

GUIDELINES AND PROCEDURES FOR LESS DEVELOPED AREAS INCENTIVE

TYPE OF INCENTIVE

Customised incentive based on the merit of each case:

- i. **Income Tax Exemption of 100%** up to **15 years of assessment (5+5+5)** commencing from the first year of assessment the company derives statutory income. The company must comply with the conditions and achieve the Key Performance Index (KPIs) for each additional 5 years.

OR

Income Tax Exemption equivalent to 100% of qualifying capital expenditure (**Investment Tax Allowance**) incurred within a period of **10 years**. The allowance can be offset against **100%** of statutory income for each assessment year. Unutilised allowances can be carried forward until fully absorbed. The company must comply with the conditions and achieve the KPIs for additional 5 years;

- ii. **Stamp duty exemption** on transfer or lease of land or building used for development in relation to manufacturing and services activities;
- iii. **Withholding tax exemption** on fees for technical advice, assistance or services or royalty in relation to manufacturing and services activities up to **31st December 2020**;
- iv. **Import duty exemption** on raw materials and components that are not produced locally and used directly in the manufacture of finished products subject to the prevailing policy, guidelines and procedures; **and**
- v. **Import duty exemption** on machinery and equipment that are not produced locally and used directly in the activity for selected services sector subject to the prevailing policy, guidelines and procedures.

ELIGIBILITY CRITERIA

- i. A company incorporated under the **Companies Act, 1965**.
- ii. Eligible applicants:
 1. **Existing company** expanding its operation into the less developed areas; **or**
 2. **Newly established company**
- iii. The company is to undertake its **manufacturing or services activities in the less developed areas** that will lead to **substantial creation of employment and rural development**.
- iv. Complies with other conditions specified by the Minister of Finance including **value added, local employment and Managerial, Technical and Supervisory staff index (MTS Index)**.
- v. For the **application of stamp duty exemption on transfer or lease of land or building used** for development in relation to manufacturing and services activities:
 1. The application must be made **prior to the transfer or lease of land or building**; and
 2. **No payment of stamp duty** (on the value of duty imposed) **has been made in advance**. Application for the exemption cannot be considered, if the company has made a payment prior to decision from the Ministry of Finance.

EFFECTIVE DATE OF APPLICATION

Application received by MIDA from **1 January 2015 until 31 December 2020** is **eligible** to be considered for this incentive.

PROCEDURE FOR APPLICATION

The application should be submitted in **three (3) copies** of ***ICA/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.

*** *Whichever relevant existing ICA/JA forms***

For project 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 Fl.
Bangunan Bank Negara Malaysia
No 147, Jalan Satok
PO Box 716, 93714 Kuching,
Sarawak, Malaysia

For enquiries and clarification, please refer to:-

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