

EDUCATION AND INDUSTRIAL TRAINING SERVICES





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 Healthcare 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

MIDA is the Government's principal investment promotion and development agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Headquartered in Kuala Lumpur Sentral, MIDA has 12 regional and 21 overseas offices. MIDA continues to be the strategic partner to businesses in seizing the opportunities arising from the technology revolution of this era. For more information, please visit www.mida.gov.my and follow us on Twitter, Instagram, Facebook, LinkedIn, TikTok and YouTube channel.

For the latest updates, please visit MIDA's website at www.mida.gov.my.

EDUCATION AND INDUSTRIAL TRAINING SERVICES

BOOKLET
10

1	PRIVATE HIGHER EDUCATIONAL INSTITUTIONS (PHEIS)	2
1.1	Licencing and Registration	2
1.2	Setting Up Your Business	2
1.2.1	Local Incorporation	2
1.2.2	Approval in Principle to Establish PHEIs	3
1.2.3	Approval to Establish PHEIs and Approval to Conduct Courses of Study	3
1.2.4	Registration of PHEIs	3
1.2.5	Programme Accreditation by the Malaysian Qualifications Agency (MQA)	3
1.3	Employing Expatriate Professors	4
1.4	Obtaining Tax Incentives	4
1.4.1	Investment Tax Allowance (ITA)	4
2	TECHNICAL AND VOCATIONAL TRAINING INSTITUTES	5
2.1	Setting Up Your Business	5
2.2	Employing Expatriate Professionals	5
2.3	Obtaining Tax Incentives	5
3	ADDITIONAL INCENTIVES FOR EDUCATION AND TRAINING SERVICES	6
3.1	Special Industrial Building Allowance (IBA)	6
3.2	Exemption From Customs Duties On Educational Equipment	7
3.3	Tax Exemption On Royalty Payment	7
4	GENERAL AGREEMENT ON TRADE IN SERVICES (GATS), ASEAN FRAMEWORK AGREEMENT ON SERVICES (AFAS) AND FREE TRADE AGREEMENTS (FTAs)	7



EDUCATION AND INDUSTRIAL TRAINING SERVICES

Over the past few years, Malaysia's higher education system has made substantial gains in the numbers of students enrolled, global recognition for published research, patents registered, institutional quality and being a preferred destination for international students.

Malaysia's education system aims to provide industry with a highly-skilled and capable workforce that is adaptive to the changing demands of the job landscape, through its institutes of higher learning as well as technical and vocational education and training institutes. Such institutions will also serve to enhance, reskill, and elevate talent while inculcating creativity, originality, and imagination.

1. PRIVATE HIGHER EDUCATIONAL INSTITUTIONS (PHEIs)

1.1 Licencing and Registration

PHEIs include:

- Private universities and branch campuses of foreign universities with university status;
- Private college universities;
- 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)

1.2 Setting Up Your Business

1.2.1 Local Incorporation

Applicants intending to set up a PHEI must incorporate a company under the Companies Act 2016 (Act 777) & Regulations. If the applicant fails to incorporate a local company, the applicant shall incorporate a local company within one (1) year from being notified of the approval.

1.2.2 Approval in Principle to Establish PHEIs

In order to set up a PHEI in Malaysia, applicants are required to submit a proposal to the PHEIs Standard Division under the Ministry of Higher Education (MOHE) detailing the PHEI's concept plan, which will 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.

1.2.3 Approval to Establish PHEIs and Approval to Conduct Courses of Study

Upon approval of establishment, prospective PHEI operators are required to submit a formal application to MOHE to register the PHEI, as well as to conduct any course of study. PHEIs are responsible to ensure that the quality of the courses conducted comply with the standards and criteria set by the Malaysian Qualifications Agency (MQA).

Provisional accreditation from MQA must be obtained and submitted together for the approval to conduct courses of study. The application to MQA 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.

1.2.4 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) & Regulations. Applications to register as a PHEI should be submitted to the Department of Higher Education. A Certificate of Registration will then be awarded.

1.2.5 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) with respect to 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 MQA's appointed PoA. 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 to commence the programme on obtaining it.

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 PoA, which is responsible for the evaluation of the 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 subject to a maintenance audit at least once every five (5) years.

1.3 Employing Expatriate Professionals

PHEIs intending to employ expatriates including foreign lecturers and trainers must obtain the support of MOHE's Private Standard Division.

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

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

1.4 Obtaining Tax Incentives

1.4.1 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 ITA of 100 per cent for ten (10) years. This allowance can be offset against 70 per cent of 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 listed 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 Education and Immunogenetics

* (This is not an exhaustive list)

- Immunobiology
- Material sciences and technology
- Food science and technology

Note This is not an exhaustive list*

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

Applications for ITA should be submitted to MIDA online via the [InvestMalaysia Portal](#). For more information, visit the [Forms and Guidelines](#) section on [MIDA website](#).

2. TECHNICAL AND VOCATIONAL TRAINING INSTITUTES

2.1 Setting Up Your Business

Investors intending to set up a technical and vocational training institute must incorporate a company under the Companies Act 2016.

2.2 Employing Expatriate Professionals

All applications for expatriate posts relating to education should be submitted to the Ministry of Education or the Ministry of Human Resources for approval, prior to obtaining the final approval for the work permits by the Immigration Department.

2.3 Obtaining Tax Incentives

New companies that establish technical or vocational training institutions are eligible for an ITA of 100 per cent for ten (10) years. This allowance can be offset against 70 per cent 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
- 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

- The company must be locally incorporated under the Companies Act 1965/2016.
- The establishment of the institution must be approved by the Ministry of Higher Education or other Licencing Body/Registrar approved by the Government of Malaysia.
- At least 70 per cent of the students enrolled must be registered in the field of technical or vocational training or science, and at least 70 per cent of the students sitting for examinations must be in the technical or vocational field of studies.

Applications for ITA should be submitted to MIDA online via the [Invest Malaysia Portal](#). For more information, visit the [Forms and Guidelines](#) section on [MIDA website](#).

3. ADDITIONAL INCENTIVES FOR EDUCATION AND TRAINING SERVICES

3.1 Special Industrial Building Allowance (IBA)

Companies that incur capital expenditures on the construction or purchase of a building used for the purpose of an approved industrial, technical, or vocational training are eligible to claim an annual industrial building allowance at a special rate of 10 per cent for ten (10) years.

Claims should be submitted to IRB online at <https://www.hasil.gov.my/en/forms/download-forms/download-form-incentive-claim>.

3.2 Exemption From Customs Duties On Educational Equipment

Approved training institutes, in-house training projects, and all private institutions of higher learning are eligible for import duty and excise duty exemptions on all educational equipment, including laboratory equipment for workshops, studios, and language laboratories.

Applications for ITA should be submitted to MIDA online via the [InvestMalaysia Portal](#). For more information, visit the [Forms and Guidelines](#) section on [MIDA website](#).

3.3 Tax Exemption On Royalty Payment

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

Claims should be submitted to IRB online at <https://www.hasil.gov.my/en/forms/download-forms/download-form-incentive-claim>.

4. GENERAL AGREEMENT ON TRADE IN SERVICES (GATS), ASEAN FRAMEWORK AGREEMENT ON SERVICES (AFAS) AND FREE TRADE AGREEMENTS (FTAs)

Updates and information regarding the Schedule of Specific Commitments of GATS, AFAS, and FTAs are available from MITI's website at www.miti.gov.my.



Malaysian Investment Development Authority

MIDA Sentral, No.5, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia

Tel: (603) 2267 3633 Fax: (603) 2274 7970 Website: www.mida.gov.my

E-mail: investment@mida.gov.my

Edition : 2021®