

GUIDELINES AND PROCEDURES FOR THE APPLICATION OF THE FOREIGN INVESTMENT ACCELERATOR FUND (FIAF)

1. BACKGROUND

- 1.1. The Foreign Investment Accelerator Fund (FIAF) was introduced under the Budget 2023 to attract strategic Foreign Direct Investment (FDI) based on the New Industrial Master Plan 2030 (NIMP) which has a significant impact on the national economy.
- 1.2. The main objectives of this fund are as follows:
 - a) To attract potential and high quality / strategic Foreign Direct Investment (FDI) projects aligned with the New Industrial Master Plan 2030 (NIMP 2030) which have a significant impact on the Malaysia's economy in various aspects including enhancing high-value activities, technology transfer, increasing exports, strengthening the industrial supply chain, supporting local vendors, utilising local resources, promoting local research and development, and developing a highly skilled workforce.
 - b) Facilitating the ongoing negotiation process to attract priority sectors, strategic projects, or mega projects, including those involving research and development and innovation (R&D&I) in emerging technology.
 - c) A strategic approach to entice the investment following the implementation of the global minimum tax (GMT) of 15%.

2. GRANT

- 2.1. The FIAF will be given on a **matching basis (50:50) based on eligible expenditures.**
- 2.2. The promoted sectors in accordance to:
 - i. Strategic and high impact industries and activities under 12th Malaysia Plan (12MP): electrical and electronics (E&E), global services (GS), aerospace, creative, tourism, halal, smart farming, biomass and *others (case to case).
 - ii. Key sectors under NIA: electrical and electronics, pharmaceutical, digital economy, aerospace and chemicals and *others (case to case).

**Note: Case to case refers to projects related to national importance such as food security, health, vaccine and others.*

- 2.3. The investors must be engaged in the following activities:
- i. Manufacturing activities in compliance with the Industrial Coordination Act (ICA), 1975;
 - ii. Services activities in the following area:
 - Global Services Hub;
 - Digital Infrastructure;
 - R&D Services;
 - Ship Building Ship Repair;
 - Maintenance, Repair & Overhaul for Aerospace;
 - Oil & Gas Services; or
 - Integrated Waste Management

3. ELIGIBLE APPLICANTS

- 3.1. Incorporated under the Companies Act, 1965/2016.
- 3.2. The company possesses a valid Business Licence from a Local Authority.
- 3.3. The company must engage in the following activities:
 - i. **Manufacturing activity** in compliance with the Industrial Co-ordination Act, 1975; or
 - ii. **Services activities** which must be registered with relevant ministries/ agencies.
- 3.4. The company has been in operation for at least 3 years in Malaysia or other countries with capability and proven track record in the relevant/related industry or through the related international companies' activities.
- 3.5. The project must involve new investment (for the new company) or additional investments (for the existing company) to undertake the targeted manufacturing/services activities.
- 3.6. The company **must meet the prerequisite criteria/conditions** as follows:

Manufacturing	Services
(i) Fixed assets investment as proposed. The investment shall not include the amount of grant/s approved by the Government of Malaysia;	
(ii) The employment of Malaysian staff in science and technical fields in related fields shall be at least 15% of the overall company's manpower with a minimum salary of RM5,000 every month throughout the grant period.	(ii) The employment of Malaysian staff shall be at least 20% of the overall company's manpower with a minimum salary of RM5,000 every month throughout the grant period.

Manufacturing	Services
<p>(iii) The R&D expenditure in the country shall be at least RM5 million annually or 1% of annual gross sales throughout the grant period.</p> <p>Companies are required to submit progress reports related to R&D activities to MIDA.</p> <p><i>Note: Applicable for R&D grant</i></p>	
<p>(iv) Industrial Training program with local universities / institutions in technical and vocational education and training fields (TVET)</p> <p><i>Note: Applicable for training grant</i></p>	

To **meet** at least **3 additional criteria/conditions** as below: -

Manufacturing	Services
<p>(i) Local purchase of raw material, components and machinery for technology transfer on the proposed projects</p>	N/A
<p>(ii) Vendor development program with local companies.</p> <p>It is a requirement for the company to work with MIDA in identifying local companies for this development program during the grant period.</p> <p>Note: A local vendor is defined as a company owned by Malaysians with at least 51% equity in the manufacturing and service sectors.</p>	N/A
<p>(iii) Annual operating expenses include local services such as insurance, legal, banking, ICT and logistics.</p>	
<p>(iv) At least two (2) enabling technologies for the proposed Industry 4.0.</p>	
<p>(v) Investments in green technology, among others, renewable energy generation for own use; green buildings; purchase of equipment for efficiency and energy saving; or rainwater collection systems, recycling waste.</p>	

Other conditions are subject to the decision of the National Committee on Investment (NCI) if any.

4. ELIGIBLE EXPENDITURES

4.1. Types of grants under FIAF are:

- i. Research & Development & Innovation (R&D&I) grant for activities undertaken in Malaysia.
- ii. Technical training grant which is directly related to the approved project for full-time Malaysian employees.

4.2. Eligible expenditures are as follows:

R&D&I Grant :

The eligible expenditure for consideration must be directly related to the approved R&D activity which includes:

- i. **Purchase of plant, machinery and equipment.** The company is not allowed to dispose of any machinery/ equipment/ software within the grant period.
- ii. **Basic salary** of the company's **full-time/permanent R&D personnel or contract staff (scientists and researchers)** performing the approved R&D activities on a **full-time or part-time basis** (based on man-months/ man-days involved). Time records of personnel or contract staff must be maintained to support claims. Full-time/ Contract R&D personnel must hold a Degree or diploma with a minimum of 5 years experience.

Total claims must be not more than 25% of the total R&D grant approved.

- iii. **Cost of outsourcing** for work directly attributable to the approved R&D activity and undertaken **within the country**. Total claims must be not more than **25%** of the **total R&D grant approved**.
- iv. **Cost of raw materials & consumables** directly used for R&D&I.
- v. The common items used in the manufacturing and R&D (e.g. lubricants, cleaning chemicals, coating paints, solder wire and etc.). Total claims must be not more than **25%** of the **total R&D grant approved**.
- vi. **Cost of technology** to purchase technical information, patent filing fees and consultant's/ expert's fee for R&D&I (local & overseas).
- vii. **Cost of technology** acquisition for the **purpose of further development of the acquired technology can be considered**.

Training Grant :

The expenditure eligible for consideration **must be directly related** to the proposed training which includes:

- i. **Lease/rental of training facilities** to conduct the proposed training.
- ii. **Consumables and equipment** used directly for training.
- iii. Eligible **travelling expenses** incurred by trainer(s) and/or trainee(s). The total claims must **not be more than 25%** of the **total approved training grant**.
- iv. **Training fees paid for full-time Malaysian employee(s)** based on per trainee per course.
- v. **Training fees paid to trainers** (internal & external trainers).

5. PROJECT DURATION

- 5.1. The approved project must be completed within **24 months from the effective date of the grant period** which begins on the date MIDA issues the Acknowledgement Letter upon receiving the complete application form.
- 5.2. The company must submit the claim to MIDA before the grant period expires and on an annual basis (at least every 12 months) with a maximum of **two tranches**. Should the company fail to meet the specified timeline for claim submission/not comply with the conditions imposed, the amount of the claim will not be carried forward to the following year. **Any request for extension/appeal will not be considered.**
- 5.3. Any unutilised grant amount after 24 months from the date of the grant period will be withdrawn. **Any request for an extension of the grant period will not be considered.**
- 5.4. Expenditures incurred prior to the issuance of the Acknowledgement Letter by MIDA (the effective date of the grant period) will not be eligible for consideration or reimbursement.

6. APPLICATION PROCESS

The application processes are as follows:

- 6.1. The Company can submit its application for the Foreign Investment Accelerator Fund (FIAF) to MIDA with an evaluation fee of **RM12,000.00 per application**.
- 6.2. The fee will be charged upon submission to MIDA which covers the evaluation process for grant application and its disbursement. This fee is non-refundable and the company is advised to carefully reviewing the eligibility criteria and guidelines before submission to ensure a successful application.

- 6.3. MIDA will screen the application and an Acknowledgment Letter will be issued if the required information and documentation are completed. Applications with incomplete information will be closed and returned to the company.
- 6.4. The result of the application will be notified by MIDA after a decision by the National Committee on Investment (NCI). The decision by the Approval Committee is final.
- 6.5. Successful applicants will receive an **offer letter** and are required to sign a grant agreement with MIDA.
- 6.6. The Grant Agreement (including stamping) should be returned to MIDA within **30 days from the date of the offer letter**. If the company is unable to meet the specified timeframe, **the grant offer will be canceled and any request for extensions will not be entertained**.
- 6.7. The awarded company has to undertake the approved project and submit a claim for disbursement within the grant period (please refer to para 5.1). The claim should be submitted according to the terms and conditions stipulated in the Grant Agreement.
- 6.8. MIDA will conduct an audit visit and report the audit findings to the Coordination & Disbursement of Grants Committee (JPPG) at MIDA for a decision on grant disbursement.
- 6.9. After approval by JPPG, MIDA will disburse the grant to the awarded company.

7. EFFECTIVE DATE OF APPLICATION

Applications received by the Malaysian Investment Development Authority (MIDA) from **10 November 2023** will be eligible for consideration for this grant. However, the approval of these applications is subject to the availability of funding and allocation by the Government of Malaysia and the prevailing policy in force.

8. APPLICATION SUBMISSION

- 8.1. Applicants are required to submit the following documents:

Existing company:

- i. Latest SSM Company Profile (e-Info) by Companies Commission of Malaysia (SSM);
- ii. A copy of the Business Licence from the Local Authority;
- iii. A copy of the Manufacturing Licence (ML) OR a Confirmation Letter Exempted from ML from MIDA under the Industrial Co-ordination Act, 1975 (Applicable for manufacturing companies only);

- iv. A copy of the Licence/Permit/Support Letter/Registration Certificate from relevant ministries/agencies that govern the activities. (Applicable for services companies only);
- v. Supporting documents for the proposed projects (if applicable).

New company:

- i. Interim approval letter for Manufacturing Licence (Applicable for manufacturing companies only);
- ii. A copy of the Licence/Permit/Support Letter/Registration Certificate from relevant ministries/agencies that govern the activities. (Applicable for services companies only);
- iii. Supporting documents for the proposed projects (if applicable).

9. The application should be made online at <https://investmalaysia.mida.gov.my/>

For enquiries and clarification, please refer to: -

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