

**GUIDELINE FOR APPLICATION FOR TAX INCENTIVES FOR
INTEGRATED LOGISTICS SERVICES (ILS)
(31.03.2021)**

1. TAX INCENTIVES

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

- **Pioneer Status**

Pioneer Status with tax exemption of 70% of statutory income for five (5) years. Unabsorbed pioneer losses after the end of pioneer period are allowed to be carried forward for 7 consecutive year of assessment; **or**

- **Investment Tax Allowance**

Investment Tax Allowance of 60% of qualifying capital expenditure incurred within five years. The allowance can be offset against 70% of statutory income for each year of assessment. Unutilised allowances can be carried forward until fully absorbed.

2. ELIGIBLE APPLICANT

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

3. QUALIFYING CRITERIA

3.1 Locally Incorporated

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

3.2 Eligible Services

An integrated logistics services provider who undertakes the following three (3) principal activities:

- Freight forwarding (including customs clearance)
- 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

3.3 Equity

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

3.4 Minimum Infrastructure to be Owned by Applicant Company

- Commercial Vehicles¹ – 20 units
- Warehousing Facilities² – 5,000 sq. metres

4 PROCEDURE FOR APPLICATION

4.1 Applications should be made online at <https://investmalaysia.mida.gov.my>

4.2 Applications with incomplete information will not be accepted and will be returned to the company.

4.3 For enquiries and clarification, please refer to:

Website	:	www.mida.gov.my
Tel	:	(603) 2267 3633
Fax	:	(603) 2274 7970
E-mail	:	investment@mida.gov.my

¹ Commercial vehicles include goods vehicles, where:

"Vehicle of goods" means-

- a. Any motor vehicle constructed or adapted for the purpose of carrying goods; or
- b. Any motor vehicle that is not constructed or so adapted when used to carry merchandise exclusively or other than passengers

² Warehouse services are activities carried out by warehouse operators to provide various facilities and services covering small dock-off depots to large scale warehouses and distribution centers.