

Malaysia Digital (MD) Status Incentive (formerly known as MSC Malaysia Status)

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MALAYSIA DIGITAL (“MD”) STATUS SERVICE INCENTIVE (formerly known as MSC Malaysia Status)

On 4th July 2022, The Government of Malaysia through the Malaysia Digital Economy Corporation (“MDEC”) launched Malaysia Digital (“MD”) as the new national strategic initiative to accelerate and further develop digital economy replaces the Multimedia Super Corridor (“MSC”) Malaysia.

1. ELIGIBILITY CRITERIA

To be eligible to apply for the MD Status Company, companies are required to meet the following criteria:-

- a) The company incorporated under the Companies Act 2016 and resident in Malaysia; AND
- b) Proposing to carry out one or more of the MD activities (*please refer Appendix A*).
- c) Other general conditions:-
 - To comply with all applicable permit/licensing requirements and to ensure that the required permit/license has been obtained from the relevant authority for the implementation of MD Approved Activities.

With effective from 25th March 2022, MD Status Company are not subjected to minimum office space requirements and are allowed to operate and undertake MD Approved Activities in any location within Malaysia.

2. BENEFITS OF MD STATUS COMPANIES

i. MD BILL OF GUARANTEES (BoGs)



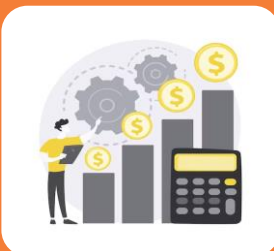

- A set of incentives, rights and privileges available for MD status companies;
- MD status companies eligible to access or apply for, amongst others:-
 - a) Tax incentives (income tax exemption or investment tax allowance);
 - b) Foreign knowledge worker quota and passes;
 - c) Multimedia / ICT equipment import duty and sales tax exemptions;
 - d) Freedom of ownership by exempting local ownership requirements;
 - e) Flexibility to source capital and funds globally

ii. OTHER BENEFITS

MD Status companies are also eligible to access facilitation of other benefits as below, subject to certain criteria and conditions:-

- Access to the local and international market and ecosystem;
- Business matching and partnership;
- Grant and funding facilitation; and/or
- Participation in MD catalytic programs.

3. COMPANIES WITH MD STATUS COMPANY WILL HAVE TO COMPLY WITH THE FOLLOWING CONDITIONS WITHIN 12 MONTHS FROM THE DATE OF AWARD OF SUCH STATUS:

			
<p>Activity</p> <p>Commencement of operation and undertaking of the Malaysia Digital Approved Activities in Malaysia</p>	<p>Knowledge Workers</p> <p>Minimum of 2 full-time employees (comprising knowledge workers) with minimum average monthly base salary of RM5,000 employed for the MD Approved Activities</p>	<p>Operating Expenditure</p> <p>Minimum annual operating expenditure of RM50,000 incurred for the MD Approved Activities</p>	<p>Paid-up Capital</p> <p>Minimum of RM1,000.00</p>

As per [MDEC's announcement](#), the guidelines for the above tax incentives will be released by soon. Please be guide accordingly.

THE MALAYSIA DIGITAL ACTIVITIES

Research, development and commercialization of solution and/or provision of services in relation to any of the following technologies or areas:

- i. Big data analytics (BDA);
- ii. Artificial intelligence (AI);
- iii. Financial technology (FinTech);
- iv. Internet of things (IOT);
- v. Cybersecurity (technology/software/design and support);
- vi. Data centre and cloud (technology/software/design and support);
- vii. Blockchain;
- viii. Creative media technology;
- ix. Sharing economy platform;
- x. User interface and user experience (UI/UX);
- xi. Integrated circuit (IC) design and embedded software;
- xii. 3D printing (technology/software/design and support);
- xiii. Robotics (technology/software/design)
- xiv. Autonomous (technology/software/design and support);
- xv. Systems/network architecture design and support;
- xvi. Global business services or knowledge process outsourcing;
- xvii. Virtual, augmented and/or extended reality – *new/additional activity* ;
- xviii. Drone technology - *new/additional activity* ;
- xix. Advance telecommunication technology - *new/additional activity* ; OR
- xx. Other emerging technologies deemed significant for the digital ecosystem subject to approved by the Approval Committee - *new/additional activity* .



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