

GUIDELINES FOR APPLYING FOR TAX INCENTIVES FOR INTEGRATED LOGISTICS SERVICES (ILS)

1. TAX INCENTIVES

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

- Pioneer Status

- Income tax exemption of 70% of statutory income for a period of five years; or
- Income tax exemption of 100% of statutory income for a period of five years for projects located in the Eastern Corridor of Peninsular Malaysia, Perlis, Sabah and Sarawak.

- Investment Tax Allowance

- Investment Tax Allowance of 60% of qualifying capital expenditure incurred within five years from the date on which the first qualifying capital expenditure is incurred. The allowance can be offset against 70% of statutory income; or
- Investment Tax Allowance of 100% of qualifying capital expenditure incurred within five years from the date on which the first qualifying capital expenditure is incurred for projects located in the Eastern Corridor of Peninsular Malaysia, Sabah and Sarawak. The allowance can be offset against 100% of statutory income.

2. ELIGIBLE APPLICANT

New entrants or existing logistics services providers intending to expand/diversify into integrated operations-

3. QUALIFYING CRITERIA

(i) **Locally Incorporated**

The company must be incorporated under the Companies Act 2016 and resident in Malaysia.

(ii) Eligible Services

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/re-labelling, testing, etc.)
- Supply chain management

(iii) Equity

The equity of the company must be at least 60% Malaysian.

(iv) Minimum Infrastructure to be Owned by Applicant Company

- Commercial Vehicles – 20 units
- Warehousing facilities – 5,000 sq. metres

4. PROCEDURE FOR APPLICATION

Applications should be made using the relevant Form as follows:-

a. New Integrated Logistics Services Project

ILS-1

b. Expansion/Diversification of Integrated Logistics Services Project

ILS-2

Applications should be submitted in **three (3) sets** 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, Business Services and Supply Chain Innovation Division)

For projects in Sabah and Sarawak, an additional **three (3) copies** of the Forms should 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
Karamuning
88100 Kota Kinabalu
Sabah, Malaysia

Sarawak

Director

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

For enquiries and clarification, please refer to:-

Tel : (603)2267-3633
Fax : (603)2274-7970
E-mail : investmalaysia@mida.gov.my
MIDA's website : www.mida.gov.my