



MALAYSIA'S EXPERIENCE

REFORM OF INVESTMENT INCENTIVES

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Geography

- **Total area** : 330,242 sq km
 - Land : 329,042 sq km
 - Water : 1,200 sq km
- **Climate** : Tropical; annual southeast (April-Oct) and northeast (Oct-Feb) monsoons
- **Terrain** : Coastal plains rising to hills and mountains
- **Land Use** :
 - Arable land : 6 %
 - Permanent crops : 18 %
 - Forests : 60 %
 - Others : 16 %
- **Language** : Malay language (Official), English, Chinese, Tamil
- **Religions** : Islam, Buddhism, Hinduism, Christian & others

Political Structure

- **Official Name : Federation of Malaysia**
- **Independence : 31 August 1957**
- **Form of State : Federated constitutional monarch**
- **Head of State : The Yang DiPertuan Agong (King) elected by the Conference of Rulers from 1 of the 9 hereditary rulers**
- **The Executive : The King appoints the Prime Minister & on PM's advice, the members of cabinet / Government**
- **National Legislature : Bicameral federal parliament. The Senate (Dewan Negara); 70 members (26 elected & 44 appointed). The House of Representatives (Dewan Rakyat); 222 elected members**
- **Administrative Division : 13 states (9 with hereditary ruler) and 3 Federal Territories**

Overview of the **MALAYSIAN ECONOMY**



Malaysia's Key Economic Indicators

	2006	2007	2008	2009	2010 (Q1)
Real GDP (%)	5.8	6.2	4.6	- 1.7	10.1
Inflation (%)	3.6	2.0	5.4	0.6	1.3
Per Capita Income (USD)	5,694	6,700	7,737	6,634	7,416 <i>f</i>
Unemployment (%)	3.3	3.2	3.3	3.7	3.6
Trade Surplus (USD Bil)	29.5	29.2	42.6	33.6	11.4
International Reserves (USD Bil)	82.4	101.3	91.4	96.7	96.0*
Retained Imports Equivalent (months)	7.8	8.4	7.6	9.7	8.5*

Source: Central Bank of Malaysia/Department of Statistics Malaysia/MATRADE



GDP By Industrial Origin

Sector	GDP Contribution (%)				
	1970	1990	2000	2008	2009
Agriculture	33.6	19.3	8.8	7.5	7.7
Mining	7.2	9.8	6.7	8.4	7.9
Construction	3.8	3.4	3.4	3.0	3.2
Manufacturing	12.8	26.5	32.6	29.6	26.9
Services	42.6	42.1	53.0	54.3	57.4

Source: Economic Reports/Bank Negara Annual Report, Malaysia 08/09

Evolution of the
**MANUFACTURING
SECTOR**





Late 1950's & the 1960's

Development Issues

- **Unemployment rose to more than 8%**
- **Dependency on export commodities i.e. rubber and tin**
- **Narrow economic base**

Strategies

- **Promotion of Import Substitution Industries:-**
 - **Food, beverages & tobacco industries**
 - **Printing & publishing industries**
 - **Building materials industries**
 - **Chemicals & plastic industries**
 - **Consumer products**
- **Tax Incentives**
- **Provision of infrastructure (industrial estates, power and telecommunications facilities)**
- **Establishment of MIDA, 1967**

The 1970's

Development Issues

- Unemployment still high
- Development of industries constrained by small domestic market
- Lack of domestic capital
- Export of manufactured products limited
- Export market outlets/expertise limited
- Lack of managerial expertise
- Lack of technology
- Uneven distribution of wealth
- Identification of race with economic functions

Strategies

- **Manufacturing considered as strategic sector for achievement of the New Economic Policy (NEP) objectives of poverty redressal and restructuring of society**
- **Efforts to promote industrial development intensified**
- **Emphasis on job creation**
- **Promotion of electronic and other labour-intensive industries**
- **Push for foreign direct investment**
 - **Attractive tax incentives under the Investment Incentives Act, 1968**
 - **Establishment of FTZs in 1972 and LMWs in 1974**
 - **Introduction of Industrial Coordination Act, 1975 (ICA) - 100% foreign equity ownership allowed for projects exporting 80% or more**

The 1980's

- **Global recession (1985 – 1987)**
- **Increase in unemployment**
- **Narrow manufacturing base**
- **Lack of processing of local resources for export i.e. rubber, palm oil, timber, cocoa**
- **Deepening of industrial sector**



Strategies

- **Widen and deepen industrial base**
 - **Export and resource based industries**
 - **Development of selective heavy industries, e.g. motor vehicles, steel and cement**
- **Introduction of Promotion of Investments Act, 1986**
- **Launching of First Industrial Master Plan, 1986-1995**
- **Further liberalisation of equity policy**

The 1990's

Development issues

- **Industrial transition in increasingly complex global trade and investment environment**
- **No longer competitive in labour intensive industries**
- **Labour shortages, both skilled and unskilled**
- **Low level of R&D activity**
- **Bottlenecks in support infrastructure**
- **Lack of industry linkages**
- **Lack of indigenous technology and marketing capability**

Strategies

- **Promotion of:**
 - **High technology industries**
 - **Capital intensive industries**
 - **Skill intensive industries**
 - **Services based industries**
 - **R&D activities**
- **Accelerate the development of indigenous technology**
- **Development of supporting industries**

continue...

- **Launching of Second Industrial Master Plan (IMP2), 1996-2005**
 - **Manufacturing Plus Plus Orientation**
 - **Cluster Based Industrial Development**
- **Liberalisation of equity policy (100% foreign equity ownership allowed irrespective of the level of exports)**
- **Human resource development**
- **Development of SMIs - Establishment of Small and Medium Industries Development Corporation (SMIDEC)**
- **Establishment of technology parks**

2000 onwards

Development issues

- **Promotion of Services Sector**
- **Enhancement of Delivery System**
- **Promotion of cross border investments**
- **Third Industrial Master Plan, 2006-2020**

Development
FRAMEWORK



PHILOSOPHY

- **System of free enterprise but with active government support and direction.**
- **Government provides the broad thrusts and sets direction for the whole economy, and ensures the achievements of socio-economic goals.**
- **Private sector is free to operate and given appropriate policy, institutional and infrastructural support.**

Third Industrial Master Plan (2006-2020)

Malaysia - Towards Global Competitiveness

Strategic Thrusts of the IMP3

- **Strengthening Malaysia's position as major global trading nation**
- **Generating investments in targeted growth areas**
- **Integrating Malaysian companies into regional and global networks**
- **Ensuring industrial growth contributes towards equitable distribution and balanced regional development**
- **Sustaining manufacturing sector's significant contribution to economic growth**

continue...



- **Positioning services sector as major source of growth**
- **Facilitating development and application of knowledge-intensive technologies**
- **Developing innovative and creative human capital**
- **Strengthening role of private sector institutions**
- **Creating a more competitive business operating environment**



IMP3 Investment Targets

Period	Average Annual Investments (RM Billion)	
	Manufacturing	Services
2006 - 2010	20.2	18.5
2011 - 2015	27.1	42.1
2016 - 2020	35.1	76.9
2006 - 2020	27.5	45.8

Source : MIDA

Functions of **MIDA**





- MIDA is the first point of contact for investors who intend to set up projects in the manufacturing and services sectors in Malaysia.
- The principal Government agency responsible for the promotion and coordination of industrial development in the country.



FUNCTIONS OF MIDA

PROMOTION

- Foreign Direct Investment
- Domestic Investment
- Cross Border Investment

EVALUATION

- Manufacturing licences
- Tax incentives
- Expatriate posts
- Duty exemption
- RDC, IPC and R&D status

FOLLOW-UP/MONITORING

- Assist companies in the implementation and operation of projects
- Facilitate exchange and co-ordination among institutions engaged in industrial development
- Advisory Services

RESEARCH & PLANNING

- Planning for Industrial Development
- Recommend policies and strategies on industrial promotion and development



MIDA's Global Network



New Offices to be opened in 2010:
Houston (USA), Munich (Germany), Singapore, Hong Kong



MIDA's State Offices



FREE OF CHARGE

Services Provided by MIDA

Services (Initial Stage)

- Meeting with MIDA HQ
- Meetings with State Authorities
- Visit to companies/suppliers
- Visit to potential locations

Evaluating & Granting Approval

- Manufacturing License
- Tax Incentives
- Expatriate Posts
- Import Duty Exemptions

Project Implementation Stage

- Handhold and assist investor until project is implemented

Trade and Investment
PERFORMANCE



Total Approved Manufacturing Projects (2007 – Mar 2010)

Year	No. of Projects	No. of Employment	Proposed Investment (US\$ Billion)	
			Domestic	Foreign
2007	949	97,673	7.7	9.7
2008	919	101,173	4.8	13.3
2009	766	64,330	3.0	6.5
Jan - Mar 2010	170	13,494	0.6	1.0
TOTAL	2,804	276,670	16.1	30.5

Source : MIDA



Approved Projects By Major Countries (2009 – Mar 2010)

Country	2009		Jan - Mar 2010	
	No. of Projects	Total Investments (US\$ Million)	No. of Projects	Total Investments (US\$ Million)
Singapore	92	582.6	20	541.3
China	17	47.4	5	140.3
Japan	54	2,058.9	8	131.0
Taiwan	32	209.4	7	61.5
Germany	14	124.3	3	32.7
United Kingdom	24	95.2	4	17.1
USA	19	685.7	5	14.1
Switzerland	8	25.1	2	6.8
Belgium	2	3.3	1	5.2
Thailand	1	0.2	2	4.1

Source : MIDA

Approved Manufacturing Projects By Major Countries (2009 – Mar 2010)

Industry	2009		Jan - Mar 2010	
	Number of Projects	Total Investments (US\$ Million)	Number of Projects	Total Investments (US\$ Million)
Electronics & Electrical Products	79	1,162.5	16	490.1
Basic Metal Products	15	127.3	5	132.7
Food Manufacturing	23	273.2	4	117.3
Chemicals & Chemical Products	36	2,057.8	12	74.9
Furniture & Fixtures	6	12.3	3	59.1
Fabricated Metal Products	49	226.6	3	37.3
Plastic Products	24	160.8	9	28.6
Rubber Products	7	37.4	7	13.5
Transport Equipment	25	158.2	5	8.0

Source : MIDA

Malaysian Industrial Development Authority

Approved Regional Establishments 2009

Type of Establishment	No. of Approvals	Estimated Annual Business Spending (USD Million)
Operational Headquarters (OHQ)	18	37.4
International Procurement Centres (IPC)	3	3.4
Regional Distribution Centres (RDC)	3	21.6
Regional Offices (RO)	53	10.3
Representatives Offices (RE)	84	8.9
TOTAL	161	81.6

Source : MIDA

Promoted
SECTORS





Manufacturing

High technology, capital intensive and knowledge driven industries:

- **Medical devices**
- **Machinery and Equipments**
- **Biotechnology**
- **Advanced electronics**
- **Optics and photonics**
- **Photovoltaic**
- **Petrochemical**
- **Chemical**
- **ICT**



Services

- **Regional Establishments**
- **Business and professional services**
- **Logistics**
- **ICT services**
- **Offshore and outsourcing activities**
- **Distributive trade**
- **Education and training**
- **Construction**
- **Health**
- **Tourism**

Reform of Investment Incentives in
Manufacturing
Sector



1970's

Pioneer Status

Depending on the level of the company's fixed capital investment, allows total exemption from income tax for 2 to 5 years. Hence the tax holiday period is:-

- 2 years for capital investments less than RM250,000
- 3 years for capital investments more than RM250,000
- 4 years for capital investments more than RM500,000
- 5 years for capital investments more than RM1 million

In addition, an extension of a further year of the tax relief period is granted for each of the following conditions, thus bringing the total period to a maximum of 8 years.

- 1) If the pioneer factory is sited in a development area.
- 2) If the product/industry is a priority product or industry.
- 3) If the required percentage of Malaysian content is attained.

Investment Tax Credit

which allows a company to deduct from its taxable income the sum at least equal to 25% of the sum spent on the fixed assets qualifying for that relief. The credit will be increased by an additional 5% of the expenditure for each of the following conditions fulfilled by the company:-

- 1) If its factory is in a development area.
- 2) If its produce a priority product.
- 3) If it attains the required percentage of Malaysian content.

Export Incentives

consisting of four specially designed incentives for companies manufacturing mainly for the export. The incentives can be granted to companies which export at least 20% by value of their Malaysian manufactured products.

Accelerated Depreciation Allowances

for resident companies, if they export 20% (by value) of their total production and if they incur qualifying plant expenditure for the purpose of modernizing the company's production techniques, or set up a modernized factory are entitled to an accelerated depreciation allowance of 40% per annum.

Hotel Incentives

offered and the extent of the incentives will depend on the location of the approved hotels/motels and tourist resort complexes.

1973

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- 4 years for capital investments more than RM500,000
- 5 years for capital investments more than RM1 million

In addition, an extension of a further year of the tax relief period is granted for each of the following conditions, thus bringing the total period to a maximum of 8 years.

- 1) If the pioneer factory is sited in a development area.
- 2) If the product/industry is a priority product or industry.
- 3) If the percentage of Malaysian content attained is more than 50%.

Special Incentives for Export Oriented Projects

(with time limit for approval) where the tax relief is 4-10 years compared to the normal tax relief of 2-8 years.

Investment Tax Credit

which allows a company to deduct from its taxable income the sum at least equal to 25% of the sum spent on the fixed assets qualifying for that relief. The credit will be increased by an additional 5% of the expenditure for each of the following conditions fulfilled by the company:-

- 1) If its factory is in a development area.
- 2) If its produce a priority product.
- 3) If it attains the required percentage of Malaysian content.

Labour Utilisation Relief

which provides for tax relief in the same way as for Pioneer Status except that it is based on the number of full time paid employees engaged. Under the Labour Utilisation Relief the tax exemption period and the qualifying requirements are:-

Qualifying Employment

Tax Exemption Period

51 – 100 employees

2 years

101 – 200 employees

3 years

201 – 350 employees

4 years

351 & above employees

5 years

Export Incentives

consisting of four specially designed incentives for companies manufacturing mainly for the export. The incentives can be granted to companies which export at least 20% by value of their Malaysian manufactured products.

Export Allowance

5 cents for every dollar of the increase in the export sales of a taxpayer, such increase being the excess of his total export sales of the year in question over his average annual export sales of the five or four immediately preceding years.

Deduction for Promotion Overseas

Accelerated Depreciation Allowances

Increased Capital Allowance

which can be granted to projects, which the government deems to be desirable in the national interest but which cannot be granted tax exemption under Pioneer Status, Labour Utilisation Relief or Investment Tax Credit.

Hotel Incentives

offered and the extent of incentives will depend on the location of the approved hotels.

1975

Pioneer Status

depending on the level of the company's fixed capital investment, allows total exemption from income tax for 2 to 8 years.

Investment Tax Credit

which allows a company to deduct from its taxable income the sum at least equal to 25% of the sum spent on the fixed assets qualifying for that relief.

Labour Utilisation Relief

which provides for tax relief in the same way as for Pioneer Status except that it is based on the number of full time paid employees engaged.

Export Incentives

consisting of three specially designed incentives for companies exporting their Malaysian manufactured products.

Export Allowance

Deduction for Promotion of Exports

Accelerated Depreciation Allowances

Increased Capital Allowance

which allows a company to depreciate at a greater rate of depreciation of assets in the initial years of operation.

Locational Incentives

which offer from 5 to 10 years tax relief. Designed to encourage the dispersal of industries away from the existing industrial concentrations in the urban areas.

Hotel Incentives

1977

Pioneer Status

which, depending on the level of the company's fixed capital investment, allows total exemption from income tax for 2 to 8 years.

Investment Tax Credit

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Labour Utilisation Relief

which provides for tax relief in the same way as for Pioneer Status except that it is based on the number of full time paid employees engaged.

Export Incentives

consisting of three specially designed incentives for companies exporting their Malaysian manufactured products.

Export Allowance

Deduction for Promotion Overseas

Export Refinancing Facility

Increased Capital Allowance

which allows a company to depreciate at a greater rate of depreciation of assets in the initial three years of operation.

Locational Incentives

which offer from 5 to 10 years tax relief.

Hotel Incentives

Accelerated Depreciation Allowance

in the form of an annual allowance of 80% on plant and machinery (instead of the normal annual allowance at rates prescribed for various industries) for certain industries on a selective basis.

1980

Pioneer Status

which, depending on the level of the company's fixed capital investment, allows total exemption from income tax for 2 to 8 years.

Investment Tax Credit

which allows a company to deduct from its taxable income the sum at least equal to 25% of the sum spent on the fixed assets qualifying for that relief.

Labour Utilisation Relief

which provides for tax relief in the same way as for Pioneer Status except that it is based on the number of full time paid employees engaged.

Export Incentives

consisting of three specially designed incentives for companies exporting their Malaysian manufactured products.

Export Allowance

Export Refinancing Facility

Under this facility, Central Bank will refinance export credit for a maximum period of three calendar months. The preferential rate of interest charged is 4.5 per cent per annum.

Increased Capital Allowance

which allows a company to depreciate at a greater rate of depreciation of assets in the initial three years of operation.

Locational Incentives

which offer from 5 to 10 years tax relief.

Hotel Incentives

Accelerated Depreciation Allowance

in the form of an annual allowance of 80% on plant and machinery (instead of the normal annual allowance at rates prescribed for various industries) for certain industries on a selective basis.

Deduction for Promotion Overseas

Reinvestment Allowance

All existing companies engaged in manufacturing and processing, which are not enjoying any form of incentives under the Investment Act, including those which have ceased to benefit from such incentives for at least 3 years, are eligible to apply for the Reinvestment Allowance amounting to 25% of the expenditure on plant, machinery and industrial building incurred for expansion.

Special Incentives for Approved Agricultural Industries

To encourage greater and better utilization of agricultural land, an investment tax credit amounting to 50% of qualifying capital expenditure on approved agricultural industries has been made available to companies and cooperatives.

Tax Incentives for Reafforestation

Tax Incentives for Restructuring

covers Equity Restructuring and Employment and/or Marketing Network Restructuring.

1981

Pioneer Status

which, depending on the level of the company's fixed capital investment, allows total exemption from income tax for 2 to 8 years.

Investment Tax Credit

which allows a company to deduct from its taxable income the sum at least equal to 25% of the sum spent on the fixed assets qualifying for that relief.

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Reinvestment Allowance

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Plantation Allowance

Tax Incentives for Restructuring

covers Equity Restructuring and Employment and/or Marketing Network Restructuring.

Incentives for Small-scale Businesses

1984

Pioneer Status

which, depending on the level of the company's fixed capital investment, allows total exemption from income tax for 2 to 8 years.

Investment Tax Credit

which allows a company to deduct from its taxable income the sum at least equal to 25% of the sum spent on the fixed assets qualifying for that relief.

Labour Utilisation Relief

which provides for tax relief in the same way as for Pioneer Status except that it is based on the number of full time paid employees engaged.

Export Incentives

consisting of three specially designed incentives for companies exporting their Malaysian manufactured products.

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Hotel Incentives

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Plantation Allowance

Tax Incentives for Restructuring

covers Equity Restructuring and Employment and/or Marketing Network Restructuring.

Incentives for Small-scale Businesses

Incentives for Research and Development

Incentive for Training of Manpower

1990

Pioneer Status

the period of tax relief is five years commencing from the production date. Pioneer companies are eligible for a further 5-year tax relief if:-

- 1. The company's fixed assets (excluding land) at the end of the initial 5-year period reaching at least RM25 million or**
- 2. Employment level reaching 500 full-time Malaysian workers or**
- 3. Other requirements that would contribute towards promoting and enhancing the economic or technological development of the country**



Investment Tax Allowance (ITA)

of up to 100% in respect of qualifying capital expenditure incurred within 5 years from the date of approval of the project. Criteria for awarding:-

<u>Criteria</u>	<u>Basis</u>	<u>%ITA</u>	<u>Max% ITA</u>
Export	50%-80%	15%	30%
	80%-100%	30%	
Value-Added	Min 25%	20%	20%
Local Content	Min 50%	20%	20%
Employment	Employ at least 100 full-time paid Malaysian workers	25%	25%
Location	'Promoted industrial area'	5%	<u>5%</u>
			<u>100%</u>



An Abatement of 5% of the Adjusted Income

Accelerated Depreciation Allowance

Reinvestment Allowance (RA)

in the form of an allowance of 40% of capital expenditure on plant, machinery and factory building incurred on or after 1.1.1988.

Incentives for Export

Incentives for Research and Development

Incentives for Training

Incentives for the Agricultural Sector

Incentives for the Tourism Industry

2002

Pioneer Status

5 years partial exemption from the payment of income tax. Company will only have to pay tax on 30% of its statutory income with the exemption period commencing from its Production Day.

Companies located in the States of Sabah and Sarawak and the designated 'Eastern Corridor' of Peninsular Malaysia will only has to pay tax on 15% of their statutory income during the 5-year exemption period.

Investment Tax Credit

An allowance of 60% of qualifying capital expenditure incurred within five years from the date on which the first qualifying capital expenditure is incurred. Companies can offset this allowance against 70% of their statutory income in the year of assessment.

Companies located in the States of Sabah and Sarawak and the designated 'Eastern Corridor' of Peninsular Malaysia can obtain an allowance of 80% of the qualifying capital expenditure incurred. The allowance can be utilized to offset 85% of their statutory income in the year of assessment.



Incentives for High Technology Companies

qualified for:-

1. Pioneer Status with tax exemption of 100% of statutory income for a period of five years

OR

2. ITA of 60% and can be utilized against 100% of its statutory income for each year of assessment

Incentives for Strategic Projects

1. Pioneer Status with tax exemption of 100% of statutory income for a period of 10 years

OR

2. ITA of 100% and can be utilized against 100% of its statutory income for each years

Incentives for Small-scale Companies

Incentives to Strengthen Industrial Linkages

Incentives for the Manufacture of Machinery and Equipment



Reinvestment Allowance

Incentives for the Agricultural Sector

Incentives for the Tourism Industry

Incentives for Environmental Protection

Incentives for Research and Development

Incentives for Training

Incentives for ICT

Incentives for Approved Service Projects

Incentives for the Shipping and Transportation Industry

Incentives for Manufacturing Related Services

Incentives for the Multimedia Super Corridor

Incentives for Operational Headquarters

Incentives for International Procurement Centres

2007

Pioneer Status (as in 2002)

Investment Tax Allowance (ITA) (as in 2002)

Incentives for Relocating Manufacturing Activities to Promoted Areas

Incentives for High Technology Companies (as in 2002)

Incentives for Strategic Projects (as in 2002)

Incentives for Small-scale Companies

Incentives to Strengthen Industrial Linkages

Incentives for the Manufacture of Machinery and Equipment

Incentives for Automotive Component Modules or Systems

Enhanced Incentives for the Utilisation of Oil Palm Biomass

Reinvestment Allowance



Incentives for the Agricultural Sector

Incentives for the Biotechnology Industry

Incentives for the Tourism Industry

Incentives for Environmental Management

Incentives for Research and Development

Incentives for Training

Incentives for ICT

Incentives for Approved Service Projects

Incentives for the Shipping and Transportation Industry

Incentives for Manufacturing Related Services

Incentives for the Multimedia Super Corridor

Incentives for Operational Headquarters

Incentives for International Procurement Centres/Regional Distribution Centres

Incentives for a Knowledge-based Economy



2010 (to date)

As in 2007 with the inclusion of:-

Incentives for the Aerospace Industry

Incentives for the Medical Devices Industry

Current Incentives
OFFERED



Manufacturing Sector

- **Pioneer Status (PS) with income tax exemption up to 100% for 5 to 10 years; or**
- **Investment Tax Allowance (ITA) up to 100% for 5 years. Allowance can be offset against 100% of statutory income.**
- **Reinvestment Allowance of 60% for a period of 15 years (For reinvestment).**



Facilities

- **Exemption from import duty and sales tax on raw materials/components**
- **Exemption from import duty and sales tax on production machinery and equipment**
- **Free Zone (FZ) / License Manufacturing Warehouse (LMW)**
- **Free Commercial / Industrial Zone**



Services Sector
(OHQ, IPC & RDC)

**Full income tax exemption for
10 years**

Investment **POLICIES**





Equity Ownership

- **Foreigners are allowed to hold 100% equity ownership in the manufacturing and related services sectors.**



Employment of Expatriates

- **Foreign companies are allowed to bring in expatriate personnel to hold**
 - **key posts** (*posts that are permanently filled by foreigners*)
 - **term posts** (*posts that are filled by foreigners for a period of 1-5 years*)



Implementation of Projects

- **Project Implementation Coordination Unit (PICU) in MIDA HQ will monitor and render assistance to expedite the implementation of approved manufacturing and services projects.**
- **MIDA State Directors are appointed to ‘hand-hold’ and assist investors in obtaining all necessary approvals until projects are operational.**

Our
SUCCESS FACTORS





- **Political and Economic Stability**
- **Strong Government Support**
- **Liberal Investment Policies**
- **Transparent Policies**
- **Security of Intellectual Property**
- **Well Developed Infrastructure**
- **Excellent Financial Institutions**
- **Strong Supporting Industries**
- **Multi Racial (Malays, Chinese and Indians)**
- **Trainable, Educated and English Speaking Workforce**
- **Quality of Life**
- **Good Track Record**
- **Member of ASEAN**



ASEAN

Association of Southeast Asian Nations

- Implemented AFTA in 2003.
- A total of 97 per cent of products traded between ASEAN at tariffs of between 0-5 per cent.
- Tariffs will be fully eliminated by 2010.
- Population of 577 million consumers.
- Nominal GDP had grown to USD \$1.4 trillion in 2008

In

CONCLUSION



Malaysia's Competitiveness Rankings

- 1st for Investor Protection
Forbes Report 2009
- 20th for FDI Confidence Index 2010
Institute Management of Development
- 10th Most Competitive Economy in 2010
A.T Kearney
- 23rd for Ease of Doing Business in 2010
The World Bank
- 25th Best Country for Business
Forbes Report 2009
- 3rd Attractive Location for Outsourcing Destinations
A.T. Kearney Global Services Location Index 2009
- 27th Most Networked Economy
Global Information Technology Report 2009-2010 by WEF





Malaysia’s Competitiveness Ranking – World Competitiveness Report 2010 - IMD

Countries	2010	2009
Singapore	1 st	3 rd
Hong Kong	2 nd	2 nd
US	3 rd	1 st
Switzerland	4 th	4 th
Australia	5 th	7 th
Sweden	6 th	6 th
Canada	7 th	8 th
Taiwan	8 th	23 rd
Norway	9 th	11 th
Malaysia	10th	18th



Malaysia's Competitiveness Ranking – World Competitiveness Report 2010 - IMD

	2010	2009
Economic Efficiency	8th	9th
Business Efficiency	4th	13th
Government Efficiency	9th	19th
Infrastructure Efficiency	25th	26th

Thank you for your kind attention

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