



# FACILITATION ON INVESTMENT



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# ABOUT MIDA



The principal Malaysian Government agency responsible for the promotion of investments and coordination of industrial development and selected services sectors in the country Established in 1967 under Act of Parliament, 1965.

**1st point of contact** for investors who intend to set up projects in the manufacturing and services sectors in Malaysia

- Foreign Direct Investment
- Domestic Investment
- Manufacturing & Selected Services

PROMOTION



EVALUATION



- Manufacturing Licenses
- Tax Incentives
- Expatriate Posts
- Duty Exemption
- Principal Hub & selected services

- Assist companies in the implementation & operation of their projects
- Facilitate exchange & coordination among institutions engage in or connected with industrial development
- Advisory Services

MONITORING



PLANNING



- Planning for industrial development
- Recommend policies & strategies on industrial promotion and development
- Formulation of strategies, programmes and initiatives for international economic cooperation

# MIDA Network

- New York
- San Jose
- Chicago

- London
- Stockholm
- Munich
- Frankfurt
- Milan
- Paris

*20 overseas offices  
and 12 state offices*

Dubai

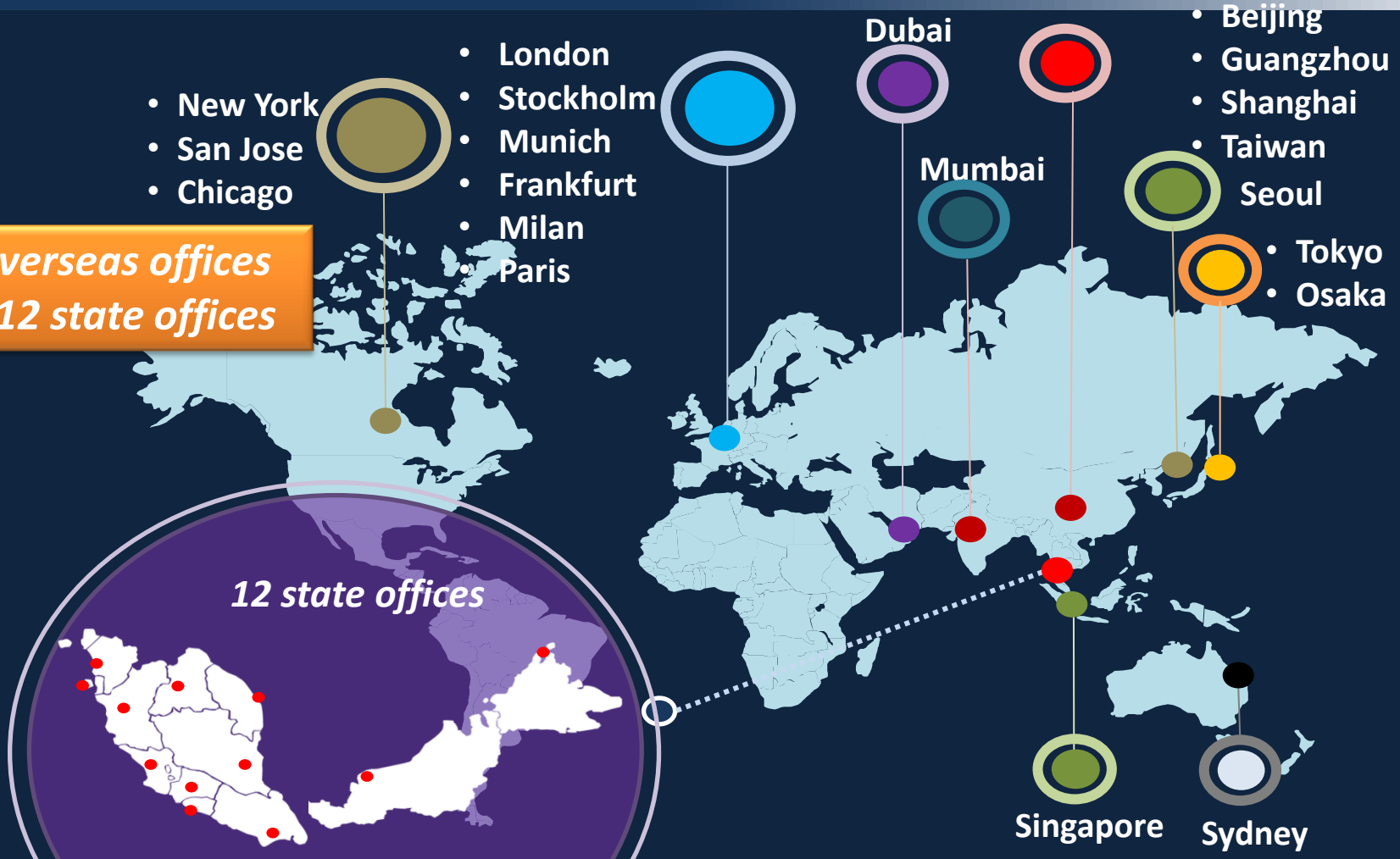
Mumbai

- Beijing
- Guangzhou
- Shanghai
- Taiwan
- Seoul
- Tokyo
- Osaka

*12 state offices*

Singapore

Sydney



# One Stop Centre



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY



## Based in MIDA



Immigration  
Department



Royal Malaysian  
Customs



TENAGA NASIONAL



Labour  
Department



Telekom Malaysia  
Berhad



MIDA as a  
One Stop  
Centre

## Based Outside MIDA



MINISTRY OF FINANCE MALAYSIA



Department of Occupational  
Safety & Health

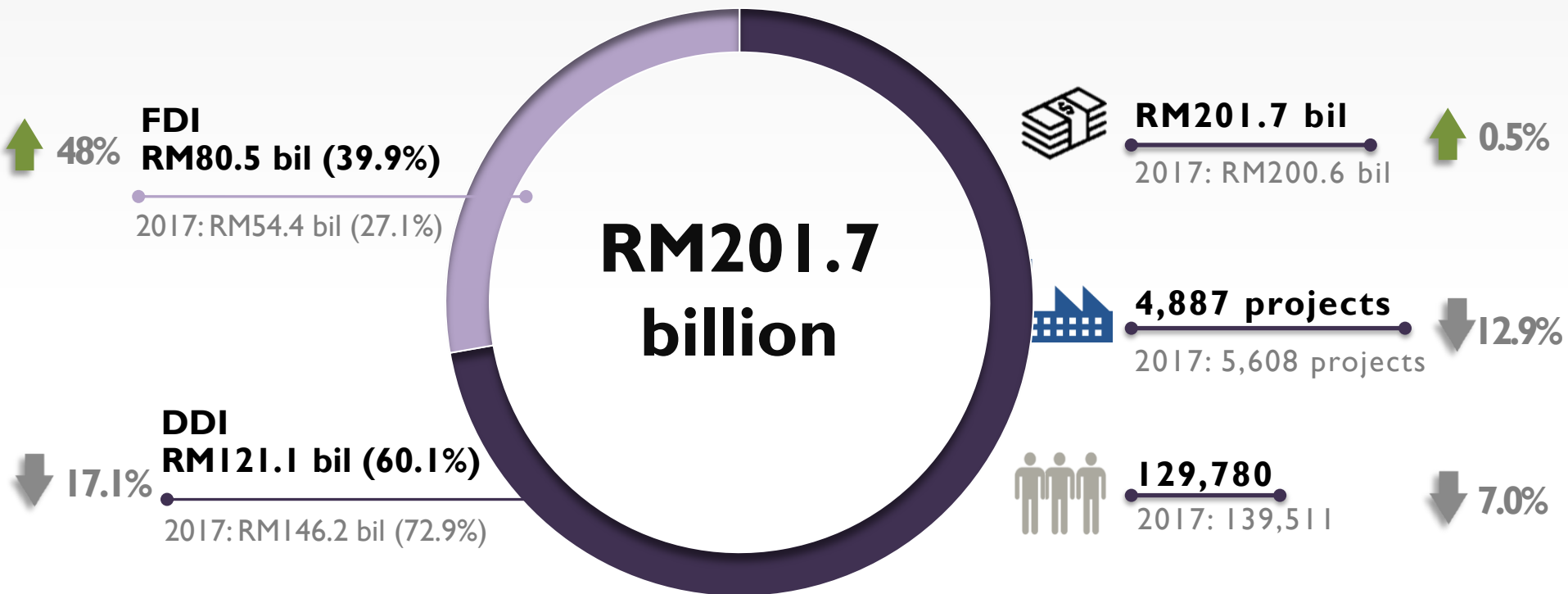






# APPROVED INVESTMENTS

# TOTAL APPROVED INVESTMENTS IN 2018



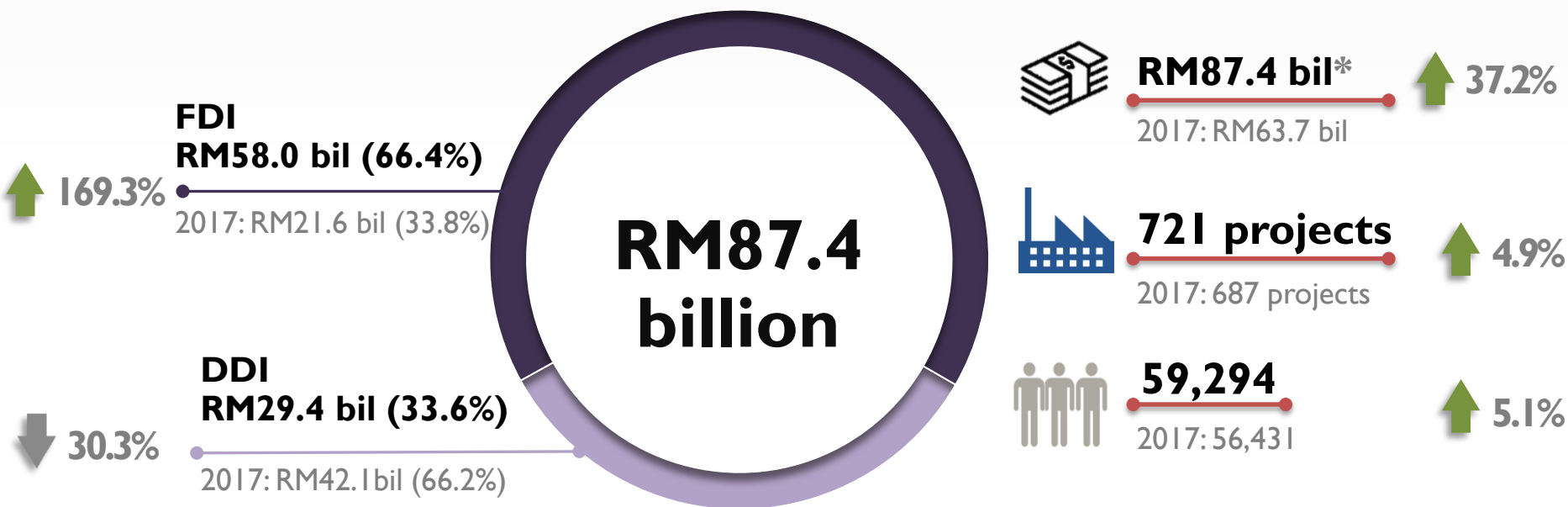
Source: MIDA



## APPROVED INVESTMENTS IN THE MANUFACTURING SECTOR IN 2018

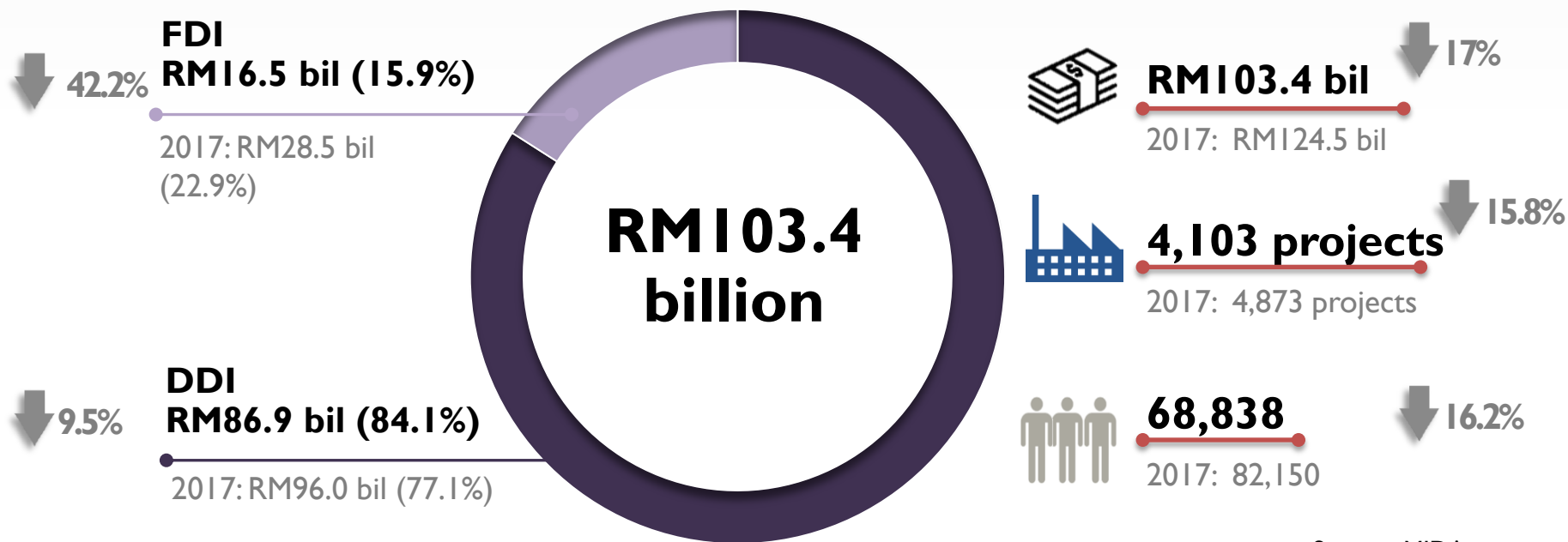
Approved investments increased by **37.2%** year-on-year, supported by *a number of capital intensive projects*.

No. of approved projects increased by **4.9%** and employment increased by **5.1%**.



## APPROVED INVESTMENTS IN THE **SERVICES SECTOR** IN 2018

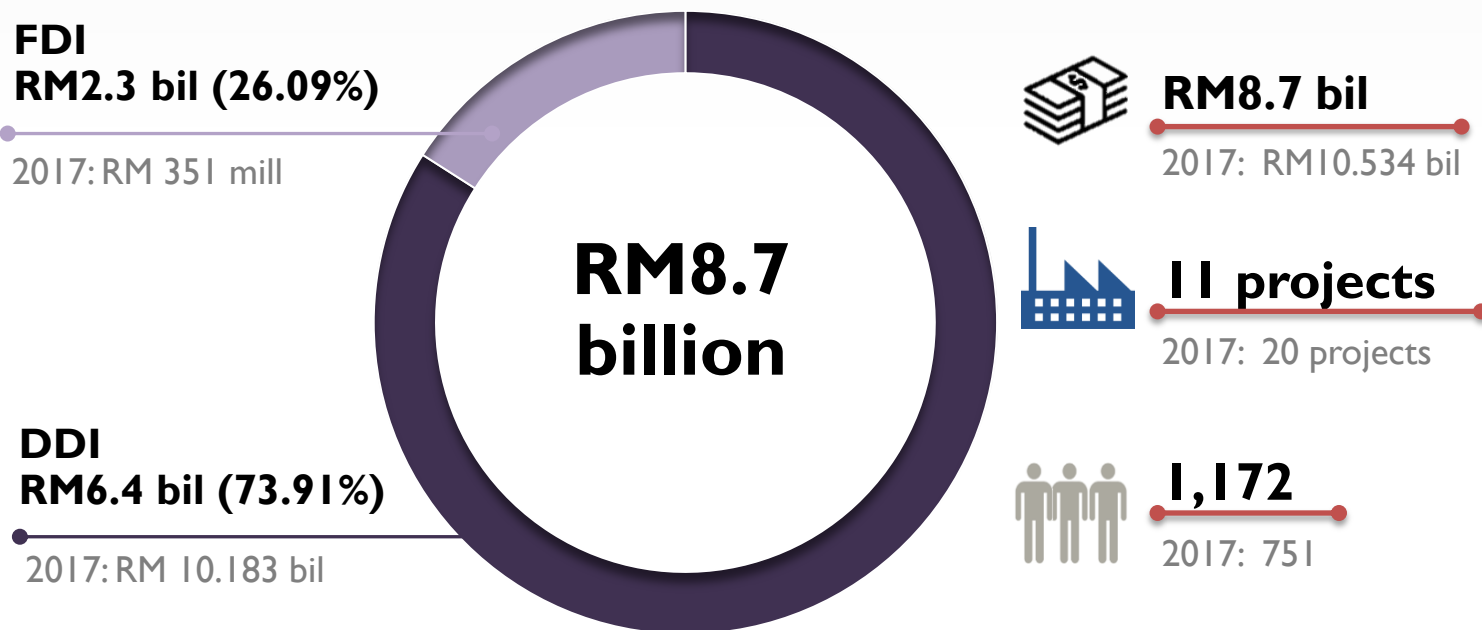
The services sector continued to be the cornerstone of the nation's economic growth as it is the **largest contributor** to the total approved investments in 2018.



Source: MIDA



## APPROVED INVESTMENTS SARAWAK IN 2018 (MANUFACTURING)



Source: MIDA





# INVESTMENT POLICIES & INCENTIVES

# MANUFACTURING LICENCE



A company with shareholders' funds of **RM2.5 million** and above or **employing 75** or more full-time paid employees to obtain a Manufacturing Licence.

The image shows a sample of the MIDA application form. It includes the MIDA logo, the title 'APPLICATION FOR INCENTIVE AND/OR EXPATRIATE POSTS FOR A SMALL SCALE MANUFACTURING COMPANY', and a table for providing details about the proposed production unit. A red bracket on the right side of the form points to the list of requirements.

Proposed production unit	HS tariff code	Proposed factory location	Establishment Approved By Other Government Agencies

- **"Shareholders' funds"** - a company's paid-up capital, reserves, balance of share premium account and balance of profit and loss appropriation account
- **"Full-time paid employees"** - persons working in the establishment for at least six hours a day and at least 20 days a month for 12 months during the year and who receive a salary.

Forms can be downloaded from:

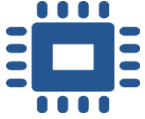
<http://www.mida.gov.my/home/forms-&-guidelines-for-manufacturing-sector/posts/>

# Targeting Quality Investments





# Promoted Activities (Manufacturing Sector)



**Advanced Electronics**



**Machinery &  
Equipment**



**Oil and Gas**



**Specialty Chemicals**



**Medical Devices**



**Transportation Technology**



**Biotechnology**



**Aerospace – MRO**



**Food Technology**



**Pharmaceuticals**



**Advanced Materials**

# Promoted Activities (Services Sector)

## Services Sector

### 45 Sub Sectors

liberalised since 2009

Logistics



Hotel  
& Tourism



Education &  
training



Green  
Technology



Offshore &  
Outsourcing Activities



Medical Tourism



R&D



ICT Services



Principal Hub

# Major Incentives:

## Pioneer Status

Income tax exemption ranging from 70% or 100% for a period of 5 or 10 years

## Investment Tax Allowance

60% or 100% on qualifying capital expenditure for 5 years

## Reinvestment Allowance

60% on qualifying capital expenditure for 15 consecutive years

## Import Duty Exemption

For raw materials / components and machinery and equipment

## Investment Policies :

### OWNERSHIP

Manufacturing & selected services sectors can be wholly foreign-owned

100%

### EXPATRIATE POSTS

Liberal policy, based on merit of each case







# Automation Capital Allowance (ACA)

## OBJECTIVES :



To encourage **manufacturing companies** to engage in innovative and productive activities



To encourage the **quick adoption of automation** especially for labour-intensive industries



To further **spur automation initiatives**

## ELIGIBILITY CRITERIA:

- **Manufacturing companies** (labour and non-labour intensive) operating at least **36 months** in Malaysia.
- Automation equipment is **used directly in the manufacturing activities to enhance the productivity and increase volume of output.**
- Automation **equipment adopts technology that is more advanced than the technology currently used** by the company and **to be verified by SIRIM.**

## TYPE OF INCENTIVE:

### Category 1:

- **Labour intensive industries (rubber products, plastics, wood, furniture and textiles)**
- **ACA of 200% on the first RM4 million expenditure incurred within Year of Assessment 2015 to 2020.**





### Category 2:

- **Other industries**
- **ACA of 200% on the first RM2 million expenditure incurred within Year of Assessment 2015 to 2020.**



# Less Developed Area Incentive (LDA)

- To encourage more equitable regional development and inclusiveness, this incentive packages provided under ECs are enhanced to include more areas that are less developed.

Income tax exemption	Stamp duty exemption on	Withholding tax exemption on	Import duty exemption on
<ul style="list-style-type: none"> <li>100% up to 15 years of assessment (5+5+5); or</li> <li>100% of qualifying capital expenditure (ITA) incurred within 10 years</li> </ul> 	<ul style="list-style-type: none"> <li>Transfer or lease of land or building used for development in relation to manufacturing and services activities</li> </ul> 	<ul style="list-style-type: none"> <li>Fees for technical advice, assistance or services or royalty in relation to manufacturing or services activities up to 31 Dec 2020</li> </ul> 	<ul style="list-style-type: none"> <li>Raw materials and components used directly in the manufacture of finished products</li> <li>Machinery and equipment used in the activity for selected services sector</li> </ul> 

**\*Submission period: 1 January 2015 to 31 December 2020**

## Investment Tax Allowance - ITA (Project)

Investment Tax Allowance (ITA) of **100% of qualifying capital expenditure (QCE) incurred from the date of application received by MIDA until 31 December 2020.**

- **Renewable Energy (RE)**
  - Generation of energy such as electricity, steam, heat and chilled water using RE sources like solar\*, biomass, biogas, mini-hydro and geothermal
  - \*Excluding solar FiT project
- **Energy Efficiency (EE)**
  - Investment in energy efficient equipment or technologies e.g. energy efficient motor, variable speed drive, chiller, cogen etc.
- **Green Building**
  - Building owners of the commercial / industrial building that have been awarded green building certificates from certification body approved by the Government.
- **Green Data Centre**
  - Purchase of any energy efficient product or solution for data centre which have been awarded green building certificates from relevant certification body approved by the Government
- **Integrated Waste Management Activity**
  - Waste recycling / recovery / treatment activity and additional activity such as composting / storage / collection / disposal



# Green Technology Incentives (Cont.)

## Income Tax Exemption – ITE (Services)

Income Tax Exemption (ITE) of **100% of statutory income from the year of assessment** where the **date of application received by MIDA** until the year of assessment 2020.

- **Renewable Energy (RE)**
  - Feasibility study, system design & advisory & consultancy, testing & commissioning
- **Energy Efficiency (EE)**
  - Advisory & consultancy, energy audit & management, measurement & verification, testing & commissioning
- **Green Building**
  - Design & consultancy, testing & commissioning of green building equipment/system
- **Green Data Centre**
  - System design & feasibility study, advisory & consultancy, testing & commissioning
- **Certification or Verification Bodies**
  - Green certification of products, equipment and buildings
- **Green Township**
  - Advisory & consultancy , design & feasibility study in green township and low carbon cities planning
- **Electric Vehicles (EV)**
  - Installation, maintenance and repair of EV charging equipment, infrastructure and EV charging station, Operation of EV charging station, Maintenance, Repair and Overhaul of EV



# **DOMESTIC DIRECT INVESTMENT INITIATIVES**

# Domestic Investment Strategic Fund

- Incorporated under the Companies Act, 1965/ Companies Act 2016.
- New companies in the manufacturing and services sectors with **Malaysian equity ownership of at least 60%.**
- **Existing companies in the manufacturing and service sectors with Malaysian equity ownership of at least 60% undertaking reinvestments (expansion/modernization/diversification)**
- Companies producing promoted products/ engaged in promoted activities in the following sectors:

## Manufacturing

1. Aerospace;
2. Medical Devices;
3. Pharmaceuticals;
4. Advanced Electronics;
5. Machinery and Equipment;
6. Other industries, on case by case basis.

## Services

1. Design and Development;
2. R&D;
3. Testing/Calibration
4. Quality & Standard Certification
5. Architectural/Engineering Services;
6. Technical and or skills training;
7. Logistics Service Provider (3PL)
8. ICT Solutions providers related to Industry 4.0
9. Green Technology

- **Matching grants (1:1) on reimbursable basic** to cater for expenditures incurred for the following activities:
  - i. Training
  - ii. R&D Activities
  - iii. Licensing / purchase of new or high technology
  - iv. International standards/ certificates
  - v. Modernization & upgrading

# Incentives for Small Scale Companies

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- Company incorporated in Malaysia with **shareholders' fund not exceeding RM2.5 million** and having at least **60% to 100% Malaysian equity**.
- PS with income tax exemption 100% of statutory income for 5 years; or
- ITA of 60% qualifying capital expenditure incurred within a period of 5 years.
- Example Industries : Manufacture of Parts and components, Electrical and electronic products, transport components parts, chemical and pharmaceutical, wood and wood products, paper and paperboard, textile and textile products, Food products.

## Incentives for Companies in Production (Desirous Issue)

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- Malaysian-owned manufacturing and services that are already in production which do not comply with the 'desirous' clause under the PIA 1986 are **now eligible to be considered for tax incentives**.





**INDUSTRY4WRD**



# National Policy on Industry 4.0 : Industry4WRD



## Attract

*Attract stakeholders to Industry 4.0 technologies & processes*



## Create

*Create the right ecosystem for Industry 4.0 technologies to be adopted and to nurture innovations*









## Transform

*Transform capabilities of the manufacturing industry to be Industry 4.0-ready*



# Industry4WRD : Focus Sectors

Electrical & Electronics	Machinery & Equipment	Chemical	Medical Devices	Aerospace	Other Sectors
					
The Electrical & Electronics industry is the leading industry in Malaysia's manufacturing sector, contributing significantly to the country's exports and employment	The Machinery & Equipment industry is one of the key areas for growth and development, focusing on high value-added and high technology M&E	The Chemical industry is one of the catalytic industries in the country with rapid growth due to the availability of oil and gas as a feedstock	The Medical device industry spans an extremely wide range of industries from rubber and latex, plastics, machinery and engineering support and electronics	The Aerospace industry has been designated as a strategic sector with high growth potential in the country's industrialisation and technological development programs	
<b>Subsectors:</b>	<b>Subsectors:</b>	<b>Subsectors:</b>	<b>Subsectors:</b>	<b>Subsectors:</b>	
<ul style="list-style-type: none"> <li>Electronic components</li> <li>Consumer electronics</li> <li>Industrial electronics</li> <li>Electrical products</li> </ul>	<ul style="list-style-type: none"> <li>Specialised M&amp;E for specific industries</li> <li>General industrial M&amp;E, parts and components</li> <li>Power generating M&amp;E</li> <li>Machine tools</li> </ul>	<ul style="list-style-type: none"> <li>Petroleum products &amp; petrochemicals</li> <li>Plastic products</li> <li>Rubber products</li> <li>Chemical &amp; chemical products</li> <li>Oleochemicals</li> </ul>	<ul style="list-style-type: none"> <li>Consumables</li> <li>Surgical instruments, clinical device &amp; implants</li> <li>Healthcare equipment</li> </ul>	<ul style="list-style-type: none"> <li>Engineering &amp; design</li> <li>Aero-manufacturing</li> <li>System integration</li> <li>Maintenance, Repair and Operations (MRO)</li> </ul>	<ul style="list-style-type: none"> <li>Automotive</li> <li>Transport</li> <li>Textiles</li> <li>Pharmaceutical</li> <li>Metal</li> <li>Food processing</li> <li>Services</li> </ul>

# Initiatives for Industry4WRD (Budget 2019)



## ➤ Expansion Scope of DISF and HIF for Industry4WRD

Under the Budget 2019, Government has introduced 2 initiatives for Industry 4.0 related to the existing non-fiscal incentives (grants) under the purview of MIDA:

1. Expansion of scope of the Domestic Investment Strategic Fund (DISF) to cover Industry 4.0 relevant activities (with proposed reimbursable basis ratio of 60:40)
2. Expansion of scope of the High Impact Fund (HIF) to cover modernization activities of Industry 4.0

Fund	Reimbursable Basis Ratio	Readiness Assessment (RA)	Equity Ownership	Eligible Activities	Additional Criteria
Existing DISF	50:50	-	Malaysian equity ownership of at least 60%	R&D, Training, Modernisation (outsourcing), Licensing / Purchase New Technology and International Standards / Certifications	-
Industry4WRD DISF	60:40	Undergone RA	Malaysian equity ownership of at least 60%	Activities related to Industry 4.0 [R&D, Training, Modernisation (outsourcing), Licensing / Purchase New Technology and International Standards / Certifications]	Must adopt enabling technologies i.e IoT, AI, Big Data Analytics, etc
Existing HIF	50:50	-	-	R&D and Training	-
Industry4WRD HIF	50:50	Undergone RA	-	R&D, Training and Modernisation (outsourcing) related to Industry 4.0	Must adopt enabling technologies i.e IoT, AI, Big Data Analytics, etc

# Initiatives for Industry4WRD (Budget 2019)

## ➤ Incentive for Industry4WRD Vendor Development Programme (VDP)



### Type of Incentive



Double deduction on the qualifying operating expenditure incurred by Anchor Companies up to RM1 million per year for 3 consecutive years of assessment.

### Qualifying Expenditures



Product Development



Upgrading capabilities of vendors



Skills training of vendors

### Eligibility Criteria

**Manufacturing or Manufacturing Related Services Companies**

**Possesses a valid business license and manufacturing license (if applicable)**

**Must undertake VDP**

**Must develop at least three (3) local vendors within 3 years**





# MIDA LATEST OFFERING



# Investment Coordination Platform (ICP)

Investment Coordination Platform



- MIDA's **latest initiative** in providing assistance to local companies or SMEs to **bridge their financial and technology gaps through strategic collaborations and joint ventures.**
- Main objective is to encourage more domestic direct investments.

## BUSINESS MATCH MAKING

Facilitates B2B arrangement for companies with value enhancing capabilities and resources

## CAPITAL RAISING (DEBT & EQUITY)

Provide an opportunity for companies to engage with potential founders from various financial institutions, private equity and venture capital firms

## INITIAL PUBLIC OFFERING (IPO)

Facilitation for private placement prior to listing exercise

## JOINT VENTURE, M&A DIVESTMENT

Facilitate companies in undertaking M&A, or Divestments exercise in providing opportunity to reinvest profits in other markets and businesses

# Success Stories

Investment Coordination Platform



Business expansion for a local food company through equity funding.

Technology advancement for a full-fledged solar company through equity funding.

Joint venture for production of high specialty gloves between two local glove manufacturing companies.

Business expansion of a large pharmaceutical company through acquisition of existing facility of another entity

Development of new industrial and commercial zones in Peninsular Malaysia involving multiple stakeholders.

Diversification of a large local corporation in O&G services sector into renewable energy through JV with local players

Domestic & international retail markets penetration for local products through chains of multinational hypermarket.

Commercialisation of bio-based cosmetic products between research institution and local SME company.

# Incentive Coordination & Collaboration Office (ICCO)

- Incentive Coordination and Collaboration Office (ICCO) was established in MIDA on the **15<sup>th</sup> April 2015**.
- Objectives:-
  - Coordinating investment incentives schemes under a single portal;
  - Provide greater cross agency visibility and transparency of incentives offered;
  - Undertake impact evaluation of current and new incentives scheme.
- Major Projects:



<https://incentives.mida.gov.my>

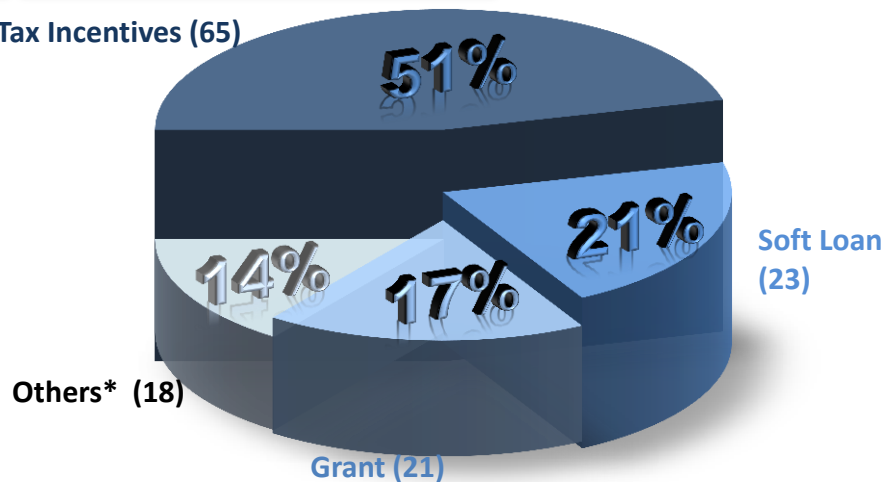
# Category of Incentives

## 1 Key Figures



## 2 Type of Incentives

Tax Incentives (65)



\* Out of the incentives offerings, 124 is applicable for SME's.

## 3 By Sectors

33%

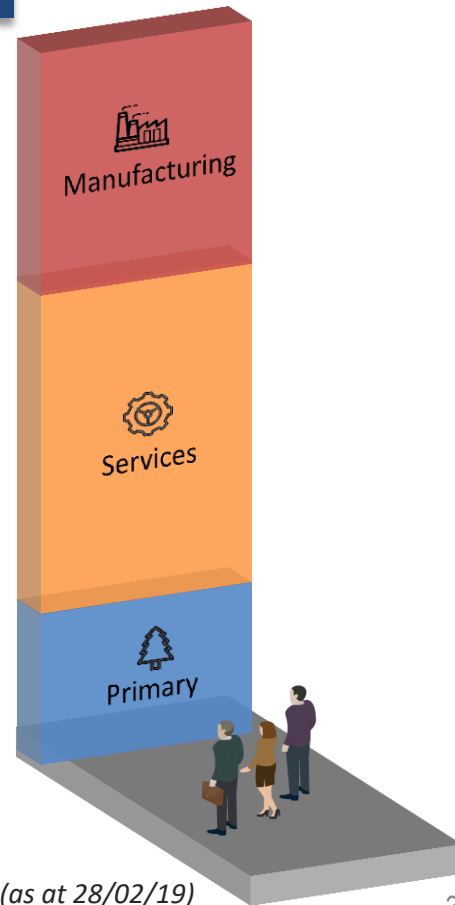
Manufacturing

55%

Services

12%

Primary



Source: i-Incentives Portal (as at 28/02/19)

\* Equity funding, training, aids, regional establishments & other facilitation programmes.

# MIDA i-SERVICES PORTAL

***“A Single Market Place to Link Investors and Companies Interested to Source for Domestic Services with Local Service Providers”***



To assist investors who are looking for local service providers



To promote and encourage the utilisation of local service providers for investment projects



To facilitate linkages programmes by MIDA or other agencies

<http://iservices.mida.gov.my>

**REGISTER TODAY**

## **SERVICE PROVIDERS**

Register to get more prospective clients by providing your services here

## **USERS**

Register to access a wide range of services available in the portal



Accounting



Architectural



Construction



Banking



Education



Engineering



Environmental Protection



ICT



Distribution & Logistics



Insurance



Legal



Oil & Gas



Other Professional & Technical



Real Estate



Green Technology Services



# Thank you



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

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Malaysia is a vibrant economy. Talk to MIDA and discover how Malaysia can be your Profit Centre in Asia  
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