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**MIDA
(MALAYSIAN INDUSTRIAL
DEVELOPMENT AUTHORITY)
GUIDELINES**

A

Guidelines (Revised) and Procedure for Applying Tax Incentive for Small Scale Manufacturing Companies under the Promotion of Investments Act, 1986

1.0 INTRODUCTION

Under the Promotion of Investments Act 1986, small scale manufacturing companies which fulfill certain criteria, are eligible for the following tax incentives to manufacture promoted products:

- a. Pioneer Status with full tax exemption for 5 years, or
- b. Investment Tax Allowance of 60% on qualifying capital expenditure incurred within 5 years, which can be offset against 100% of statutory income for each year of assessment.

For this purpose, small scale manufacturing companies are defined as companies whose shareholders' funds do not exceed RM500,000.

2.0 CONDITIONS FOR ELIGIBILITY

- a. The company must be incorporated in Malaysia under the Companies Act, 1965
- b. At least 60% of the shares of the company must be held by Malaysian citizens
- c. A sole proprietorship or partnership is eligible to apply for the incentive by forming a new private limited/limited company to take over existing production/activities.

3.0 CRITERIA FOR ELIGIBILITY

The company must comply with at least one of the following criteria:-

- a. The value added must be at least 15%, or
- b. The project contributes towards the socio-economic development of the rural population

4.0 APPLICATION PROCEDURE

4.1 The application should be made using Form IK-2003 (revised) (Appendix 6-1) together with copies of the following documents duly certified by the Registrar of Companies:-

- a. Form 9 or 13
(Certificate of Incorporation of Company or Change of Company's Name)
- b. Form 24
(Return of Allotment of Shares)
- c. Form 49
(Particulars of Directors, Managers and Secretaries and Changes of Particulars)
- d. Latest annual report of corporate shareholders

4.2 The application should be submitted in three (3) copies to:-

**Ketua Pengarah
Lembaga Kemajuan Perindustrian Malaysia (MIDA)
Tingkat 5, Plaza Sentral, Jalan Stesen Sentral 5
50470, Kuala Lumpur
No. Tel : 03-22673633
No. Faks : 03-22747970**

4.3 For projects in Sabah and Sarawak, three (3) copies of the form should also be submitted to the relevant MIDA offices as follows:-

Sabah

**Pengarah
Pejabat MIDA Negeri Sabah
Tingkat 4
Bangunan Bank Negara Malaysia
Peti Surat 11915
88821 Kota Kinabalu
Sabah**

Sarawak

**Pengarah
Pejabat MIDA Negeri Sarawak
Bilik 404, Tingkat 4
Bangunan Bank Negara Malaysia
No. 147 Jalan Satok, Peti Surat 716
93714 Kuching
Sarawak**

Issue Date : 2004

B

Guidelines on Tax Incentives for Companies Providing Cold Chain Facilities

1.0 INTRODUCTION

Companies providing cold chain facilities and services for perishable agricultural produce i.e. fruits, vegetables, flowers, ferns, and meat and aquatic products are eligible for Pioneer Status **or** Investment Tax Allowance as follows:

1.1 New Company

a. Pioneer Status

- Pioneer Status with a tax exemption of 70% of the statutory income for a period of 5 years; or
- Pioneer Status with a tax exemption of 100% of the statutory income for a period of 5 years for projects located in the Eastern Corridor of Peninsular Malaysia, Sabah and Sarawak.

b. Investment Tax Allowance

- Investment Tax Allowance of 60% on the qualifying capital expenditure incurred within a period of 5 years. The allowance can be offset against 70% of the statutory income in each year of assessment; or
- Investment Tax Allowance of 100% on the qualifying capital expenditure incurred within a period of 5 years for projects located in the Eastern Corridor of Peninsular Malaysia, Sabah and Sarawak. The allowance can be offset against 100% of the statutory income in each year of assessment.

1.2 Existing Company

a. Pioneer Status

- Pioneer Status with a tax exemption of 70% on the **increased** statutory income arising from reinvestment for a period of 5 years; or

- Pioneer Status with a tax exemption of 100% on the **increased** statutory income arising from reinvestment for a period of 5 years for projects located in the Eastern Corridor of Peninsular Malaysia, Sabah and Sarawak.
- b. Investment Tax Allowance
 - Investment Tax Allowance of 60% on the **additional** qualifying capital expenditure incurred within a period of 5 years. The allowance can be offset against 70% of the statutory income in each year of assessment; or
 - Investment Tax Allowance of 100% on the **additional** qualifying capital expenditure incurred within 5 years for projects located in the Eastern Corridor of Peninsular Malaysia, Sabah and Sarawak. The allowance can be offset against 100% of the statutory income in each year of assessment.

2.0 ELIGIBLE APPLICANT

A new company intending to provide cold chain facilities or an existing service provider intending to reinvest in cold chain facilities for perishable agricultural produce, may apply for the tax incentive.

3.0 QUALIFYING CRITERIA

3.1 Independent Service Provider

The applicant company must be an independent service provider.

3.2 Eligible Activities

Eligible activities for the granting of incentives are:

- a. the provision of cold room facilities or refrigerated transportation for local agriculture produce with or without other post-harvest activities including cleaning, washing, grading, freezing/chilling and packing;
- b. the provision of cold room facilities or refrigerated transportation for local processed food products.

3.3 Qualifying Income

At least 60% of the company's revenue must be derived from the provision of cold room facilities, refrigerated transportation and other related services for local agricultural produce.

4.0 PROCEDURE FOR APPLICATION

- 4.1 Application should be submitted in 3 copies using Form ICA1 (Appendix 6-2) or ICA3 (Appendix 6-3) to:

Director-General
Malaysian Industrial Development Authority (MIDA)
5th Floor, Plaza Sentral, Jalan Stesen Sentral 5
Kuala Lumpur, 50470 Kuala Lumpur

Tel. no. : 03-2267 3633
Fax. no. : 03-2274 7970

- 4.2 For projects in Sabah and Sarawak, three copies of the form should also be submitted to the relevant MIDA office as follow:-

**Sabah
Director**

MIDA Sabah Office
4th Floor, Bangunan Bank
Negara Malaysia
PO Box 11915
88821 Kota Kinabalu
Sabah, Malaysia

**Sarawak
Director**

MIDA Sarawak State Office
Room 404, 4th Floor
Bangunan Bank Negara Malaysia
No. 147 Jalan Satok
PO Box 716
93714 Kuching
Sarawak, Malaysia

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