Bank Pembangunan Malaysia Berhad
Menara Bank Pembangunan, Bandar Wawasan
1016, Jalan Sultan Ismail, Peti Surat 10788
50724 KUALA LUMPUR
Tel : 03-2611 3309/3084
Fax: 03-2698 5701
Website: www.bpmb.com.my

5.2 Special Tourism Fund

The Special Tourism Fund has been established to support the Government's efforts in developing the tourism sub-sector. To apply for the fund the following criteria apply:

Eligible Applicant :

- Malaysian owned companies registered under Companies Commission of Malaysia Act 2002 or Co-operative Act 1993 (minimum 51% owned by Malaysian) and categorised as 'SMEs'.
- Have shareholders fund not more than RM10 Million.
- Existing business operates for more than 2 years are eligible. For those having less than 2 years in operations, applications will be assessed on case to case basis.
- Any other conditions imposed by the Bank and MOTAC. (i.e. endorsement from MOTAC, such as Letter of Support etc).

Eligible Project:

Projects must be located in Malaysia and any tourism infrastructure projects that contribute to the development of the tourism industry are eligible. Priority shall be given to the following types of projects:

- All projects classified as tourism related activities including manufacturing of products related to tourism;
- Projects must be registered with MOTAC as tourism project (where applicable), or endorsed as a tourism projects by Jawatankuasa Pinjaman Tabung Pelancongan (JKPTP), MOTAC;

- Tourism projects that are being promoted by the government including (but not limited to) recreational, sports, health, education etc;
- Building new or adding, widens and renovate tourism and historical properties (such as hotels, motels, chalet, lodge and rest house);
- Provide transport services related to tourism such as coach, car rental, ferry, boat etc;
- Tourism resorts and places (includes renovation and landscape work) i.e. theme park/ recreation park such floral garden, safari park and tourism integrated complexes;
- Provides facilities related to tourism such as restaurant which provides cultural show, souvenirs and hand-craft centers, free-duty shop, recreation equipments at tourism area such as bicycle, marine equipments and others (except golf equipment) purchasing of equipments for the culture group, gallery and museum and Malaysian cultures;
- Working capital for the tourism activities; and
- Other related tourism project which is determined by Government.

ADDITIONAL TERMS AND CONDITION

- The recipients of financing under SFT that required specific intervention will be eligible for a training program conducted by the Bank. The arrangement of the training will be notified from time to time.

SECURITY ACCEPTABLE TO THE BANK (BUT NOT LIMITED TO THE FOLLOWINGS):-

- First fixed legal charge;
- Debentures;
- Third party charge (if required);
- Joint and several guarantee of Directors/shareholders (in their personal capacity);
- Corporate Guarantee;
- Bank Guarantee;
- Assignment of right of projects, insurance, assignment of revenue/proceeds etc.

The fund is administered by the Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank) and its terms and conditions are as follows;

Loan amount:

Minimum	-	RM250,000
Maximum	-	RM30.0 million per project or 90% of the project cost (excluding the cost of land), whichever is lower.

Lending Rate:

From BFR + 0% p.a up to BFR + 2.5 p.a.

Changing Of Profit Rate – The bank may change the rate from time to time.

Tenure of Loan:

Maximum of 12 years (not exceeding 22 Oct 2029)

REPAYMENT TERMS:

- The period for payment will be determined based on the project cash flow, the economic life of the assets financed and/or terms of repayment as stipulated by the Fund provider.
- Grace period may be given and is determined based on the gestation period and the cash flow of the project.

TYPE OF FINANCING:

- Shariah based financing.

TYPE OF FACILITIES:

- Fixed asset financing.
- Working capital / revolving capital financing.
- Guarantee.

BASIC INFORMATION REQUIRED TO APPLY FOR SPECIAL TOURISM FUND

- Application letter.
- Special Tourism Fund Application Form (must be typed).

Company Profile shall include:

- Form 9 or Business Registration Form*;
- Form 24 (Shareholder) - complete since it was registered*;
- Form 49 (Board of Director)*;
- Memorandum of Articles of Association*;
- SSM e-info;
- Profile of Board of Directors, shareholders and key management personnel;
- Last three (3) years audited financial report.

*must be certified by company secretary.

Project Proposal shall include:

- Detailed projects cost and proposed sources of financing; and
- Feasibility study of the project prepared by an independent consultant.

Others Documents:

Applicants are required to submit additional documents based on applicant's project.

The completed application form must be submitted to:

Secretary General
Ministry of Tourism and Culture Malaysia
Industrial Development Division
Level 14, Tower 1
No. 2, Jalan P5/6, Presint 5
62200 PUTRAJAYA
Website: www.motac.gov.my

For further inquiries or consultation session regarding SFT, please contact Dana Pelancongan 03-8891 7480/7492/7469 or email to danapelancongan@motac.gov.my.

Applicant is encourage to get consultation session regarding terms and conditions of the loan from SME Bank as follow :

Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank)
Menara SME Bank
Jalan Sultan Ismail
50250 KUALA LUMPUR
Tel. : 03 – 2615 2843/2020 Call Centre : 03 – 2603 7700
Fax : 03 – 2698 1748
Website: www.smebank.com.my

6. OTHER INCENTIVES

6.1 Double Deduction on Overseas Promotion

Hotels and tour operators qualify for a double deduction on the expenditure incurred for promotional activities overseas. The qualifying expenditure is:

- expenditure on publicity and advertisements in any mass media outside Malaysia
- expenditure on publication of brochures, magazines and guide books, including delivery costs that are not charged to the overseas customers
- expenditure on market research into new markets overseas, subject to the prior approval of MOTAC.

- expenditure that includes fares to any country outside Malaysia to negotiate or secure a contract for advertising or participating in trade fairs, conferences or forums approved by MOTAC. Such expenses are subject to a maximum of RM300 per day for lodging and RM150 per day for food for the duration of the stay overseas
- expenditure in organising trade fairs, conferences or forums approved by MOTAC
- expenditure on the maintenance of sales offices overseas for purposes of promoting tourism in Malaysia

Claims should be submitted to IRB.

6.2 Double Deduction on Approved Trade Fairs

Companies are also eligible for a double deduction on expenditure incurred in participating in an approved international trade fair in Malaysia.

Claims should be submitted to IRB.

6.3 Tax Exemption for Promoting International Conference and Trade Exhibitions

- (a) Local companies which promote international conferences in Malaysia qualify for tax exemption on the income earned from bringing at least 500 foreign participants into the country.
- (b) Income earned from organising international trade exhibitions in Malaysia qualifies for tax exemption as long as the exhibitions are approved by MATRADE and the organisers bring in at least 500 foreign visitors per year.

Claims should be submitted to IRB.

6.4 Deduction on Cultural Performances

Expenditure incurred by companies promoting and managing musical or cultural groups and sponsoring local and/or foreign cultural performances as approved by MOTAC, qualifies for a single deduction.

To further encourage the private sector to sponsor local arts, cultural and heritage performances and shows, the ceiling for deductions for expenditure incurred in sponsoring such performances and shows has been increased from RM300,000 to RM500,000. However, the ceiling for deductions allowed on foreign performances and shows remains at RM200,000 per year.

Claims should be submitted to IRB.

6.5 Incentives for Luxury Yacht Industry

- Companies that carry out repair and maintenance activities for luxury yachts in the island of Langkawi, Malaysia are eligible for an income tax exemption of 100% for five

years. Applications should be submitted to the Ministry of Finance.

- Companies that provide chartering services of luxury yachts in the country are eligible for income tax exemption of 100% for a period of five years. Claims should be submitted to IRB.

6.6 Incentive for the Promotion of Healthcare Travel

(i) Incentive for Private Healthcare Facilities

Companies that establish new private healthcare facilities or existing private healthcare facilities undertaking expansion/modernisation/refurbishment for purposes of promoting healthcare travel are eligible to apply for an income tax exemption equivalent to Investment Tax Allowance (ITA) of 100% on the qualifying capital expenditure incurred within a period of five (5) years. The allowance can be used to offset against 100% of the statutory income for each year of assessment. Any unutilised allowance can be carried forward to subsequent years until fully utilised.

For purposes of this incentive, private healthcare facilities means private hospitals or ambulatory care centres.

Eligibility Criteria

- (a) The company must be incorporated in Malaysia under the Companies Act, 1965 or Companies Act, 2016
- (b) The private healthcare facility must be approved and licensed by the Ministry of Health (MOH) Malaysia
- (c) The private healthcare facility must be registered with the Malaysia Healthcare Travel Council (MHTC) as 'A Healthcare Facility for the Promotion of Healthcare Travel'.
- (d) For each private healthcare facility:-
 - (i) The qualified healthcare travellers shall comprise of at least 5%^[1] or 10%^[2] of its total patients for each year of assessment; and
 - (ii) At least 5%^[1] or 10%^[2] of its gross income from that qualifying project for each year of assessment is generated from healthcare travellers.
- (e) For a new private healthcare facility project:
 - (i) Application must be submitted to MIDA prior to commencement of business; and
 - (ii) Application must be submitted to MIDA together with the approval for establishment (Form 2) from MOH.

^[1] Effective from 1 January 2015 – 31 December 2017, for each private healthcare facility (Budget 2015)

^[2] Effective from 1 January 2018 – 31 December 2020, for each private healthcare facility (Budget 2018)

- (f) For expansion / modernisation / refurbishment project of an existing private healthcare facility:
- (i) Application must be submitted to MIDA before the first qualifying capital expenditure is incurred for the purpose of expansion / modernisation / refurbishment project; and
 - (ii) Application must be submitted to MIDA together with the approval for expansion / modernisation / refurbishment (Form 6) from MOH.
- (g) The incentive is applicable for applications received by MIDA not later than 31 December 2020.

Note: Definition of ‘healthcare traveller’ –

- i. A non-Malaysian citizen who participates in the Malaysia My Second Home (MM2H) Programme and his dependents;
- ii. An expatriate who is non-Malaysian citizen holding a Malaysian work permit and his dependents: or
- iii. A non-Malaysian citizen who visits and receives treatment from private healthcare facilities in Malaysia.

Qualifying Capital Expenditure

For the purpose of ITA, qualifying capital expenditure in relation to private healthcare facilities means capital expenditure incurred in relation to building, plant and machinery, the medical devices or other facilities in accordance with criteria as set out by the Ministry of Finance and used for the purpose of the qualifying project and shall be verified by the Ministry of Health.

(ii) Additional Incentives for Healthcare Travel

Double deduction incentive on the expenditures incurred for the purpose of obtaining quality accreditation for private healthcare facility which registered as the member of Malaysia Healthcare Travel Council (MHTC).

Private hospital, private ambulatory care centre^[1] and private dental^[1] which registered as the member of the Malaysia Healthcare Travel Council (MHTC) is entitled to enjoy the double deduction incentive on the expenditures incurred for the purpose of obtaining quality accreditation from the following quality accreditation bodies / organisations:-

No.	Accreditation Bodies / Organisations	Country of Origin
1.	Joint Commission International Accreditation (JCIA)	United States of America
2.	Malaysian Society for Quality in Health (MSQH)	Malaysia
3.	CHKS Accreditation Unit (CHKS)	United Kingdom
4.	The Australian Council on Health Care Standards (ACHS)	Australia
5.	Accreditation Canada	Canada

[1] Effective from year of assessment 2018 (Budget 2018)

The double deduction incentive is given under the provision of Section 34(6)(ma), Income Tax Act, 1967 starting from 4 February 2016.

The double deduction incentive is subject to the following conditions:-

- (a) Applicant is responsible to ensure that the International Society for Quality in Health Care (ISQua)'s recognition awarded to the above accreditation bodies / organisations are legitimate and valid during the year of assessment;
- (b) Applicant must obtain full accreditation from the above accreditation bodies / organisations and to ensure the full accreditation awarded is legitimate and valid during the year of assessment and recognised by ISQua;
- (c) Applicant must comply with the rules and regulations determined by MHTC; and
- (d) Applicant must comply with the guidelines and regulations determined by the Inland Revenue Board (IRB).

Claims should be submitted to IRB.

7. GENERAL AGREEMENT ON TRADE IN SERVICES (GATS), ASEAN FRAMEWORK AGREEMENT ON SERVICES (AFAS) AND FREE TRADE AGREEMENTS (FTAS)

The updates and information on Schedule of Special Commitments of GATS, AFAS and FTAs is available in MITI's website www.miti.gov.my



Malaysian Investment Development Authority

MIDA Sentral, No.5, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia

Tel: (603) 2267 3633 Fax: (603) 2274 7970 Website: www.mida.gov.my

E-mail: investmalaysia@mida.gov.my

2019