SW TY TEOH 信永中和

Special Tax Incentive For Company Relocating into Malaysia

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Strength Beyond Figures ™

SPECIAL TAX INCENTIVE FOR COMPANY RELOCATING INTO MALAYSIA

Listed below are the tax incentives offered to new and existing foreign companies relocating their business into Malaysia:-

Type of Company	Eligible Capital Expenditure (RM)	Incentive	Rate	Duration
1. New company	i. RM300 million to RM500 million.	Special tax rate	0%	10 years
	ii. RM500 million and above.	Special tax rate	0%	15 years
2. Existing company	Relocating overseas facilities into Malaysia with capital investment above RM300 million	Investment tax allowance (ITA)	100%	5 years and is offset against 100% statutory income of the activity.

ELIGIBILITY CRITERIA

Definition of new company	a) Company relocating manufacturing facility for eligible activities from another country to Malaysia; or b) Company establishing new operation in Malaysia; and c) Do not have existing manufacturing operation in Malaysia.
Definition of existing company	Foreign or locally owned company that has existing manufacturing operation in Malaysia and is relocating its manufacturing operations from outside Malaysia for new business segment. The products from the new business segment are not part of the expansion project for existing products.
Conditions for this incentive	a) To incur the capital expenditure (excludes land cost) within 3 years from the date of the first capital expenditure incurred; b) To incur the first capital expenditure within 1 year from the approval date; and c) Company will be subjected to conditions related to the Employment and Vendor Development Program

Promoted manufacturing activities

Manufacturing activities **EXCEPT** manufacturing activities as below:-

Non Products / Activities	Industries
All products for iron & steel considered sensitive except products listed in the Promoted Activities / Products Under the PIA 1986 under the category of Manufacture of Iron and Steel, and Manufacture of Non-Ferrous Metal and their Products	Iron & Steel
Weapon and ammunitions	Machinery & Equipment
Electricals products supplied to generate power for consumption of TNB and Petronas such as general cables, wire harness, distribution boards, control panels, switching apparatus, transformers	Electrical
Liquor and alcoholic beverages	Beverages & Tobacco
Tobacco and tobacco products including cigarette	Beverages & Tobacco
Palm Oil milling and refining	Palm Oil
Production of food products that only involve mixing, blending and cooking. Example: sauces, paste, premix food products	Food Manufacturing
Beverages	Beverages & Tobacco
Sugar	Food Manufacturing
Pineapple Canning	Food Manufacturing
Paper-based packaging materials from waste paper except for coated duplex board	Paper, Printing & Publishing
Wood-based products including furniture, plywood, sawn timber and others	Wood & Wood Products
Printing and Publishing	Paper, Printing & Publishing
Remanufacturing/ reconditioning/ reassembly of motor vehicles and related components	Automotive / Motor vehicle

* The incentive is effective from 1 July 2020 until 31 December 2022.

Promoted manufacturing activities

Manufacturing activities EXCEPT manufacturing activities as below:-

Non Products / Activities	Industries
Non-EEV	Automotive / Motor vehicle
Drones and rocket Aerospace related products for Military/Defense application (Non-commercial segment)	Aerospace for Military/Defense Application
Recycling of any types of waste	All
Refinery of crude petroleum oil	Petroleum
Passengers car tires	Rubber
General plastic products such as plastic bags, bottles	Plastic
Gloves	All
Manufacturing of construction material except for following products: ✓ Industrial Building System (IBS) ✓ Panels ✓ Boards ✓ Tiles ✓ Blocks or similar articles of natural and synthetic fiber agglomerated with cement plaster or other mineral binding substance	Construction
Textiles products except for following activities: ✓ Natural or man-made fibres ✓ Yarn of natural or man-made fibres ✓ Woven fabrics ✓ Knitted fabrics ✓ Non-woven fabrics ✓ Finishing of fabrics such as bleaching, dyeing and printing ✓ Specialised Apparel ✓ Technical or functional textiles and textile products	Textile

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W shinewingtyteoh.com

Kuala Lumpur 吉隆坡 T +603 780 55022
Johor Bahru 柔佛 T +607 595 2299
Penang 槟城 T +604 296 6730 / +604 371 3318
Labuan 纳闽岛 T +6087 599 328
Muar 麻坡 T +606 952 0205
Sitiawan 实兆远 T +605 688 5112
Ipoh 怡保 T +605 546 3388