

FACILITIES ON INVESTMENT

**Klang Chinese Chamber of Commerce
and Industry**

5th October 2019, Wisma KCCCI



Table of Contents



About MIDA



Approved Investments



Investment Policies & Incentives



Domestic Direct Investment Initiatives

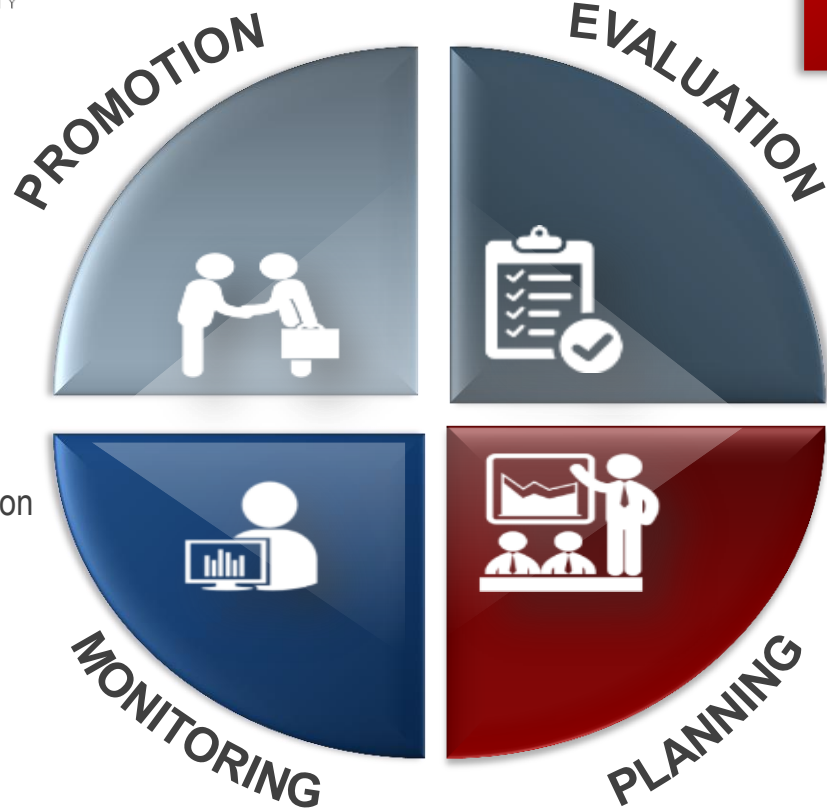


MIDA Latest Initiatives

ABOUT MIDA

The principal Malaysian Government agency responsible for the promotion of investments and coordination of industrial development and selected services sectors in the country Established in 1967 under Act of Parliament, 1965.

1st point of contact for investors who intend to set up projects in the manufacturing and services sectors in Malaysia



- Foreign Direct Investment
- Domestic Investment
- Manufacturing & Selected Services
- Assist companies in the implementation & operation of their projects
- Facilitate exchange & coordination among institutions engage in or connected with industrial development
- Advisory Services

- Manufacturing Licenses
- Tax Incentives
- Expatriate Posts
- Duty Exemption
- Principal Hub & selected services
- Planning for industrial development
- Recommend policies & strategies on industrial promotion and development
- Formulation of strategies, programmes and initiatives for international economic cooperation

MIDA Network

- New York
- San Jose
- Chicago



- London
- Stockholm
- Munich
- Frankfurt
- Milan
- Paris



Dubai



Mumbai



- Beijing
- Guangzhou
- Shanghai
- Taiwan
- Seoul
- Tokyo
- Osaka



*20 overseas offices
and 12 state offices*

12 state offices



Singapore



Sydney



One Stop Centre



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY



Based in MIDA



Immigration Department



Royal Malaysian Customs



TENAGA NASIONAL



Labour Department



Telekom Malaysia Berhad

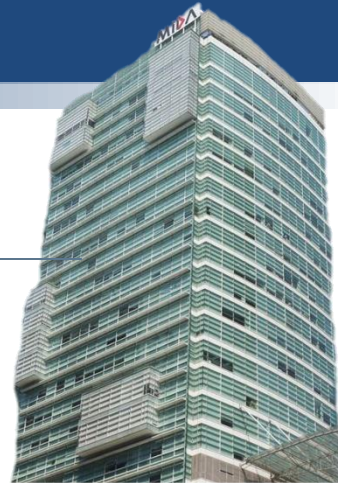
Based Outside MIDA



MINISTRY OF FINANCE MALAYSIA



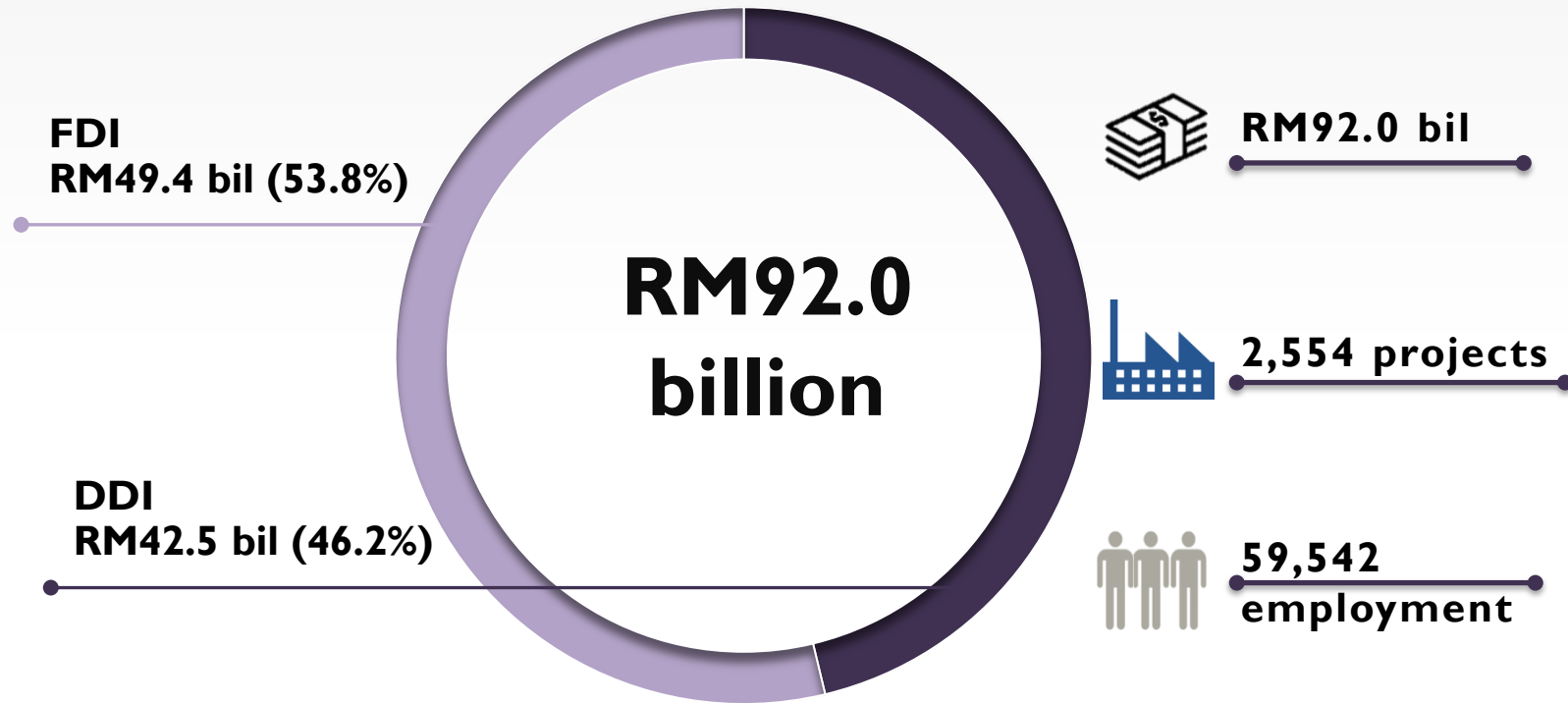
Department of Occupational Safety & Health



MIDA as a One Stop Centre

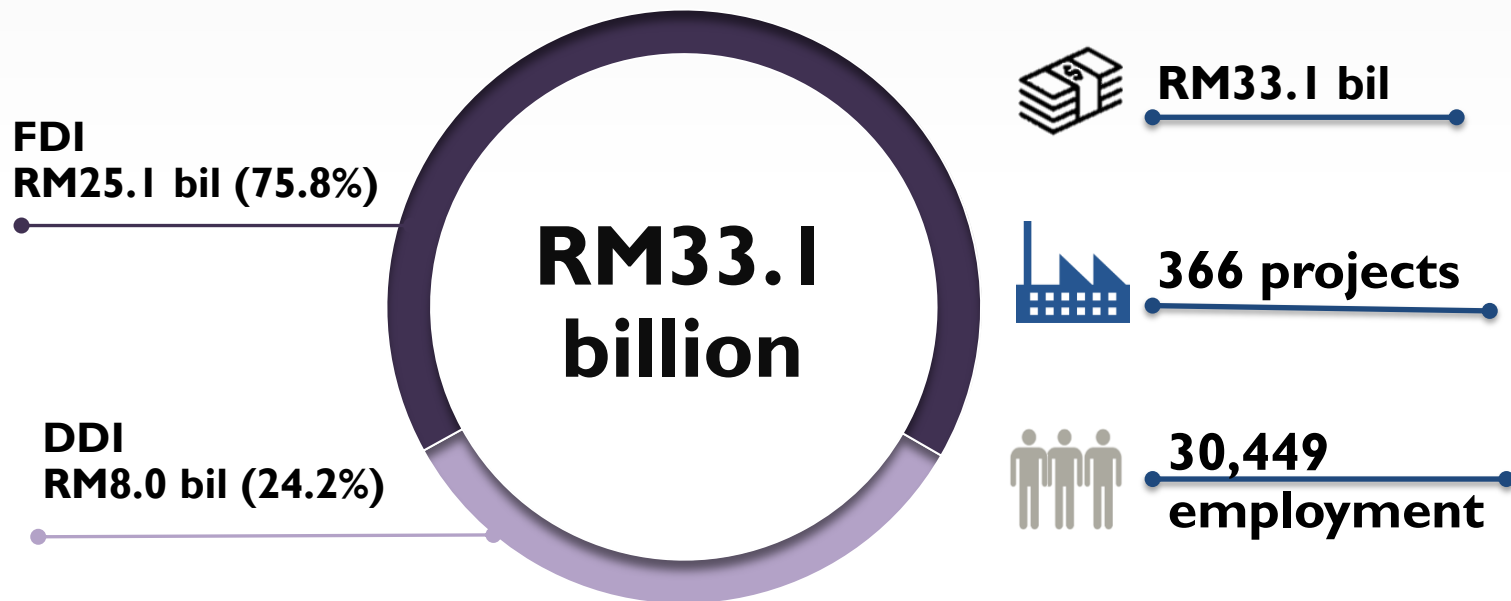
APPROVED INVESTMENTS

TOTAL APPROVED INVESTMENTS: JAN – JUNE 2019

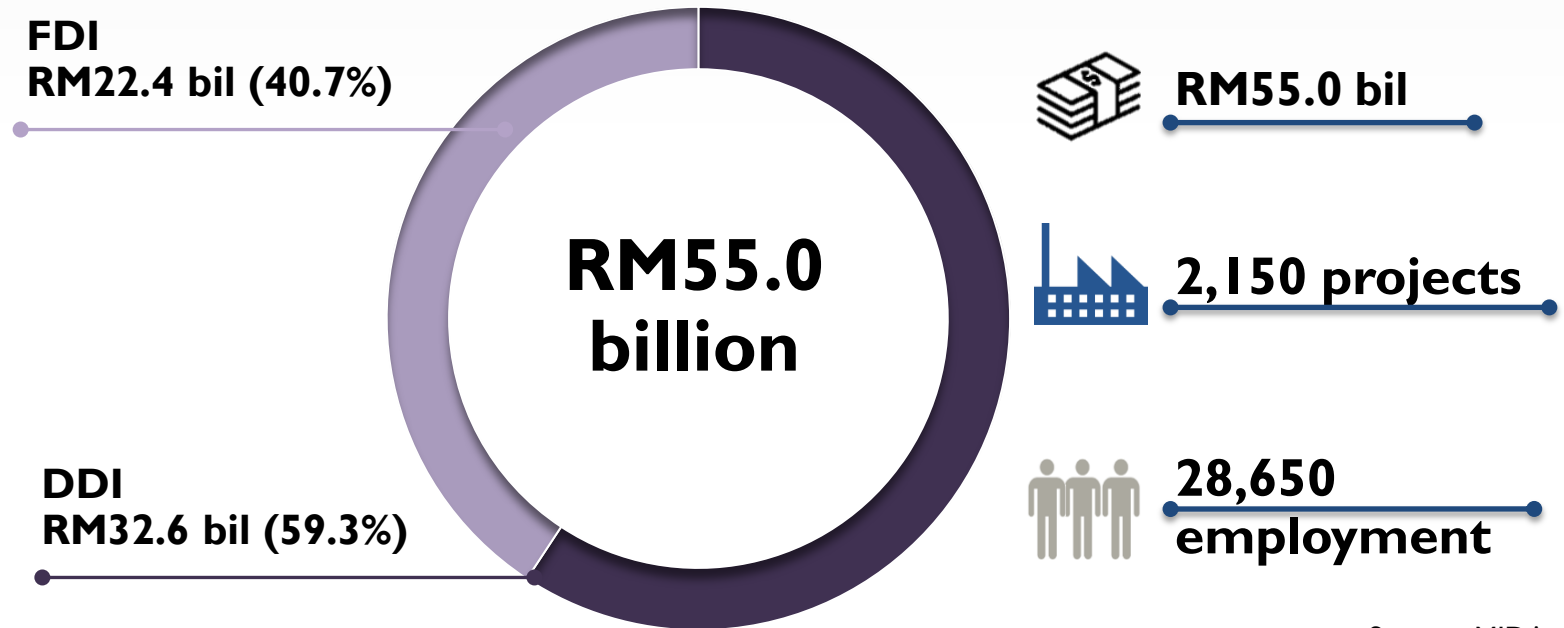


Source: MIDA

APPROVED INVESTMENTS IN THE MANUFACTURING SECTOR: JANUARY – JUNE 2019



APPROVED INVESTMENTS IN THE SERVICES SECTOR: JANUARY – JUNE 2019



Source: MIDA

INVESTMENT POLICIES AND INCENTIVES

MANUFACTURING LICENCE



A company with shareholders' funds of **RM2.5 million** and above or **employing 75** or more full-time paid employees to obtain a Manufacturing Licence.

MIDA
MIDA
www.mida.gov.my

APPLICATION FOR INCENTIVE AND/OR EXPATRIATE POSTS FOR A SMALL-SCALE MANUFACTURING COMPANY

(1) Type of application (Please tick (✓) where relevant)

(a) Incentive

(b) Pioneer Status

(c) Investment Tax Allowance and/or

(d) Expatriate Posts

(2) Proposed products/services	HS tariff code	Proposed factory location	Coordinates Approved By Other Government Agencies

Note: Please provide a copy of approval letter from the relevant agency.

- **"Shareholders' funds"** - a company's paid-up capital, reserves, balance of share premium account and balance of profit and loss appropriation account
- **"Full-time paid employees"** - persons working in the establishment for at least six hours a day and at least 20 days a month for 12 months during the year and who receive a salary.

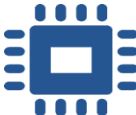
Forms can be downloaded from:

<http://www.mida.gov.my/home/forms-&-guidelines-for-manufacturing-sector/posts/>

Targeting Quality Investments



Promoted Activities (Manufacturing Sector)



Advanced Electronics



Machinery & Equipment



Petrochemical



Specialty Chemicals



Medical Devices



Transportation Technology



Biotechnology



Aerospace



Food Technology



Pharmaceuticals



Advanced Materials



Promoted Activities (Services Sector)

Services Sector

45 Sub Sectors
liberalised since 2009

Logistics



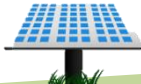
Hotel & Tourism



MRO for Aerospace



Green Technology



Ship building / ship repair



Medical Tourism



R&D



Education
(TVET & science)



Principal Hub

Major Incentives:

Pioneer Status

Income tax exemption ranging from 70% or 100% for a period of 5 or 10 years

Investment Tax Allowance

60% or 100% on qualifying capital expenditure for 5 years

Reinvestment Allowance

60% on qualifying capital expenditure for 15 consecutive years

Import Duty Exemption

For raw materials / components and machinery and equipment

Investment Policies :

OWNERSHIP

Manufacturing & selected services sectors can be wholly foreign-owned

100%

EXPATRIATE POSTS

Liberal policy, based on merit of each case



Automation Capital Allowance (ACA)

OBJECTIVES :



To encourage **manufacturing companies** to engage in innovative and productive activities



To encourage the **quick adoption of automation** especially for labour-intensive industries



To further **spur automation initiatives**

ELIGIBILITY CRITERIA:

- **Manufacturing companies** (labour and non-labour intensive) operating at least **36 months** in Malaysia.
- Automation equipment is **used directly in the manufacturing activities to enhance the productivity and increase volume of output.**
- Automation **equipment adopts technology that is more advanced than the technology currently used** by the company and **to be verified by SIRIM.**

TYPE OF INCENTIVE:

Category 1:

- **Labour intensive industries (rubber products, plastics, wood, furniture and textiles)**
- **ACA of 200% on the first RM4 million expenditure incurred within Year of Assessment 2015 to 2020.**

Category 2:

- **Other industries**
- **ACA of 200% on the first RM2 million expenditure incurred within Year of Assessment 2015 to 2020.**

Green Technology Incentives

Investment Tax Allowance - ITA (Project)

Investment Tax Allowance (ITA) of **100% of qualifying capital expenditure (QCE) incurred from the date of application received by MIDA until 31 December 2020.**

- **Renewable Energy (RE)**
 - Generation of energy such as electricity, steam, heat and chilled water using RE sources like solar*, biomass, biogas, mini-hydro and geothermal
 - *Excluding solar FiT project
- **Energy Efficiency (EE)**
 - Investment in energy efficient equipment or technologies e.g. energy efficient motor, variable speed drive, chiller, cogen etc.
- **Green Building**
 - Building owners of the commercial / industrial building that have been awarded green building certificates from certification body approved by the Government.
- **Green Data Centre**
 - Purchase of any energy efficient product or solution for data centre which have been awarded green building certificates from relevant certification body approved by the Government
- **Integrated Waste Management Activity**
 - Waste recycling / recovery / treatment activity and additional activity such as composting / storage / collection / disposal

Income Tax Exemption – ITE (Services)

Income Tax Exemption (ITE) of **100% of statutory income from the year of assessment** where the **date of application received by MIDA** until the year of assessment 2020.

- **Renewable Energy (RE)**
 - Feasibility study, system design & advisory & consultancy, testing & commissioning
- **Energy Efficiency (EE)**
 - Advisory & consultancy, energy audit & management, measurement & verification, testing & commissioning
- **Green Building**
 - Design & consultancy, testing & commissioning of green building equipment/system
- **Green Data Centre**
 - System design & feasibility study, advisory & consultancy, testing & commissioning
- **Certification or Verification Bodies**
 - Green certification of products, equipment and buildings
- **Green Township**
 - Advisory & consultancy , design & feasibility study in green township and low carbon cities planning
- **Electric Vehicles (EV)**
 - Installation, maintenance and repair of EV charging equipment, infrastructure and EV charging station, Operation of EV charging station, Maintenance, Repair and Overhaul of EV

DOMESTIC DIRECT INVESTMENT INITIATIVES

Domestic Investment Strategic Fund (DISF)

- Incorporated under the Companies Act,1965/ Companies Act 2016.
- New companies in the manufacturing and services sectors with **Malaysian equity ownership of at least 60%.**
- **Existing companies in the manufacturing and service sectors with Malaysian equity ownership of at least 60% undertaking reinvestments (expansion/modernization/diversification)**
- Companies producing promoted products/ engaged in promoted activities in the following sectors:

Manufacturing

1. Aerospace;
2. Medical Devices;
3. Pharmaceuticals;
4. Advanced Electronics;
5. Machinery and Equipment;
6. Other industries, on case by case basis.

Services

1. Design and Development;
2. R&D;
3. Testing/Calibration
4. Quality & Standard Certification
5. Architectural/Engineering Services;
6. Technical and or skills training;
7. Logistics Service Provider (3PL)
8. ICT Solutions providers related to Industry 4.0
9. Green Technology

- **Matching grants (1:1) on reimbursable basic** to cater for expenditures incurred for the following activities:
 - i. Training
 - ii. R&D Activities
 - iii. Licensing / purchase of new or high technology
 - iv. International standards/ certificates
 - v. Modernization & upgrading

Incentives for Small Scale Companies

- Company incorporated in Malaysia with **shareholders' fund not exceeding RM2.5 million** and having at least **60% to 100% Malaysian equity**.
- PS with income tax exemption 100% of statutory income for 5 years; or
- ITA of 60% qualifying capital expenditure incurred within a period of 5 years.
- Example Industries : Manufacture of Parts and components, Electrical and electronic products, transport components parts, chemical and pharmaceutical, wood and wood products, paper and paperboard, textile and textile products, Food products.

Incentives for Companies in Production (Desirous Issue)

- Malaysian-owned manufacturing and services that are already in production which do not comply with the 'desirous' clause under the PIA 1986 are **now eligible to be considered for tax incentives**.

MIDA LATEST INITIATIVES

National Policy on Industry 4.0 : Industry4WRD



Attract

Attract stakeholders to Industry 4.0 technologies & processes



Create

Create the right ecosystem for Industry 4.0 technologies to be adopted and to nurture innovations









Transform

Transform capabilities of the manufacturing industry to be Industry 4.0-ready



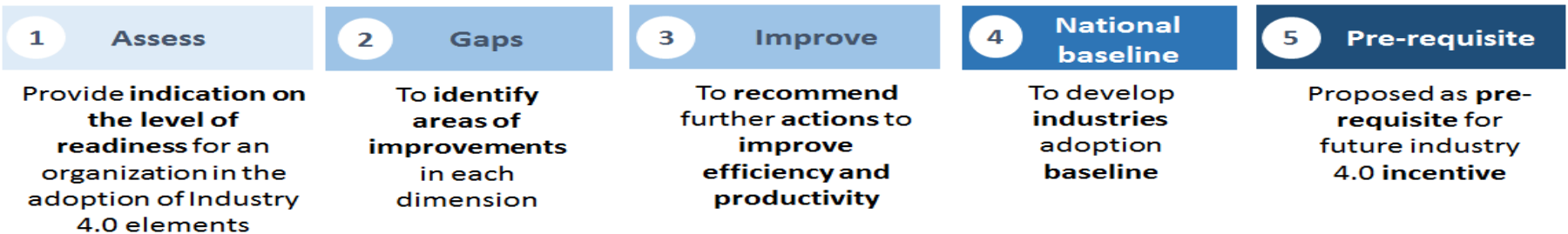
Industry4WRD : Focus Sectors

Electrical & Electronics 	Machinery & Equipment 	Chemical 	Medical Devices 	Aerospace 	Other Sectors 
<p>The Electrical & Electronics industry is the leading industry in Malaysia's manufacturing sector, contributing significantly to the country's exports and employment</p>	<p>The Machinery & Equipment industry is one of the key areas for growth and development, focusing on high value-added and high technology M&E</p>	<p>The Chemical industry is one of the catalytic industries in the country with rapid growth due to the availability of oil and gas as a feedstock</p>	<p>The Medical device industry spans an extremely wide range of industries from rubber and latex, plastics, machinery and engineering support and electronics</p>	<p>The Aerospace industry has been designated as a strategic sector with high growth potential in the country's industrialisation and technological development programs</p>	<ul style="list-style-type: none"> • Automotive • Transport • Textiles • Pharmaceutical • Metal • Food processing • Services
<p>Subsectors:</p> <ul style="list-style-type: none"> • Electronic components • Consumer electronics • Industrial electronics • Electrical products 	<p>Subsectors:</p> <ul style="list-style-type: none"> • Specialised M&E for specific industries • General industrial M&E, parts and components • Power generating M&E • Machine tools 	<p>Subsectors:</p> <ul style="list-style-type: none"> • Petroleum products & petrochemicals • Plastic products • Rubber products • Chemical & chemical products • Oleochemicals 	<p>Subsectors:</p> <ul style="list-style-type: none"> • Consumables • Surgical instruments, clinical device & implants • Healthcare equipment 	<p>Subsectors:</p> <ul style="list-style-type: none"> • Engineering & design • Aero-manufacturing • System integration • Maintenance, Repair and Operations (MRO) 	

Industry4WRD Readiness Assessment



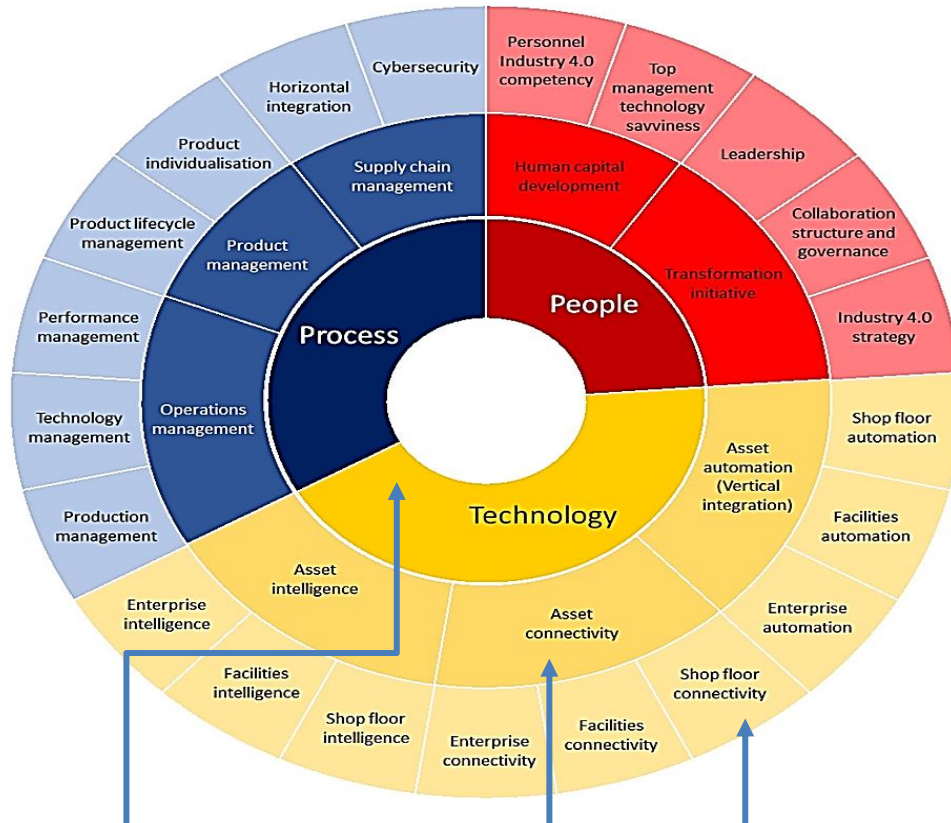
Industry4WRD is aimed to...




processes.

*Register for online application : <http://www.miti.gov.my/industry4 wrd>

Industry4WRD Readiness Assessment Criteria



3 Shifts Factors **8** Thrusts **21** Dimensions



Technology

Focuses on the **application** of intelligent, connected and automated technologies at **3 different layers**

50%



Process

Focuses on the **management system** involved in running business **operations, supply chain & product lifecycle**

30%



People

Focuses on the **people** and the entire **organisation** by **emphasising** on strategies towards having a **suitable** set of **workforce**

20%

Initiatives for Industry4WRD (Budget 2019)

➤ Expansion Scope of DISF and HIF for Industry4WRD

Under the Budget 2019, Government has introduced 2 initiatives for Industry 4.0 related to the existing non-fiscal incentives (grants) under the purview of MIDA:

1. Expansion of scope of the Domestic Investment Strategic Fund (DISF) to cover Industry 4.0 relevant activities (with proposed reimbursable basis ratio of 60:40)
2. Expansion of scope of the High Impact Fund (HIF) to cover modernization activities of Industry 4.0

Fund	Reimbursable Basis Ratio	Readiness Assessment (RA)	Equity Ownership	Eligible Activities	Additional Criteria
Existing DISF	50:50	-	Malaysian equity ownership of at least 60%	R&D, Training, Modernisation (outsourcing), Licensing / Purchase New Technology and International Standards / Certifications	-
Industry4WRD DISF	60:40	Undergone RA	Malaysian equity ownership of at least 60%	Activities related to Industry 4.0 [R&D, Training, Modernisation (outsourcing), Licensing / Purchase New Technology and International Standards / Certifications]	Must adopt enabling technologies i.e IoT, AI, Big Data Analytics, etc
Existing HIF	50:50	-	-	R&D and Training	-
Industry4WRD HIF	50:50	Undergone RA	-	R&D, Training and Modernisation (outsourcing) related to Industry 4.0	Must adopt enabling technologies i.e IoT, AI, Big Data Analytics, etc

Investment Coordination Platform (ICP)



- MIDA's **latest initiative** in providing assistance to local companies or SMEs to **bridge their financial and technology gaps through strategic collaborations and joint ventures.**
- Main objective is to encourage more domestic direct investments.

BUSINESS MATCH MAKING

Facilitates B2B arrangement for companies with value enhancing capabilities and resources

CAPITAL RAISING (DEBT & EQUITY)

Provide an opportunity for companies to engage with potential founders from various financial institutions, private equity and venture capital firms

INITIAL PUBLIC OFFERING (IPO)

Facilitation for private placement prior to listing exercise

JOINT VENTURE, M&A DIVESTMENT

Facilitate companies in undertaking M&A, or Divestments exercise in providing opportunity to reinvest profits in other markets and businesses

Be Part of Us

Investment Coordination Platform



Visit us at MIDA Website www.mida.gov.my and complete the following survey:

ABOUT MIDA

INVEST IN MALAYSIA

TESTIMONIAL

WHY MALAYSIA

FORMS

MEDIA ROOM

UPDATE

cement of Income Tax (Accelerated Capital Allowance) (Automation Equipment) Rules 2017 -

• Effective 1st March 2017, a fee of RM3



INVESTMENT COORDINATION PLATFORM SURVEY

This survey serves to gauge the level of your company's interest in executing corporate exercises as a means to raise funds to propel expansionary growth aspirations.

Click here >> <https://www.surveymonkey.com/r/InvestmentPlatform>

- GETTING STARTED**
Provide information on policies, incentives and facilities to start an operation either in the Manufacturing or Services Sector in Malaysia.
[LEARN MORE](#)
- RESOURCES
- E-SERVICES
- INDUSTRIES
- FACTS & FIGURES
- CONTACT US

Incentive Coordination & Collaboration Office (ICCO)

- Incentive Coordination and Collaboration Office (ICCO) was established in MIDA on the **15th April 2015**.
- Objectives:-
 - Coordinating investment incentives schemes under a single portal;
 - Provide greater cross agency visibility and transparency of incentives offered;
 - Undertake impact evaluation of current and new incentives scheme.

- Major Projects:



<https://incentives.mida.gov.my>

i-Incentives Portal

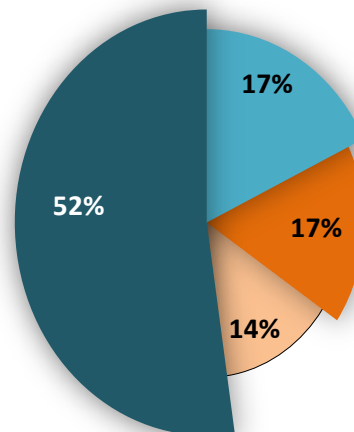
Categorisation of Incentives



1 Key Figures



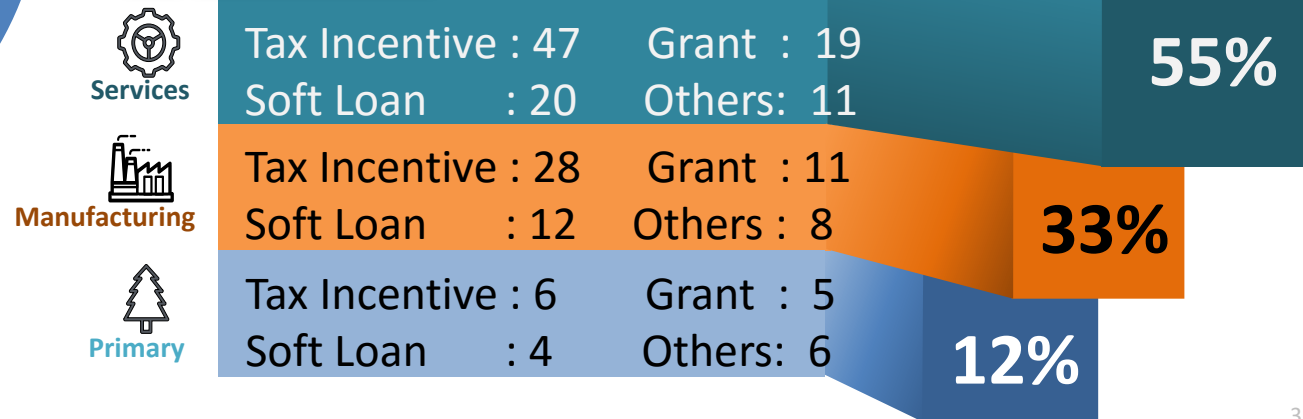
2 Type of Incentives



- Tax Incentives
- Grant
- Soft Loan
- Others*

*Equity funding, training, aids, regional establishments & other facilitation programs.

3 By Sectors



MIDA i-SERVICES PORTAL

“A Single Market Place to Link Investors and Companies Interested to Source for Domestic Services with Local Service Providers”



To assist investors who are looking for local service providers



To promote and encourage the utilisation of local service providers for investment projects



To facilitate linkages programmes by MIDA or other agencies

<http://iservices.mida.gov.my>

REGISTER TODAY

SERVICE PROVIDERS

Register to get more prospective clients by providing your services here

USERS

Register to access a wide range of services available in the portal



Accounting



Architectural



Construction



Banking



Education



Engineering



Environmental Protection



ICT



Distribution & Logistics



Insurance



Legal



Green Technology Services



Oil & Gas



Other Professional & Technical



Real Estate

Thank you



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

MALAYSIA... Your Profit Centre in Asia

MIDA Sentral
No. 5 Jalan Stesen Sentral 5
KL Sentral
50470 Kuala Lumpur
Tel: 603 – 2267 3633
Fax: 603 – 2274 7970
investmalaysia@mida.gov.my
www.mida.gov.my

    **@officialMIDA**

Malaysia is a vibrant economy. Talk to MIDA and discover how Malaysia can be your Profit Centre in Asia
For more information, please visit www.mida.gov.my or email to investmalaysia@mida.gov.my