

EDUCATION AND INDUSTRIAL TRAINING





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.

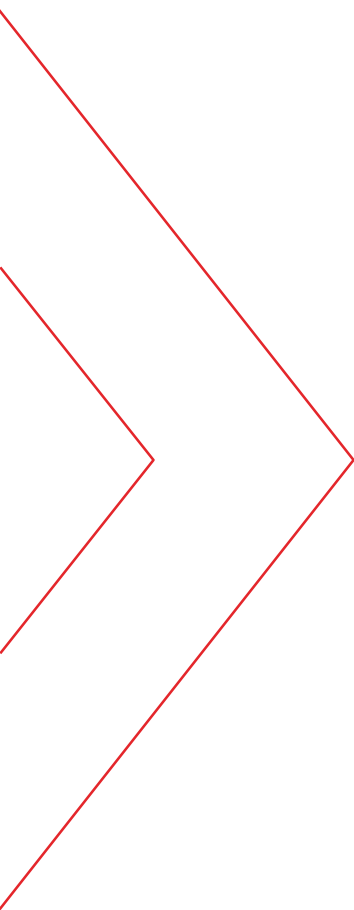
MIDA is the first point of contact for investors who intend to set up projects in manufacturing and services sector in Malaysia. With its headquarters in Malaysia's capital city of Kuala Lumpur, MIDA has established a global network of 20 overseas offices covering North America, Europe and the Asia Pacific 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).

EDUCATION AND INDUSTRIAL TRAINING SERVICES

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EDUCATION AND INDUSTRIAL TRAINING SERVICES

Education and industrial training services include private higher education (including college and university education) and other technical and vocational education.

1. PRIVATE HIGHER EDUCATIONAL INSTITUTIONS (PHEIs)

Private Higher Educational Institutions (PHEIs) include the following:

- Private universities and branch campuses of foreign universities with university status;
- Private colleges/institutions with non-university status; and
- Technical and vocational training institutions.

The establishment, management and quality of the courses of study conducted in a PHEI are governed by the following Acts:

- Private Higher Educational Institutions Act, 1996 (Act 555) & Regulations
- Malaysian Qualification Agency Act 2007 (Act 679)
- The Education Act, 1996 (Act 550)
- The Universities and University Colleges Act, 1971 (Act 30)

1.1 Licensing and Registration

(i) Local Incorporation

Investors intending to set up a PHEI must incorporate a company under the Companies Act, 2016 (Act 777) and Regulations.

(ii) Approval in Principle to Establish PHEIs

In order to set up a PHEI in Malaysia, applicants are required to submit a proposal to the Registration and Standard Division under the Ministry of Higher Education (MOHE) detailing the PHEI's concept plan which may be followed by a presentation. An approval in principle will be granted for the establishment of the PHEI, if MOHE is satisfied with the concept plan.

Only applications from companies registered with the Commission of Companies Malaysia (CCM) are accepted.

(iii) Approval to Establish PHEIs and Approval to Conduct Courses of Study

Upon approval of establishment, the company is required to submit a formal application to MOHE to establish the PHEI, and to conduct any course of study or training

programme either singly or jointly with any university, University College, or other higher educational institutions (public/private/professional body in or outside Malaysia).

MOHE will then forward the application to conduct the course of study to the Malaysian Qualification Agency (MQA) for processing. The application must include details of the course curriculum, teachers, facilities and the management system of the courses to be conducted. A Panel of Assessors (PoA) from MQA will process the application to conduct the courses of study, and will give its recommendations to MQA for a decision.

Letters of approval to establish the PHEI and to conduct the courses of study will be issued by MOHE to the institution.

(iv) Registration of PHEIs

Upon approval, the company is required to register with MOHE as a PHEI under the Private Higher Educational Institutions Act, 1996 (Act 555) and Regulations. Applications to register as a PHEI should be submitted to the Department of Higher Education. A Certificate of Registration will then be awarded.

(v) Programme Accreditation by the Malaysian Qualifications Agency (MQA)

There are two stages of programme accreditation, i.e. Provisional Accreditation and Full Accreditation.

The purpose of Provisional Accreditation is to establish whether the minimum requirements to conduct the programme have been met by the Higher Education Provider (HEP) in respect of the nine areas of evaluation as prescribed in the *Code of Practice for Programme Accreditation (COPPA)*, especially the programme design. The evaluation is conducted by appointed MQA's Panel of Assessors. The report produced from this exercise accompanied by the *Certificate of Quality Compliance (CQC)* will be used by the HEP to seek approval from the MOE to offer the programme, and, on obtaining it, to commence the programme.

The purpose of Full Accreditation is to ensure that the programme has met the set of standards prescribed in COPPA, Programme Standards (PS), related Codes of Practice, Guidelines (GGP) and Standards, and most importantly to be in compliance with the *Malaysian Qualifications Framework (MQF)*. Full Accreditation is an independent assessment conducted by MQA through its appointed Panel of Assessors, who are responsible in the evaluation of *Programme Information and Self Review Report* submitted by the HEP. This exercise requires a site visit to validate and verify information furnished by the HEP. The HEP that has successfully showed compliance will be granted with a full accreditation status which is perpetual but will be subjected to a maintenance audit for at least once in every 5 years.

Accreditation adds value to the programme and qualification. It enhances public confidence and acts as a basis for national and international recognition. These are some of the advantages of accreditation:

- (i) eligibility to apply study loan from funding agencies such as *National Higher Education Fund (PTPTN)*;
- (ii) eligibility to further studies in higher education institutions and obtain credit transfer; and
- (iii) employment in public sector.

1.2 Equity Policy

The Government had announced on 7 October 2011 that private higher education institution with university status would be one of the 17 services sub-sectors that would be liberalised. Please refer to MITI website www.miti.gov.my for information on liberalisation.

1.3 Specific Immigration Procedures

PHEIs intending to employ expatriates including foreign lecturers and trainers must obtain the support of the Registration and Standard Division, MOHE.

Upon approval, PHEIs should forward their applications for Employment Passes to the Immigration Department for endorsement.

Foreign lecturers with valid employment passes should later apply to the Education Department for Permits to Teach in accordance with the Private Higher Educational Institutions Act, 1996 (Act 555) & Regulations. Approval for the expatriate posts and Permit to Teach is granted according to the validity of a working permit.

1.4 Tax Incentives

(i) Investment Tax Allowance (ITA)

New PHEIs in the field of science; and existing PHEIs in the field of science that undertake new investments to upgrade their training equipment or expand their training capacities are eligible for an Investment Tax Allowance (ITA) of 100% for ten (10) years. This allowance can be offset against 70% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

*The qualifying science courses are as follows:

- Biotechnology
 - Medical and health biotechnology
 - Plant biotechnology
 - Food biotechnology
 - Industrial and environment biotechnology
 - Pharmaceutical biotechnology
 - Bioinformatics biotechnology
- Medical and Health Sciences
 - Medical science in gerontology
 - Medical science in clinical research
 - Medical biosciences
 - Biochemical genetics
 - Environmental health
 - Community health

- Molecular Biology
 - Immunology
 - Immunogenetics
 - Immunobiology
- Material sciences and technology
- Food science and technology

*(Not an exhaustive list)

At least 70% of the students enrolled must be registered in the field of technical or vocational training or science courses, and at least 70% of the students sitting for examinations must be in technical or vocational or science field of studies.

Applications should be submitted to MIDA.

2. TECHNICAL AND VOCATIONAL TRAINING INSTITUTES

2.1 Licensing and Registration

Local Incorporation

Investors intending to set up a technical and vocational training institute must incorporate a company under the Companies Act, 1965.

2.2 Equity Policy

The Government had announced on 7 October 2011 that technical and vocational secondary education services and vocational secondary education services for students with special needs are among the 17 services sub-sectors that would be liberalised. Please refer to MITI website www.miti.gov.my for information on liberalisation.

2.3 Specific Immigration Procedures

All applications for expatriate posts relating to education should be submitted to Ministry of Education/Ministry of Human Resources for approval prior to the final approval on the work permit by the Immigration Department.

2.4 Tax Incentives

Companies that establish technical or vocational training institutions are eligible for an ITA of 100% for ten (10) years. This allowance can be offset against 70% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Existing companies providing technical or vocational training that undertake additional investments to upgrade their training equipment or expand their training capacities also qualify for this incentive.

The qualifying technical or vocational courses are as follows:

- Automotive (Electrical)
- Automotive (Mechanical)
- Computer Technology
- Digital Electronics & Trouble Shooting
- Industrial Solid State Electronics
- Power Electronics
- Mechatronics
- Hydraulics & Pneumatics
- CNC Machining
- Industrial Automation / Process Control / Robotics
- Instrumentation and Control
- Programmable Logic Controllers
- Metallurgy
- Metrology
- Heat Treatment
- Surface Treatment
- Mould, Tools & Dies Making – CAM, EDM, Wire Cutting

- Moulds, Tools & Dies Design – CAD
- Precision Optics
- Sheet Metalworking
- Welding / Arc Welding / Gas Welding / MIG / TIG Welding
- Wood Machining
- Electrical Chargemen AO (Medium Pressure)
- Electrical Chargemen BO (High Tension) Industrial and Domestic Wiring Installation
- Air-conditioning & Refrigeration
- Printing
- Furniture Making
- Industrial Sewing
- Mechanical Engineering (Plant/Machinery Maintenance)
- Aeronautics

Eligibility Criteria

- (i) The company must be locally incorporated under the Companies Act, 1965.
- (ii) The establishment of the institution must be approved by the Ministry of Higher Education /Licensing Body / Registrar which is approved by the government of Malaysia.
- (iii) At least 70% of the students enrolled must be registered in the field of technical or vocational training or science, and at least 70% of the students sitting for examinations must be in the technical or vocational field of studies.

Applications should be submitted to MIDA.

3. ADDITIONAL INCENTIVES FOR EDUCATION AND TRAINING SERVICES

(i) Special Industrial Building Allowance (IBA)

Companies that incur expenditure on buildings used for approved industrial, technical or vocational training can claim a special annual Industrial Building Allowance (IBA) of 10% for ten (10) years on qualifying capital expenditure for the construction or purchase of a building.

Claims should be submitted to Inland Revenue Board (IRB).

(ii) Exemption from Customs Duties on Educational Equipment

Approved training institutes, in-house training projects and all private institutions of higher learning are eligible for full exemption from import duty, sales and service tax (SST) and excise duty on educational equipment including laboratory equipment, workshop equipment, studio and language laboratory.

Applications should be submitted to MIDA.

(iii) Tax Exemption on Royalty Payment

Royalty payments made by educational institutions to non-residents (franchisor) for franchised education programmes that are approved by MOHE are eligible for tax exemption.

Claims should be submitted to IRB.



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