

MALAYSIA TAX INCENTIVES Compilation and Guide for Oil and Gas Services and Equipment (OGSE) Sector



In collaboration with



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

As at August 2018

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The content in this publication is considered to be true and correct at the date of publication. The tax incentives, qualifying criteria and other facts may change thereafter. For more accurate information, reference can be made to the respective Ministries and Agencies. The content of this publication are subjected to current policies, discretion and strict deliberation of the Government of Malaysia.

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Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority.

Foreword



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY



'Time does not wait, opportunities doesn't come rolling'. In line with MITI's vision to make Malaysia the preferred investment destination, MITI will continue to support and facilitate activities to promote strategic investments in the manufacturing and services including in the Oil & Gas Service and Equipment ("OGSE") sector.

In preparation to face global economic challenges including an increasing trend of protectionism, the country's industrial activity has embarked on several diversification strategies including in areas such as aerospace and high-technology manufacturing by encouraging the SMEs to embrace the key components of Industry 4.0.

To ensure that the OGSE sector remain resilient and sustainable, concerted efforts have been made by the Government by introducing initiatives that would help shape the business ecosystem to help support vendors and SMEs grow beyond their boundaries and be able to compete more effectively.

It is MITI's hope that this guide can be a good reference in facilitating the industry in its investment decisions and continue to make Malaysia as their investment destination of choice to support the oil and gas industry regionally.

Datuk Isham Ishak
Secretary General,
Ministry of International Trade and Industry,
Malaysia.

As the execution agency for the nation's investment agenda, MIDA focuses on generating quality investments in new and emerging technologies that are necessary for Malaysia to become a high income nation. Oil and gas remain as one of the sectors promoted by MIDA and with the launch of this guide, MIDA hopes that more oil and gas services and equipment manufacturing companies in Malaysia and internationally will invest in Malaysia.

Further details are also available on MIDA's i-Incentives portal at <https://incentives.mida.gov.my>. The portal provides information on investment incentives offered by the Federal Government of Malaysia. It covers all types of incentives offered by the Federal Government; tax exemptions, grants, soft loans and other types of incentives such as equity funding, regional establishment status, training and other facilitation programmes.

Dato' Azman Mahmud
Chief Executive Officer,
Malaysian Investment Development Authority,
Malaysia.

Foreword



This inaugural publication of **Malaysia Tax Incentives: Compilation and Guide For OGSE Sector** is timely to facilitate the OGSE players' investment decisions to spur Malaysia's oil and gas industry.

MITI and MIDA together with PETRONAS collaborated to produce this guide to match as closely as possible to the activities in PETRONAS' licensing Standard Work and Equipment Categories (SWECS).

The incentives listed in this guide are beneficial for the OGSE players' financial planning and will ease their efforts in identifying the most suitable incentives for their respective businesses.

It is our hope that the OGSE players in Malaysia will gain from these incentives in our journey to uplift the competitiveness and resilience of our industry.

A handwritten signature in black ink, appearing to read "Mazuin Ismail".

Mazuin Ismail
Senior Vice President,
Projects Delivery and Technology Division (PD&T),
PETRONAS
Malaysia

Purpose of this guide

The purpose of this guide is to increase awareness of Oil and Gas Services and Equipment (“OGSE”) vendors on available and applicable Malaysia tax incentives for the OGSE sector. In PETRONAS’ earlier survey⁽¹⁾ addressed to OGSE vendors, we have received enquiries on available tax incentives provided by various government ministries and agencies. Therefore, in collaboration with MITI and MIDA, PETRONAS has identified the relevant tax incentives for the OGSE sector, including examples of applicable oil and gas work scopes where relevant.

As an overview, the tax incentives in Malaysia are mainly prescribed in the Income Tax Act (1967) and promotion of investments Act (1986). The main tax incentives provided are Pioneer Status (“PS”) and Investment Tax Allowance (“ITA”). It is available to companies throughout the OGSE value chain. The tax incentives also cater for various company sizes from “start-ups”/small scale companies to large companies. We also touch on the tax incentives offered for businesses in the various economic regions in Malaysia.

This guide is not meant to be exhaustive nor guarantee the success rate of obtaining such incentives. Therefore, OGSE vendors are required to undertake own research, exercise good judgment and make enquiries directly to the relevant ministries and agencies. For your information, besides tax incentives, Malaysian government and its ministries & agencies also provide various other assistance (e.g. grants, loans and other programmes) for the benefit of companies operating in Malaysia.

The full document can be downloaded from the following sites:

- a) <https://www.petronas.com/media/downloads?category=others>
- b) <https://supplier-selfservice.petronas.com.my/irj/portal/>

As for specific enquires with respect to any tax incentive, kindly refer to the ministry or agency in-charge accordingly. For any general enquiries, feedback or comments specific to this publication, please write to us at pdtcorporateprojects@petronas.com.

Content

Page

- Background** **07**

- 01 Segment Specific Incentives** **11**
 - a) General Investments
 - b) High Technology Companies
 - c) Integrated Logistics Services
 - d) Selected Industries
 - e) Small Scale Companies
 - f) Reinvestment Allowance (manufacturing only)
 - g) Venture Capital

- 02 Activity Driven Incentives** **33**
 - a) Angel Investor
 - b) Automation
 - c) Exports & Promotion
 - d) Principal Hub
 - e) Research & Development
 - f) Training
 - g) Vendor Development Programme (anchor company)

- 03 Region Specific Incentives** **46**
 - a) East Coast Economic Region
 - b) Northern Corridor Economic Region
 - c) Iskandar Malaysia
 - d) Sarawak Corridor of Renewable Energy
 - e) Sabah Development Corridor
 - f) Less Developed Areas

- 04 Other incentives** **53**
 - a) Stamp Duty Exemption
 - b) Import Duty Exemption

- 05 Government Agencies** **56**

- Glossary** **58**

Background

Overview of Malaysia tax incentive

1

In Malaysia, there are ~100 tax incentives⁽¹⁾ available and most of these tax incentives are administered by Malaysian Investment Development Authority (“MIDA”) or Ministry of Finance (“MoF”).





- a) These incentives are provided pursuant to Malaysia's Income Tax Act (1967) and Promotion of Investments Act (“PIA”) (1986).
- b) 28 tax incentives listed in this guide are deemed relevant to OGSE sector.

2

Key tax incentives in Malaysia are:

- a) Pioneer Status / Investment Tax Allowance⁽²⁾.
- b) Other incentives include tax deduction (e.g. single deduction, double deduction, further deduction, which would otherwise be non-deductible under Income Tax Act (1967), tax exemptions, etc.).
- c) For activities incentivised under PIA 1986, they are updated periodically under the “promoted list”.

Roles by relevant ministries and agencies:

Ministry / agency	Roles
 MOF MINISTRY OF FINANCE	<ul style="list-style-type: none"> • Approver of incentives • Administers selected incentives
 MITI ⁽³⁾ MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY	<ul style="list-style-type: none"> • Via MIDA, administers incentives under promotion of investments Act (1986)
 RMCD ⁽⁴⁾	<ul style="list-style-type: none"> • Administers indirect tax (i.e. import duty)
 LHDN (IRB) ⁽⁵⁾	<ul style="list-style-type: none"> • Administers direct taxes
<ol style="list-style-type: none"> 1. ECERDC⁽⁶⁾ 2. NCIA⁽⁷⁾ 3. IRDA⁽⁸⁾ 4. RECODA⁽⁹⁾ 5. SEDIA⁽¹⁰⁾ 	<ul style="list-style-type: none"> • Manage regional economic development areas, including vetting through application for tax incentives in each corresponding areas

Notes : (1) [Rethinking Investment Incentives \(2017\)](#) (2) Companies granted Pioneer Status or Investment Tax Allowance approval as per Promotion of Investments Act (1986) (3) Ministry of International Trade and Industry (4) Royal Malaysian Customs Department (5) Lembaga Hasil Dalam Negeri / Inland Revenue Board of Malaysia (6) East Coast Economic Region Development Council (7) North Corridor Implementation Authority (8) Iskandar Region Development Authority (9) Regional Corridor Development Authority (Sarawak) (10) Sabah Economic Development and Investment Authority

Background

There are 28 tax incentives identified relevant to OGSE sector

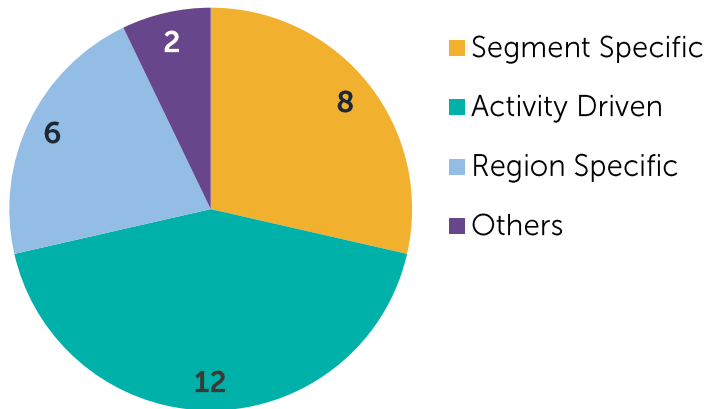


Tax incentives are designed to spur growth and activities in selected segments, activities or region



Examples of tax incentives available for each category

Number of relevant tax incentives for OGSE sector by category



01

Segment Specific

E.g. General Investments, High Technology Companies, Integrated Logistics Services, Selected Industries, Small Scale Companies, Reinvestment Allowance (manufacturing only) etc.

02

Activity Driven

E.g. Angel Investor, Automation, Exports, Principal Hub, Research & Development, Training, Vendor Development Program etc.

03

Region Specific

E.g. ECER⁽¹⁾, NCER⁽²⁾, IM⁽³⁾, SCORE⁽⁴⁾, SEDIA⁽⁵⁾, LDA⁽⁶⁾ etc.

04

Others

E.g. Import Duty and Stamp Duty exemptions.

Notes : (1) East Coast Economic Region (2) North Corridor Economic Region (3) Iskandar Malaysia (4) Sarawak Corridor of Renewable Energy (5) Sabah Economic Development and Investment Authority (6) Less Developed Areas

Background

Relevant incentives by company sizes



Startups/ Small Scale⁽²⁾

	M	S ⁽¹⁾
• General Investment ⁽⁴⁾	✓	✓
• Small Scale Companies ⁽²⁾⁽⁴⁾	✓	✓
• Training	✓	✓
• Venture Capital	✓	✓
• Angel Investor	✓	✓
• Region based (ECER, NCER, IM, SCORE, SDC, Less Developed Areas) etc.	✓	✓
• Import Duty Exemptions	✓	

Definition: MIDA’s definition of small scale companies⁽²⁾



Mid-Tier Companies⁽³⁾

	M	S ⁽¹⁾
• General Investment ⁽⁴⁾	✓	✓
• Integrated Logistic Services		✓
• Selected Industries ⁽⁴⁾	✓	
• Reinvestment Allowance	✓	
• Automation	✓	
• Research & Development	✓	✓
• Exports	✓	
• Training	✓	✓
• Venture Capital	✓	✓
• Region based (ECER, NCER, IM, SCORE, SDC, Less Developed Areas) etc.	✓	✓
• Import Duty Exemptions	✓	

Definition: Mid-tier companies⁽³⁾ is as per MATRADE’s definition. Annual revenue of RM 50 mil - RM 500 mil (manufacturing), RM 20 mil - RM 500 mil (services)



Large Companies

	M	S ⁽¹⁾
• General Investment ⁽⁴⁾	✓	✓
• High Technology Companies ⁽⁴⁾	✓	
• Research & Development	✓	✓
• Selected Industries ⁽⁴⁾	✓	
• Reinvestment Allowance	✓	
• Automation	✓	
• Vendor Development Program (anchor company)	✓	
• Principal Hub		✓
• Exports	✓	
• Venture Capital	✓	✓
• Training	✓	✓
• Region based (ECER, NCER, IM, SCORE, SDC, Less Developed Areas) etc.	✓	✓
• Import Duty Exemptions	✓	

Definition: All other companies that doesn’t fall under start-up, small scale, mid-tier companies. > RM 500 mil annual revenue (manufacturing or services)

Notes:

- (1) M = Manufacturing, S = Services
- (2) Source: [Small Scale Companies definition](#) by MIDA
- (3) Source: [Mid-Tier Company Development Program](#) by MATRADE
- (4) [Promoted Activities and Products for Manufacturing Sector](#)

Background

Relevant incentives and relevant government authority or agencies

Incentive	Govt. authority / agencies	Page
01 Segment specific		
a) General Investments*	MIDA	12
b) High Technology Companies*	MIDA	17
c) Integrated Logistics Services ("ILS")	MIDA	20
d) Selected Industries*		
i. Activities & Products under Promoted List	MIDA	23
ii. Ship Building and Repair	MIDA	26
e) Small Scale Companies*	MIDA	27
f) Reinvestment Allowance (manufacturing only)	LHDN	31
g) Venture Capital	SC	32
02 Activity driven		
a) Angel Investor	CRADLE	34
b) Automation	LHDN	35
c) Exports		
i. Increase in exports I	LHDN	36
ii. Increase in exports II	LHDN / MATRADE	37
iii. Malaysia International Trading Company ("MITC")	LHDN / MATRADE	38
iv. Promotion for exports	LHDN	39
d) Principal Hub	MIDA	40
e) Research & Development ("R&D")		
i. Research Expenditure	LHDN	41
ii. In-house R&D	MIDA	42
iii. R&D reinvestment (in-house R&D)	MIDA	43
f) Training	LHDN / PERKESO	44
g) Vendor Development Programme ("VDP") (anchor company)	MITI	45

Incentive	Govt. authority / agencies	Page
03 Region specific		
a) East Coast Economic Region*	ECERDC	47
b) Northern Corridor Economic Region*	NCIA	48
c) Iskandar Malaysia*	IRDA	49
d) Sarawak Corridor of Renewable Energy*	RECODA	50
e) Sabah Development Corridor*	SEDIA	51
f) Less Developed Areas*	MIDA	52
04 Others: Duties		
a) Stamp Duty Exemptions	LHDN	54
b) Import Duty Exemptions	RMCD / MIDA	55

Notes:

(*) Refer to each section for promoted activities and products list relevant to OGSE sector

(1) Residence for the purpose of this Guide refers to companies incorporated in Malaysia

01 Segment Specific Incentives

a) General Investments (pages 12-16)

Pioneer Status / Investment Tax Allowance

b) High Technology Companies (pages 17-19)

Pioneer Status / Investment Tax Allowance

c) Integrated Logistics Services (pages 20-22)

Pioneer Status / Investment Tax Allowance

d) Selected Industries (pages 23-26)

i. Activities under Promoted List

Pioneer Status / Investment Tax Allowance

ii. Ship Building and Repair

Pioneer Status / Investment Tax Allowance

e) Small Scale Companies (pages 27-30)

Pioneer Status / Investment Tax Allowance

**f) Reinvestment Allowance (manufacturing only)
(page 31)**





Tax Allowance

g) Venture Capital (page 32)

Tax Exemption / Tax Deduction

01 Segment Specific Incentives

a) General Investments (Pioneer Status / Investment Tax Allowance)

 Eligibility	 Incentives	 Federal/State Agencies	 Expiry
<p>A resident company⁽¹⁾ may be eligible for Pioneer Status ("PS") or Investment Tax Allowance ("ITA") as follows:</p> <ul style="list-style-type: none">a) Proposed activities / products must be listed in the General List of Promoted Activities / Products (Appendix I of PIA 1986) for General Investment (which is updated from time-to-time).b) Fulfills level of value-added ("VA") percentage.c) Fulfills level of manpower skills as measured by the Managerial, Technical and Supervisory ("MTS") Index against total workforce.	<p>A resident company that participates in a promoted activity or produces a promoted product⁽²⁾ may be eligible for <u>either PS or an ITA</u>.</p> <ul style="list-style-type: none">a) Pioneer Status ("PS")<ul style="list-style-type: none">i. A company pays tax on 30% of its statutory income (5 years partial exemption).ii. Unabsorbed capital allowance and unutilised losses during pioneer status period can be carried forward and deducted against post pioneer income.b) Investment Tax Allowance ("ITA")<ul style="list-style-type: none">i. Allowance of 60% on qualifying capital expenditure for 5 years from the first date incurred.ii. Can offset this allowance against 70% of its statutory income for each year of assessment.iii. Unutilised allowance can be carried forward until fully utilised.	MIDA	N/A

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) Selected promoted activities and products highly related to OGSE sector is listed in the following page. (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source: [MIDA - General Investments Incentives](#), [MIDA Company Definition](#)

01 Segment Specific Incentives

a) General Investments (Pioneer Status / Investment Tax Allowance)

Promoted activities⁽¹⁾

Manufacture of chemicals and petrochemicals⁽²⁾

Sub-segments:

Chemical derivatives or preparations from organic or inorganic source & petrochemical products.

Guide for vendors:

These products are usually procured for drilling and production activities.

To qualify for this incentive, manufacturing activities must meet Value Add criteria (i.e. a process which involves transforming feedstock to chemicals / chemical products in a plant facility). Hence, merely mixing and blending of chemicals are unlikely to qualify. However, exceptions are subject to case-to-case basis, at the sole discretion of the relevant government authority.

Potential application to OGSE sector (non-exhaustive)

Chemicals specific for oil and gas industry, e.g.:

- Chemical product derived from green/bio technology (e.g. product based on palm oil etc.)
- Customised / specialised chemicals
 - Boiler treatment chemicals (e.g. deposit and scale control, corrosion control, oxygen scavenger, corrosion inhibitors, descalers etc.)
 - Cooling water treatment chemicals (e.g. deposit and corrosion inhibitors, microbicides, dispersant, descalers etc.)
 - Drilling fluid and workover chemicals (e.g. barites, base oil, weighting material, clays, deflocculant, viscofier, fluid loss reducer, oxygen and hydrogen sulphide scavengers, corrosion inhibitors and biocides, loss circulation materials, treatment chemicals) and stuck pipe chemicals (e.g. drill pipe - freeing agents etc.)
 - Integrity chemicals (e.g. biocides, corrosion inhibitors, scale inhibitors etc.)
 - Production & Stimulation chemicals (e.g. corrosion inhibitors, pour point depressant, asphaltene inhibitors, viscosity reducers, biocides, paraffin control chemicals, demulsifiers, H₂S scavenger, wax dispersant, antifoams, pH modifiers, sand agglomeration chemicals, diverter, formation clean-up/conditioner, general well clean-up chemicals etc.)
 - Water injection chemicals (e.g. scale and corrosion inhibitors, biocides, oxygen scavengers, flocculation chemical, defoamer etc.)
- Dispersant chemicals (e.g. for oil spill response)
- Fuel additives (e.g. gasolines and diesel additives, etc.)
- Specialised paint (e.g. fire retardant coating, high chemical resistance tank lining, anticorrosion coating etc.)

Notes: (1) Selected promoted activities and products relevant to OGSE sector as per MIDA's Appendix I (2) Promoted activity no. V (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority.

Source: [MIDA - General Investments Incentives](#)

01 | Segment Specific Incentives

a) General Investments (Pioneer Status / Investment Tax Allowance)

Promoted activities⁽¹⁾

Manufacture and assembly of machinery and machinery components⁽²⁾

Sub-segments:

Specialised machinery or equipment for specific industry; power generating machinery or equipment; general industrial machinery or equipment; modules for machinery or equipment and industrial parts or components; metalworking machinery or equipment & upgrading or reconditioning of machinery or equipment including heavy machinery.

Guide for vendors:

These products are usually procured for project, drilling and production development activities

The products mentioned here are not specific for oil and gas industry but are used widely in oil and gas. Manufacturer of machinery specific for oil and gas should apply for incentives under **Selected Industries (Specialised Machinery or Equipment)** (page 23)

Potential application to OGSE sector (non-exhaustive)

Power generating machinery or equipment, e.g.:

- Power generator and control system (e.g. gas or diesel internal combustion engine generator, portable generator)
- Alternative power generator (e.g. mini power generator, micro turbine generator, wind turbine generator, solar power system, thermo-electrical generator ("TEG") etc.)

General industrial machinery or equipment, e.g.:

- Air blasting and hydroblasting equipment
- Automatic welding machines (e.g. for offshore pipeline welding etc.)
- Cathodic protection ("CP") equipment
 - Onshore CP equipment (e.g. groundbed anodes, transformer rectifier, test stations, sacrificial anodes etc.)
 - Offshore CP equipment (e.g. sacrificial anodes, CP contact probes etc.)
- Cranes (e.g. overhead cranes, gantry cranes, jib cranes, pedestal cranes, portable cranes, telescopic cranes etc.)
- Heating, ventilation and air conditioning ("HVAC")
- Instrumentation (e.g. field instrument, flowmeters, custody transfer meter, analytical instrument etc.)
- Laboratory equipment
- Marine system & equipment (e.g. vessel tracking and monitoring system etc.)
- Rotating equipment
- Survival craft/life raft (e.g. single fall, twin fall, free fall etc.)
- Valves and actuators (e.g. solenoid operated valve, hydraulic actuated valve, thermostatic valve, special application valve etc.)
- Water treatment equipment for crude oil (e.g. induced/dissolved gas flotation unit ("IGF", "DGF"), centrifuge decanter, hydrocyclone)

Notes: (1) Selected promoted activities and products relevant to OGSE sector as per MIDA's Appendix I (2) Promoted Activity No. XIV (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority.

Source: [MIDA - General Investments Incentives](#)

01 | Segment Specific Incentives

a) General Investments (Pioneer Status / Investment Tax Allowance)

Promoted activities⁽¹⁾

Manufacture and assembly of machinery and machinery components⁽²⁾ (cont.)

Supporting products or services⁽³⁾

Sub-segments:

Metal castings; metal forging; surface engineering; machining; jig and fixtures, moulds; tools and dies; heat treatment; etc.

Guide for vendors:

These activities may be part and parcel of manufacturing of equipment for oil and gas equipment or a supporting activity to oil and gas equipment manufacturers

Potential application to OGSE sector (non-exhaustive)

Modules for machinery or equipment and industrial parts or components e.g.:

- Modules for the general industrial machine or equipment

Upgrading or reconditioning of machinery or equipment including heavy machinery e.g.:

- Broad application (general criteria: clear value adding activities, technology transfer, and knowledge intensive) e.g. rotating equipment:
 - Gas turbine
 - Pumps
 - Valve
 - Compressor

Metal castings, e.g.:

- Manufacturing of centralizer, bow spring/solid moulded centralizer etc.
- Valve body, process instrument equipment body etc.
- Cast piping

Metal forgings, e.g.: Pipe and pipeline fittings and flanges, valve body etc.

Surface engineering, e.g.: Electroplating or electroless plating for valves and process instrumentation, chemical passivation of stainless steel equipment etc.

Machining, jigs and fixtures, e.g.: Machining & minor fabrication etc. (i.e. machining workshops)

Moulds, tools and dies, e.g.: Components of equipment (e.g. reverse engineering of pumps etc.)

Heat treatment, e.g.: Post welding heat treatment (i.e. in-situ for pipes), fittings and flanges heat treatment etc.

Notes: (1) Selected promoted activities and products relevant to OGSE sector as per MIDA's Appendix I (2) Promoted Activity No. XIV (3) Promoted Activity No. XV (4) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority.

Source: [MIDA - General Investments Incentives](#)

01 | *Segment Specific Incentives*

a) General Investments (Pioneer Status / Investment Tax Allowance)

Promoted activities⁽¹⁾

Manufacture of electrical and electronic products and components and parts thereof and related services⁽²⁾

Potential application to OGSE sector (non-exhaustive)

Optoelectronic equipment, systems devices or components:

- Photonics devices or components
- Optical fibres or optical fibre products

Electrical products e.g.:

- Uninterruptible power supply ("UPS")
- Inverters or converters

Others e.g.:

Various digital and related equipment, utilised by oil and gas industry for digitalisation (i.e. advanced display products)

Notes: (1) Selected promoted activities and products relevant to OGSE sector as per MIDA's Appendix I (2) Promoted activity no XVI (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority.

Source: [MIDA - General Investments Incentives](#)

01

Segment Specific Incentives

b) High Technology Companies (Pioneer Status / Investment Tax Allowance)

Eligibility

A resident company⁽¹⁾ may be eligible for Pioneer Status ("PS") or Investment Tax Allowance ("ITA") as follows:

- a) Proposed activity / product must be listed in the Promoted Activities / Products (Appendix II of PIA 1986) for High Technology Companies (list updated from time-to-time)
- b) Local R&D expenditure to gross sales should be at least 1% on an annual basis. However companies are allowed a period of 3 years from the date of operation / commencement of business to comply with this requirement.
- c) The percentage of science and technical staff having degrees or diplomas with a minimum 5 years experience in related fields should be at least 15% of total workforce.
- d) At least achieve 40% value added in its activity or product.

Incentives

A resident company that participates in a promoted activity or produces a promoted product⁽²⁾ may be eligible for either PS or an ITA.

a) Pioneer Status ("PS")

- i. 100% exemption of its statutory income for 5 years.
- ii. Unabsorbed capital allowance and unutilised losses during pioneer status period can be carried forward and deducted against post pioneer income.

b) Investment Tax Allowance ("ITA")

- i. Allowance of 60% on qualifying capital expenditure for 5 years from the first date incurred.
- ii. Can offset this allowance against 100% of its statutory income for each year of assessment.
- iii. Unutilised allowance can be carried forward until fully utilised.

Federal/State Agencies

MIDA

Expiry

N/A

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) Selected promoted activities and products highly related to OGSE sector is listed in the following page (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority.

Source: [MIDA - High Tech Companies Incentive](#)

01

Segment Specific Incentives**b) High Technology Companies (Pioneer Status / Investment Tax Allowance)****Promoted activities⁽¹⁾**

Design, development and manufacture of professional, medical, scientific and measuring devices or parts⁽²⁾

Sub-segment:

Testing, measuring or laboratory equipment or apparatus

Potential application to OGSE sector (non-exhaustive)**High tech instrumentation e.g.:**

- Custody metering (e.g. gas metering, liquid metering, weighing system etc.)
- Field instruments (e.g. flame scanners, fire and gas detectors, flow instruments, pressure instruments, temperature instruments, sand probes etc.)
- Quality measuring instruments (e.g. gas analyser, liquid analyser, sampling systems etc.)
- Quality assurance equipment e.g.:
 - Acoustic based inspection equipment
 - Alternating current field measurement equipment
 - Hydrogen attenuation equipment
 - Non destructive testing (“NDT”) equipment (ultrasonic test (“UT”) equipment, long range UT (“LRUT”) equipment, phased array UT (“PAUT”), time of flight diffraction UT (“TOFD”)
 - Pulse eddy current equipment
 - Radioactive testing equipment (computerised radiography)
 - Radio tracer equipment
 - Thermography equipment etc.
- Systems e.g.:
 - Electronic digital transmitters
 - Safeguarding systems
 - Turbomachineries instrument
 - Safety instrumented system (“SIS”)
 - Supervisory control and data acquisition (“SCADA”)
 - Emergency shutdown (“ESD”) system
 - Fire protection system (“FPS”) etc.

Notes: (1) Selected promoted activities and products highly related to OGSE sector as per MIDA’s Appendix II (2) Promoted Activity No. II (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority.

Source: [MIDA - High Tech Companies Incentive](#)

01

Segment Specific Incentives**b) High Technology Companies (Pioneer Status / Investment Tax Allowance)****Promoted activities⁽¹⁾****Potential application to OGSE sector (non-exhaustive)**

Design, development and manufacture of professional, medical, scientific and measuring devices or parts⁽²⁾ (cont.)

Laboratory equipment, e.g.:

- Chromatography, spectroscopy, thermal analysis, physical testing equipment and titrator etc.
- Core analysis equipment
- Field emission scanning electron microscopy ("FESEM"), transmission electron microscopy ("TEM") etc.

Development and manufacture of advanced materials⁽³⁾

Advanced materials, e.g.

- Polymers (finished products that involve polymerisation & chemical reaction in the production process)
- Fine ceramics or advanced ceramics (e.g. ceramic coating for wear resistant equipment and components etc.)
- High strength composites (e.g. composite cable, composite coil tubing, composite piping system (e.g. GRP, FRP, GRE), composite pipe repair system etc.)

Sub-segments:

Development and manufacture of polymers or biopolymers, fine ceramics or advanced ceramics & high strength composites as well as nano particles and their formulations.

Notes: (1) Selected promoted activities and products highly related to OGSE sector as per MIDA's Appendix II (2) Promoted Activity No. II (3) Promoted Activity No. IV (4) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority.

Source: [MIDA - High Tech Companies Incentive](#)

01

Segment Specific Incentives

c) Integrated Logistics Services (“ILS”) (Pioneer Status / Investment Tax Allowance)



Eligibility

A resident company⁽¹⁾ may be eligible for Pioneer Status (“PS”) or Investment Tax Allowance (“ITA”) for new entrants or existing logistics services providers intending to expand/diversify into integrated operations.

For 1st round of ILS incentive eligibility criteria⁽²⁾:

- a) At least 60% equity of the company⁽¹⁾ must be held by Malaysian (not applicable for public listed companies)
- b) An integrated logistics services provider who undertakes the following three (3) principal activities:
 - Freight forwarding
 - Warehousing
 - Transportation
 AND at least one of the following activities:
 - Distribution
 - Other related and value-added services/activities (e.g. palletizing, product assembly/installation, breaking bulk, consolidation, packaging/re-packaging, procurement, quality control, labelling/re-labelling, testing, etc.)
 - Supply chain management
- c) Minimum infrastructure to be owned by applicant company
 - Commercial Vehicles – 20 units (including hire-purchased)
 - Warehousing facilities – 5,000 sq. metres (including leasehold with at least 10 years contract)
- d) Obtained related operating licences for distribution, warehouse and transportation.

\$ Incentives

A resident company may be eligible for either PS or an ITA:

a) Pioneer Status (“PS”)

- i. A company pays tax on 30% of its statutory income (5 years partial exemption).
- ii. Unabsorbed capital allowance and unutilised losses during pioneer status period can be carried forward and deducted against post pioneer income.

b) Investment Tax Allowance (“ITA”)

- i. Allowance of 60% on qualifying capital expenditure for 5 years from the first date incurred.
- ii. Can offset this allowance against 70% of its statutory income for each year of assessment.
- iii. Unutilised allowance can be carried forward until fully utilised.



Federal/State Agencies

MIDA



Expiry

N/A

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia. (2) For an existing company, ITA approval can be backdated to 3 years from the date of receipt of application (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority.

Source: [MIDA - Integrated Logistics Services Incentive](#)

01

Segment Specific Incentives

c) Integrated Logistics Services (“ILS”) (Pioneer Status / Investment Tax Allowance)



Eligibility

For 2nd round of ILS incentive eligibility criteria:

Expansion⁽²⁾

- a) At least 60% equity of the company⁽¹⁾ must be held by Malaysian (not applicable for public listed companies)
- b) Increased investments of 50% on existing logistic related fixed asset
- c) Maintain minimum commitments on asset investments and activities as proposed in the 1st round of tax incentive
- d) Maintain separate accounts for the new activities and only the new activities are eligible for income tax exemption (Pioneer Status)
- e) If the ILS expansion activity only involves having additional assets, company is eligible to claim for ITA only

Diversification⁽²⁾

- a) At least 60% equity of the company⁽¹⁾ must be held by Malaysian (not applicable for public listed companies)
- b) Increased fixed assets investments of 30% on existing assets or the amount for investment commitment are set as proposed by company
- c) Maintain minimum commitments on asset investments and activities as proposed in the 1st round of tax incentive
- d) Increased local skilled workers by at least 5 persons (with monthly minimum wage of RM4,000) before the expiry of the ILS 2nd round tax incentive
- e) Maintain separate accounts for the new activities and only the new activities are eligible for income tax exemption (Pioneer Status)
- f) For company that is unable to maintain separate accounts, company is only eligible to claim for ITA.
- g) The diversification activities implemented must be for logistics related services

\$ Incentives

A resident company may be eligible for either PS or an ITA:

a) Pioneer Status (“PS”)

- i. A company pays tax on 30% of its statutory income (5 years partial exemption).
- ii. Unabsorbed capital allowance and unutilised losses during pioneer status period can be carried forward and deducted against post pioneer income.

b) Investment Tax Allowance (“ITA”)

- i. Allowance of 60% on qualifying capital expenditure for 5 years from the first date incurred.
- ii. Can offset this allowance against 70% of its statutory income for each year of assessment.
- iii. Unutilised allowance can be carried forward until fully utilised.

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) P.U.(A) 112/2006, P.U.(A) 113/2006 (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority.

Source: [MIDA - Integrated Logistics Services Incentive](#)



Federal/State Agencies

MIDA



Expiry

Expansion:
31 December
2020

Diversification: 31
December
2020

01

Segment Specific Incentives

c) Integrated Logistics Services (“ILS”) (Pioneer Status / Investment Tax Allowance)



Eligibility

For 2nd round of ILS incentive eligibility criteria (cont.):

Expansion & Diversification⁽²⁾

- At least 60% equity of the company⁽¹⁾ must be held by Malaysian (not applicable for public listed companies)
- Increased investments of 30% on existing logistics related fixed asset
- Maintain minimum commitments on asset investments and activities as proposed in the 1st round of tax incentive
- Increased the number of local skilled workers by at least 5 persons (with monthly minimum wage of RM4,000) before the expiry of the ILS 2nd round tax incentive
- Maintain separate accounts for the new activities and only the new activities are eligible for income tax exemption (Pioneer Status)
- For company that is unable to maintain separate accounts, company is only eligible to claim for ITA.
- The diversification activities implemented must be for logistics related services

Pre-package⁽³⁾

- No condition for company⁽¹⁾ equity to be held by Malaysian
- Condition on asset investment related to logistic activities is as proposed by company. This includes warehouse equipment, ICT and other conditions that are in line with the proposed projects
- Increased the number of local skilled workers by at least 10 persons (with monthly minimum wage of RM3,000) before the expiry of the ILS 2nd round tax incentive
- Similar conditions with minimum criteria is imposed for the company’s expansion and diversification projects

\$ Incentives

A resident company may be eligible for either PS or an ITA:

a) Pioneer Status (“PS”)

- A company pays tax on 30%⁽⁴⁾ of its statutory income (5 years⁽⁴⁾ partial exemption).
- Unabsorbed capital allowance and unutilised losses during pioneer status period can be carried forward and deducted against post pioneer income.

b) Investment Tax Allowance (“ITA”)

- Allowance of 60%⁽⁴⁾ on qualifying capital expenditure for 5 years⁽⁴⁾ from the first date incurred.
- Can offset this allowance against 70% of its statutory income for each year of assessment.
- Unutilised allowance can be carried forward until fully utilised.

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) P.U.(A) 112/2006, P.U.(A) 113/2006 (3) Sec. 127 (3A) of Income Tax Act 1967 (4) For pre-package, a company may be eligible for higher tax incentives e.g. pays tax of 0%-30% of its statutory income (5-10 years partial exemption) and for ITA allowance of 60% - 100% on qualifying capital expenditure for 5 to 10 years, and can offset the allowance against 70% -100% of statutory income of each YA), subject to individual approvals (5) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority.

Source: [MIDA - Integrated Logistics Services Incentive](#)



Federal/State Agencies

MIDA



Expiry





Expansion & Diversification: 31 December 2020

Pre-package: 31 December 2020

01

Segment Specific Incentives

d) i) Selected Industries – Activities or Products under Promoted List (Pioneer Status / Investment Tax Allowance)

			
<p>A resident company⁽¹⁾ may be eligible for Pioneer Status (“PS”) or Investment Tax Allowance (“ITA”) as follows:</p> <ul style="list-style-type: none"> a) Company has not commenced production b) Proposed activity / product must be listed in the Promoted Activities / Products (Appendix IV of PIA 1986) for Selected Industries (list updated from time-to-time) c) Fulfill level of value-added (“VA”) percentage d) Level of manpower skill as measured by the Managerial, Technical and Supervisory (“MTS”) Index 	<p>A resident company that participates in a promoted activity or produces a promoted product⁽²⁾ may be eligible for <u>either PS or an ITA</u>.</p> <p>a) Pioneer Status (“PS”)</p> <ul style="list-style-type: none"> i. 100% exemption of its statutory income for 10 years. ii. Unabsorbed capital allowance and unutilised losses during pioneer status period can be carried forward and deducted against post pioneer income. <p>b) Investment Tax Allowance (“ITA”)</p> <ul style="list-style-type: none"> i. Allowance of 100% on qualifying capital expenditure for 5 years from the first date incurred. ii. Can offset this allowance against 100% of its statutory income for each year of assessment. iii. Unutilised allowance can be carried forward until fully utilised. 	MIDA	N/A

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) Selected promoted activities and products highly related to OGSE sector is listed in the following page (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source: [MIDA - Machinery and Equipment Incentive](#)

d) i) Selected Industries – Activities or Products under Promoted List (Pioneer Status / Investment Tax Allowance)

Promoted activities⁽¹⁾

Manufacture of machinery and equipment⁽²⁾

Sub-segments:

Machine tools; material handling equipment; robotic and factory automation equipment; modules and components for machine tools; material handling equipment and robotic & factory automation equipment.

Manufacture of specialised machinery and equipment⁽³⁾

Sub-segments:

Specialised process machinery or equipment for specific industry; packaging machinery; modules and components for specialised process machinery or equipment for specific industry and packaging machinery).

Guide for vendors:

To qualify for “specialised equipment” for oil and gas industry, substantial % (i.e. ~80%) of the products must be marketed to oil and gas industry

Potential application to OGSE sector (non-exhaustive)

Manufacture of robotic and factory automation equipment, e.g.

- Automation equipment for equipment production lines (e.g. instrumentation and electronic components)
- Automated storage retrieval system (“ASRS”)
- Automated system software

Manufacture of modules and components for the above, e.g.

- Modules and components for machine tools for the equipment above

Specialised process machinery or equipment specific for oil and gas industry e.g.:

- Drilling equipment and materials
 - Artificial lift equipment (e.g. electrical submersible pump (“ESP”), progressive cavity pump, rod pump, jet pump etc.)
 - Auxiliary cementing equipment (e.g. float equipment and accessories, centraliser and accessories etc.)
 - Drill pipes
 - Oil country tubular goods (“OCTG”), tubing, casing, connectors and accessories
 - Surface and subsea wellhead and christmas tree
 - Well completion equipment (e.g. smart/intelligent well system, gaslift valve and side pocket mandrel, protector for control line and cables etc.)
 - well stimulation and enhancement equipment

d) i) Selected Industries – Activities or Products under Promoted List (Pioneer Status / Investment Tax Allowance)**Promoted activities⁽¹⁾****Potential application to OGSE sector (non-exhaustive)****Manufacture of specialised machinery and equipment (cont.)⁽²⁾****Specialised process machinery or equipment specific for oil and gas industry (cont.) e.g.:**

- Instrumentation predominantly used by oil and gas (i.e. gas analyser)
- Geophysical survey and geomatics equipment
 - Seismic equipment (2D/3D & multicomponent data acquisition equipment)
 - Offshore geophysical investigation and positioning equipment
- Oil and chemical spill equipment (for inland, nearshore & offshore spill)
- Pipeline inspection tools (intelligent pigging and caliper equipment)
- Subsea equipment
 - Subsea production control system
 - Subsea boosting and separation system
 - Subsea metering
 - Subsea structure, foundation, piping and connection system (e.g. pipeline end termination (“PLET”), pipeline end manifold (“PLEM”), sled etc.)
 - Subsea well intervention and completion equipment
 - Subsea umbilical & flexi-pipe equipment
- Steel products e.g.: carbon steel and corrosion resistant alloy (“CRA”) line pipes and bends (for stainless steel, duplex, 625, 825, clad or lined pipes), carbon steel and CRA pipe fittings and flanges, steel tube umbilical (for subsea application), steel plates (for marine vessels, vessels and tanks etc.)
- Underwater inspection equipment (e.g. remotely operated vehicle (“ROV”), surface diving systems & equipment, and saturated diving systems & chamber etc.)

Notes: (1) Selected promoted activities and products highly related to OGSE sector as per MIDA’s appendix IV (2) Promoted Activity No. II (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source: [MIDA - Selected Industries Incentive](#)

01

Segment Specific Incentives

d) ii) Selected Industries – Ship Building and Repair (Pioneer Status / Investment Tax Allowance)

Eligibility

The Malaysian government is supporting ship builders and repairers to further build their capabilities and capacities to meet the challenges in the competitive global landscape.

These new incentives are applicable for all areas in Malaysia with the objective to boost the growth of the industry in line with the Malaysian Shipbuilding and Ship Repair Industry Strategic Plan 2020 and the 11th Malaysia Plan.

Criteria for eligible companies⁽¹⁾ are as follows:

Criteria	Ship construction	Ship repair/ Conversion/ Upgrading/ Maintenance, Repair and Overhaul (MRO)/ Services
Value added	Min 25%	-
MTS ⁽²⁾ Index	Min 40%	Min 40%
D&D ⁽³⁾ expenditure	Min 1%	Min 1%
Additional criteria	May be included on case-to-case basis	May be included on case-to-case basis

Application is evaluated case-to-case by MIDA.

Incentives

A resident company⁽¹⁾ that participates in ship building and repair may be eligible for either Pioneer Status (“PS”) or an Investment Tax Allowance (“ITA”).

a) Pioneer Status (“PS”)

A company pays tax on 30% of its statutory income (5 years partial exemption).

b) Investment Tax Allowance (“ITA”)

- i. Allowance of 60% on qualifying capital expenditure for 5 years from the first date incurred.
- ii. Can offset this allowance against 70% of its statutory income.

Guide for vendors:

Petroleum Arrangement Contractors (PACs) in Malaysia generally do not have direct contract with ship builders & repairers, however, OGSE companies (e.g. vessel owners, offshore fabricators etc.) may want to diversify into these businesses.

Newly set up companies may apply for PS and ITA whereas existing companies can only apply for ITA only.

Federal/State Agencies

MIDA

Expiry

31 December 2020

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) Managerial, Technical, Supervisory (3) Design and development (4) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

01 Segment Specific Incentives

e) Small Scale Companies (Pioneer Status / Investment Tax Allowance)

Eligibility

A resident company⁽¹⁾ may be eligible for Pioneer Status ("PS") or Investment Tax Allowance ("ITA") as follows:

	Shareholder Fund (RM)	Engaged in activities and products in Promoted List ^(a)	Equity owned by Malaysian	Value Added in its activity or product	Workers at MTS ^(f) index
a.	Up to 500,000 ^(b)	Small Scale Company List & General Investment List ^{(d)(e)}	>60%	≥25%	≥20%
b.		Small Scale Company List ^(e)	100%	≥25%	≥20%
c.	> 500,000, < 2.5 Mil ^(c)	General Investment List ^(e)	100%	Prevailing rates under general list will be applicable	Prevailing rates under general list will be applicable

Notes:

- (a) As per Promoted Activities / Products (Appendix III of PIA 1986)
- (b) Not more than 20% of its ordinary share capital owned by a related company having shareholder's funds of more than RM 500,000.
- (c) Not more than 20% of its ordinary share capital owned by a related company having shareholder's funds of more than RM 2.5 mil.
- (d) For Small Scale Company list, refer to pages 28-30 and for General Investment List, refer to pages 12 to 16 for suggested activities relevant to OGSE sector
- (e) Company must not have enjoyed PS/ITA
- (f) Management, Technical and Supervisory

Incentives

A resident company that participates in a promoted activity or produces a promoted product^(c) may be eligible for either PS or an ITA.

a) Pioneer Status ("PS")

- i. 100% exemption of its statutory income for 5 years.
- ii. Unabsorbed capital allowance and unutilised losses during pioneer status period can be carried forward and deducted against post pioneer income

b) Investment Tax Allowance ("ITA")

- i. Allowance of 60% on qualifying capital expenditure for 5 years from the first date incurred.
- ii. Can offset this allowance against 100% of its statutory income for each year of assessment
- iii. Unutilised allowance can be carried forward until fully utilised

Federal/State Agencies

MIDA

Expiry

N/A

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source: [MIDA - Small Scale Companies Incentive](#)

01 Segment Specific Incentives

e) Small Scale Companies (Pioneer Status / Investment Tax Allowance)

Promoted activities⁽¹⁾

Manufacture of chemicals and pharmaceuticals⁽²⁾

Sub-segments:

Pigment preparation; dispersions and specialty coatings; bio-resin (biopolymer)

Potential application to OGSE sector (non-exhaustive)

Chemicals generally used, including for oil and gas industry, e.g.:

- Pigment preparation (e.g. florescent dye, general paint based coatings etc.)
- Specialty paint/ coating (e.g. thermal sprayed aluminium ("TSA"), epoxy coating, heat shrink primer, fire resistant/retardant coating etc.)

Guide for vendors:

Chemicals identified here are usually procured for development, production and maintenance activities. The chemicals here are generally not specific for oil and gas industry.

Mixing and blending of chemicals may be applicable for the incentives provided that it meets the qualifying criteria i.e. value added/ MTS⁽⁴⁾ (evaluated case-to-case basis)

Manufacture of clay-based and sand-based products and other non-metallic mineral products⁽³⁾

Sub-segments:

Artware, ornaments and articles of ceramic or glass; abrasive products for grinding, polishing and sharpening.

Product based on clay and glass and used in general in oil and gas, e.g.:

- Abrasive blasting material (e.g.. silicon carbide, glass beads, aluminium oxide, garnet etc.)
- Glass products (e.g.. side glass, instrumentation sight glass etc.)

01 Segment Specific Incentives

e) Small Scale Companies (Pioneer Status / Investment Tax Allowance)

Promoted activities⁽¹⁾

Manufacture of iron and steel products, non-ferrous metals and their products⁽²⁾

Sub-segment:

Wire and wire products; fabricated products.

Potential application to OGSE sector (non-exhaustive)

Manufacture of iron and steel products, e.g.:

- Steel wires and other wire products
- Manufacturing of instrument component body, valve body and forged fittings.

Manufacture of non-ferrous products, e.g.:

- Structural aluminium (e.g. aluminium helideck etc.)

Guide for vendors:

Usually procured during construction of oil and gas plants and facilities

Supporting products and services⁽³⁾

Sub-segments:

Metal stamping; industrial seals or seal materials.

Supporting products and services, e.g.:

- Mechanical seals for pumps and dry/wet seals

Manufacture of parts and components for machinery and equipment⁽⁴⁾

Sub-segment: *Parts and components for machinery and equipment.*

Manufacture of parts and components for machinery and equipment, e.g.:

- Gaskets and gears
- Hoisting and lifting equipment parts (parts for cranes e.g. hoists, winches, wire rope etc.).

Notes: (1) Selected promoted activities and products highly related to OGSE sector as per MIDA's appendix III (2) Promoted Activity No. XI (3) Promoted Activity No. XII (4) Promoted Activity XIV (5) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source: [MIDA - Small Scale Companies Incentive](#)

01 | *Segment Specific Incentives*

e) Small Scale Companies (Pioneer Status / Investment Tax Allowance)

Promoted activities⁽¹⁾

Manufacture of electrical and electronics product components and parts thereof⁽²⁾

Sub-segment:

Consumer electrical & electronic products, parts and components; Industrial electrical & electronic products, parts and components.

Potential application to OGSE sector (non-exhaustive)

Industrial electrical products, parts and components, e.g.:

- Heating, Ventilation, Air Conditioning System (“HVAC”)
- Electrical equipment (e.g. uninterrupted power supply (“UPS”), switchgear, protection relays, earthing system, lightning protection system, surge protection system, electrical heater, inverters, converters, distribution boards, switchboard etc.).
- Security and surveillance system

01 Segment Specific Incentives

f) Reinvestment Allowance (manufacturing only) (Tax Allowance)

Eligibility

Reinvestment allowance ("RA") is more commonly known as a second round incentive for company which had exit from tax holiday of PS or ITA. RA is provided under Schedule 7A of the Income Tax Act 1967.

RA is available to manufacturing company⁽¹⁾ if:

- a) The company is resident in Malaysia.
- b) The company had incurred qualifying expenditures for either expansion, modernisation or automation, or diversifying its existing manufacturing business within the same industry (i.e. must be for the purpose of a *qualifying project*).
- c) The company has been in manufacturing operation for at least 36 months.

RA is available for a period of 15 consecutive years beginning from the year in which the capital expenditure was first incurred. In the event the asset is disposed within 5 years from the date of acquisition, RA will be withdrawn.

Note: RA is not applicable for certain business activities (e.g. simple assembly of parts) and targeted industry segments (e.g. mixing / blending of petroleum product, ship building etc.).

Incentives

The company may be eligible for the following:

Reinvestment Allowance ("RA")

- i. An allowance of 60% of qualifying capital expenditure incurred for 15 years to be utilised against 70%⁽²⁾ of statutory income
- ii. The unabsorbed RA can be carried forward indefinitely to offset against 70% of future statutory income
- iii. A company that intends to undertake reinvestment before expiration of its PS or ITA status may opt for reinvestment allowance, provided it surrenders its PS or ITA status.

Federal/State Agencies

LHDN

Expiry

N/A

Guide for vendors:





These activities generally have broad applications across various industries, not just for oil and gas industry. Vendors are to claim the allowance as part of annual tax filing activity.

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) the 70% restriction does not apply to projects that achieved the level of productivity as prescribed by the Finance Minister (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source: Income Tax Act 1967 (Schedule 7A)

01 | Segment Specific Incentives

g) Venture Capital (Tax Exemption / Tax Deduction)

 Eligibility	 Incentives	 Federal/State Agencies	 Expiry
<p>Financing provided by Venture Capital Companies ("VCC") must be utilised at seed, start-up or early stage financing⁽¹⁾ for:</p> <ul style="list-style-type: none"> a) Products or activities promoted⁽²⁾ under the Promotion of Investments Act 1986 where the venture companies may have been granted special status and/or have received incentives such as the following: <ul style="list-style-type: none"> – Pioneer status or investment tax allowance incentive granted by MIDA or MITI; – High technology incentives granted by MIDA; – MSC status granted by MDEC; or – Financial assistance from SME Corporation Malaysia; b) Technology-based activities listed in the guideline⁽³⁾ (refer to page 33 for as these activities may be relevant to OGSE sector) c) Products or activities which have been developed under the Industrial Research and Development Grant Scheme, granted by MESTECC ; or d) Products or activities which have been developed under the MSC Research & Development Grant Scheme granted by MDEC. 	<p>A VCC may apply for either:</p> <p>a) Tax Exemption</p> <ul style="list-style-type: none"> i. For the statutory income on all sources of income, other than interest income arising from savings or fixed deposits and profits from <i>Shariah</i>-based deposits; ii. For an exempt period of 10 years of assessment or the years of assessment equivalent to the life of the fund established for the purposes of investing in a venture company, whichever is the lesser and iii. Commencing from the year of assessment in which the VCC commences business or the year of assessment of the coming into effect of the Income Tax Exemption (Amendment) Order 2009, whichever is the later. iv. Any loss upon disposal of VCC shares can be carried forward to the post-exempt period. <p><u>OR</u></p> <p>b) Tax Deduction</p> <p>A VCC may apply for tax deduction for an amount equivalent to the value of the investment made in a venture company.</p>	SC	N/A
<p>There are various other qualifying criteria and terms and conditions (refer to link below for full list).</p>			

Notes: (1) Refer to guide below for early stage financing definition (2) Selected promoted activities relevant to OGSE sector are listed in *General Investment, Small Scale Companies, Selected Industries, High Technology Companies* sections (pages 12 – 30). (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source: [SC - Guide for VCC Incentive](#), [LHDN Public Ruling 2/2016](#)

02 *Activity Driven Incentives*

a) Angel Investor (page 34)

Deduction on Investment Cost

b) Automation (page 35)

Capital Allowance

c) Exports (pages 36-39)

i. Increase in Exports I

Tax Allowance

ii. Increase in Exports II

Tax Exemption

iii. Malaysian International Trade Companies (MITC)

Tax Exemption

iv. Promotion for Exports

Single, Further & Double Deductions

d) Principal Hub (page 40)

3-tier Corporate Tax Rate

e) Research & Development (pages 41-43)

i. Research expenditure

Double Deduction

i. In-house R&D

Investment Tax Allowance

ii. R&D reinvestment

Investment Tax Allowance

f) Training (page 44)

Single & Double Deduction

g) Vendor Development Programme (anchor company) (page 45)

Double Deduction

02 Activity Driven Incentives

a) Angel Investor (Deduction on Investment Cost)

Eligibility

This tax incentive is given to individuals investing in startups for technology based industries. This incentive is managed by Angel Tax Incentive Office (ATIO) under CRADLE Fund.

Eligibility for investor:

- Investor must be resident of Malaysia meeting annual income (RM180K individual / RM250K with spouse and total net worth threshold (\geq RM 3 mil).
- Investor must be accredited by Malaysian Business Angel Network (MBAN) with domain of expertise / management experience of \geq 5 years.
- No familial ties between investor and investee.

Eligibility for investment made:

- Accredited Angel Investor must hold investment for two years before claiming tax exemption.
- The investment must be for the sole purpose of financing activities as approved by MOF.
- Investors must hold \geq 30% equity in investee company.
- Investment below RM5,000 are not eligible for tax incentive.
- Claims can only be made up to a maximum of RM500,000.
- All investment must be made in cash, in full and not in kind with no obligation by investee to repay Angel Investor.
- Shares issued to the accredited Angel Investor must be in the form of ordinary shares only.

Eligibility for investee company:

- Malaysia individual(s) must hold at least 51% equity.
- Product/service must be within focus areas approved by MoF⁽¹⁾
- Cumulative revenue less than RM5 mil and has been in operation for three (3) years or less.
- The investee company must have business activities in Malaysia for at least two (2) years after the investment is made.

Incentives

Deduction on investment cost

- Deduction is applicable to accredited Angel Investor after 2 years of holding such investment.
- Upon 2 years of shareholding, the investment cost is deductible at aggregate income of the accredited Angel Investor.
- Any excess amount cannot be carried forward or refunded for tax purposes.

Federal/State Agencies

CRADLE

Expiry

Extended under 2018 Budget up to 31 December 2020

Guide for vendors:

Application of this incentive is broad based on focus areas approved by MOF. Highly relevant oil and gas applications may include:

- Equipment/instrumentation, automation and flexible manufacturing systems*
- Advanced materials*
- Value-add services*
- Emerging technologies*
- Transportation*

For full list of focus areas refer to CRADLE link below.

(1) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

02 Activity Driven Incentives

b) Automation (Capital Allowance)

Eligibility

Scope of automation allowance covers material handling system, warehousing, processing equipment, testing equipment, measuring system and packaging equipment etc.

Categories for Automation Capital Allowance

- a) Category 1: For high labour intensive industries (rubber products, plastics, wood, furniture and textiles).
- b) Category 2: For other industries.
(*Budget 2018 – also covers manufacturing related services)

Eligibility criteria includes:

- a) Manufacturing companies incorporated under the Companies Act, 1965 or Companies Act, 2016 and resident in Malaysia.
- b) Possesses a valid business license from local authority and manufacturing license from MITI (if applicable).
- c) Company has been in operation for at least 36 months.
- d) The automation equipment is used directly in the manufacturing activities.
- e) The automation equipment should enhance productivity such as reducing man hours, reducing workers and increasing volume of output and to be verified by SIRIM.
- f) The automation equipment adopts technology that is more advanced than the technology currently used by the company and to be verified by SIRIM.

There are also criteria and rules for companies currently claiming Reinvestment Allowance (RA) under Schedule 7A, Income Tax Act 1967 (details are in the source below).

Incentives

Depending on category, the company may enjoy differentiated incentive:

a) Category 1

For high labour intensive industries (rubber products, plastics, wood, furniture and textiles), an automation capital allowance of 200% will be provided on the first RM4 Million expenditure incurred within 3 years of assessment from 2015 to 2020⁽¹⁾.

b) Category 2

For other industries, automation capital allowance of 200% will be provided on the first RM2 Million expenditure incurred within 5 years of assessment from 2015 to 2020.

On 30 August 2017, the government has announced the Gazette for Income Tax (Accelerated Capital Allowance) (Automation Equipment) Rules

Federal/State Agencies

LHDN

Expiry

Extended under Budget 2018 up to 31 December 2020

*Guide for vendors:
These activities generally have broad applications in oil and gas and across other industries.*

02 Activity Driven Incentives

c) i) Increase in Exports I (Tax Allowance)

Eligibility

A resident company⁽¹⁾ that exports manufactured products⁽²⁾ is to be given allowance for increased exports:

Table A - Companies with exports		
Company size by paid-up capital	≥ RM 2.5 million paid-up capital	≤ RM 2.5 million paid-up capital
Export level attained	i) Companies whose exported goods attained ≥30% of value added	i) Companies whose exported goods attained ≥20% of value added
	ii) Companies whose exported goods attained ≥50% of value added	ii) Companies whose exported goods attained ≥40% of value added

The allowance are not given to:

- A company currently enjoying Pioneer Status ("PS") or Investment Tax Allowance ("ITA").
- A company currently enjoying Reinvestment Allowance ("RA").
- Selected exports of products (i.e. petroleum oils (crude and other than crude) and petroleum gases and other gaseous hydrocarbon (liquefied or in gaseous state) hydrogen, nitrogen and oxygen).

Incentives

Differentiated tax allowances by level of value-added obtained:

Companies whose exported goods attained ≥30% of value added

Tax allowance of statutory income (restricted to 70% in a year of assessment) equivalent to 10% of the value of increased exports of manufactured goods.

Companies whose exported goods attained ≥50% of value added

Tax allowance of statutory income (restricted to 70% in a year of assessment) equivalent to 15% of the value of increased exports of manufactured goods (refer to Table A).

Federal/State Agencies

LHDN

Expiry





N/A

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) This incentive is also applicable to agricultural industry but is excluded for the purposes of this guide as it is not applicable to OGSE sector (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source: [LHDN Form for Tax Allowance for Exports](#)

02 Activity Driven Incentives

c) ii) Increase in Exports I (Tax Exemption)





 Eligibility	 Incentives	 Federal/State Agencies	 Expiry
<p>A resident company⁽¹⁾ that exports manufactured products⁽²⁾ is to be given differentiated rate of exemption as follows:</p> <ul style="list-style-type: none"> a) Companies whose manufactured goods achieve a significant increase in exports (i.e. ≥ 50%). b) Companies which succeeded in penetrating new export markets as determined by MATRADE. c) Companies which have been awarded MITI's Export Excellence Award. <p>The resident manufacturing company has to be incorporated in Malaysia with ≥60% of its issued share capital to be Malaysian owned.</p> <p>The allowance are not given to companies:</p> <ul style="list-style-type: none"> a) Claiming pioneer status or investment tax allowance. b) Claiming reinvestment allowance. c) Claiming allowance for increased export Rules 1999 amended in 2003 (as per page 37). d) Claiming incentive on cost on acquisition of a foreign owned company. e) Exporting non-qualifying products (e.g. petroleum oils (crude and other than crude) and petroleum gases and other gaseous hydrocarbon (liquefied or in gaseous state) hydrogen, nitrogen and oxygen). 	<p>Differentiated exemption by the following:</p> <p>Companies whose manufactured goods achieve a significant increase in exports (i.e. ≥ 50%) Tax exemption of statutory income (restricted to 70% in a year of assessment) equivalent to 30% of the value of increased exports of manufactured goods.</p> <p>Companies which succeeded in penetrating new export markets as determined by MATRADE Tax exemption of statutory income (restricted to 70% in a year of assessment) equivalent to 50% of the value of increased exports of manufactured goods.</p> <p>Companies which have been awarded MITI's Export Excellence Award Tax exemption of statutory income (restricted to 70% in a year of assessment) equivalent to 100% of the value of increased exports of manufactured goods.</p> <p>Any unutilised exempt amount will be carried forward to the next YA to be offset against 70% of statutory income until fully utilised</p>	<p>MATRADE</p> <p>LHDN</p>	<p>N/A</p>

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) This incentive is also applicable to agricultural industry but is excluded for the purposes of this guide as it is not applicable to OGSE sector (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source: [LHDN Form for Tax Allowance for Exports](#)

02 Activity Driven Incentives

c) iii) MITC status companies (Tax Exemption)

 Eligibility	 Incentives	 Federal/State Agencies	 Expiry
<p>Malaysian International Trading Company ("MITC") status is given to companies⁽¹⁾ which are undertaking trading to facilitate exports of local manufacturers⁽²⁾ products and commodities.</p> <p>A company must be approved by MATRADE to obtain MITC status, and satisfy the following criteria:</p> <ul style="list-style-type: none">a) Achieve an annual sales turnover of more than RM10 million.b) 60% of its equity owned by Malaysians.c) Not more than 20% of annual sales is derived from trading of commodities; andd) Uses local services for banking, finance, insurance and uses local ports and airports.	<p>Tax exemption of up to 70% of the statutory income arising from increased export sales for 5 years based on the value of increased exports⁽³⁾.</p> <p>Any unutilised exempt amount can be carried forward to offset against 70% of statutory income until fully utilised.</p>	<p>MATRADE</p> <p>LHDN</p>	<p>N/A</p>

Guide for vendors:

OGSE players are advised to contact MATRADE directly for further information regarding this incentive.

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) This incentive is also applicable to agricultural goods / commodities as well. (3) Income Tax (Exemption) (Amendment) Order 2003 (PU (A) 60 – Income Tax (Exemption) (No.12) Order 2002) (4) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

02 Activity Driven Incentives

c) iv) Promotion of Export (Single, Further and Double Deductions)

	Eligibility		Incentives		Federal/State Agencies		Expiry
	<p>Trading and manufacturing:</p> <p>a) Applicable to resident company⁽¹⁾ involving in manufacturing and trading activities⁽²⁾ of which the expenses incurred by the company in its business primarily and principally for the purpose of seeking opportunities for exports of goods. The incentives will be single, further deduction or double deduction depending on nature of expenses.</p> <p>b) The goods can be in all ranges and forms, which include trading goods, manufactured product, and goods that are processed, packed, graded, sorted or assembled in Malaysia for the purpose of export.</p> <p>Services: In 2002, the Malaysian government has taken steps to encourage service sectors to also export services⁽³⁾, expenses similar to those covered under Trading and Manufacturing above.</p> <p>Professional Services: In addition to the above, there are specific professional services identified for tax exemption purposes, of which, out of 16 segments, engineering services and business consultancy are highly relevant to oil and gas industry⁽⁴⁾.</p>	<p>Further deduction on identified expenses (non-exhaustive):</p> <p>a) Feasibility studies for preparation of tender, participation in overseas approved trade fairs trade or industrial exhibition which includes provision of exhibits penetrations and support enhancement costs, and airfare and accommodation (restricted to certain amount)⁽²⁾. Public Ruling 1/2013 also detail out the expenses under this category (e.g. obtaining technical info).</p> <p>b) Professional fees on packaging design⁽⁵⁾.</p> <p>c) Participation in virtual trade show, in trade portal and maintain warehouses overseas⁽⁶⁾.</p> <p>Double deduction for registration of patents, trademarks or product licensing overseas⁽⁷⁾.</p> <p>Single deduction for inviting potential importers to visit factory (up to 3 days)⁽⁸⁾:</p> <p>a) Hotel accommodation (max RM300 p/day)</p> <p>b) Sustenance (max RM150 p/day).</p> <p>For professional services: tax exemption on 70% of statutory income equivalent to 50% of the value of increased exports⁽³⁾.</p> <p>Public ruling 1/2013 explains further the above⁽⁹⁾</p>	LHDN	N/A			

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) Income Tax (Deduction for Promotion of Exports) Rules 1986. This incentive is also applicable to agricultural industry excluded for the purposes of this guide as not applicable to OGSE sector (3) Income Tax (Deduction for Promotion of Exports of Services) Rules 2002 PU(A) 114/2002. (4) PU(A) 57/2012, subject to certain criteria/non-application rules as stated in the rules (5) PU(A) 170/2001 (6) PU(A) 115/2002 (7) (PU(A) 14/2007) (8) PU(A) 117/2002 restricted to certain criteria as mentioned in the gazette order (9) [LHDN Public Ruling 1/2013](#) (10) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

02 Activity Driven Incentives

d) Principal hub (3 Tier Corporate Tax Rate)

Eligibility

In order to provide a competitive and comprehensive global offshore support services to MNCs in Malaysia, the government introduced this incentive beginning 2015. Malaysian companies are encouraged to be a Principal hub to its overseas operations.

Definition of Principal Hub

A locally incorporated company that uses Malaysia as a base for conducting its regional and global businesses and operations to manage, control, and support its key functions.

Eligibility and qualifying activities

- Local incorporation under the Companies Act 1965 or Companies Act 2016 and is resident in Malaysia.
- Paid-up capital of > RM2.5 million.
- Annual sales ≥ RM300 million (for goods-based applicants).
- Serves and control network⁽¹⁾ companies in at least 3 countries outside Malaysia.
- Carry out ≥ 3 qualifying services⁽²⁾ and, of which one of the qualifying services must be from strategic services:
 - Strategic Services* (e.g. Regional P&L /Business Unit Management, Strategic Business Planning and Corporate Development, Corporate Finance Advisory Services etc.).
 - Business Services* (e.g. Bid and Tender Management, Treasury and Fund Mgmt., Research, Development & Innovation etc.).
 - Shared Services* (e.g. Corporate Training and Human Resource Management, Finance & Accounting etc.).
- Employment requirement:
 - Creation of high value jobs by year 3 with minimum monthly salary of RM5,000.
 - At least 50% must be Malaysians by end of year 3
 - Including key positions with minimum monthly salary of RM25,000
- Companies are encouraged to undertake training and development plan for Malaysians.
- The applicant should be the planning, control and reporting centre for the qualifying services
- Significant use of Malaysia's banking and financial services and other ancillary services and facilities (i.e. trade and logistics services, legal and arbitration services, finance & treasury services).

Incentives

3 Tier Corporate Taxation Rate

	Tier 3		Tier 2		Tier 1	
Blocks (year) ⁽³⁾	5	+5	5	+5	5	+5
Tax Rate	10%		5%		0%	

To qualify for the relevant tax rates above, the following are considered:

- Level of business spending in RM mil and meeting its threshold.
- High value job creation and salary threshold.
- No. of strategic / mgmt. positions and salary threshold.
- Nature of strategic services (regional P&L / others strategic services).

Income tax exemption threshold received from inside and outside of Malaysia is based on the ratio of 30:70 (inside:outside).

Facilities accorded to Principal Hub⁽⁴⁾:

- Customs duty exemption.
- No local equity/ ownership condition.
- Flexibility on expatriate posts as per applicant's plan etc.
- Use of foreign professional services are allowed provided locally owned services are not available
- A foreign owned company is allowed to acquire fixed assets to carry out its business plan.
- Foreign Exchange Administration flexibilities will be accorded to support efficiency and competitiveness

Federal/State Agencies

MIDA

Expiry

Application submitted between 1 May 2015 until 30 April 2018

Note:
Extended to 31 Dec 2020 as announced in Budget 2018

Notes: (1) Network companies is defined as related companies or any entity within the group including subsidiaries, branches, joint ventures, franchises or any other company related to applicants' supply chain and business with contractual agreements (2) Full list of qualifying services is in the link below (3) Extension of +5 years subject to certain terms and conditions, refer link below (4) Full list of benefits in link below (5) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority
Source: [MIDA - Principal Hub Incentive](#)

02 Activity Driven Incentives

e) i) Research expenditure (Double Deduction)

Eligibility

A company⁽¹⁾ can enjoy a double deduction on its revenue (non-capital) expenditure for research which is directly undertaken and approved by the Finance Minister, of which the Minister has delegated such powers to the Director General of Inland Revenue (LHDN).

Eligibility and qualifying activities⁽²⁾:

- a) Research must meet the definition as per public ruling 5/2004.
- b) Research must be approved by the Minister or undertaken by a person participating in an industrial adjustment approved under section 31A of promotion of investments Act 1986.
- c) Expense incurred within 10 years from date of approval.
- d) Cash contributions or donations to approved research institutes, and payments for the use of the services of approved research institutes, approved research companies, R&D companies or contract R&D companies.
- e) An application for double deduction must be made 6 months before financial year end of the business. LHDN will only give approval for research project.

Incentives

Double deduction on expenditure restricted to research relevant to revenue expenses

Expenditure undertaken overseas (e.g. technical services) will be considered for double deduction subject to certain threshold⁽¹⁾

Federal/State Agencies

LHDN

Expiry

N/A

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) Please refer to Public Ruling 5/2004 dated 30 Dec 2004 for definitions, details of eligible outgoings and expenses, qualifying criteria and procedures, as well as excluded activities (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source: Income Tax Act (Sec 34A), [LHDN Public Ruling 05/2004](https://www.lhdn.gov.my/portal/index.php?option=com_content&view=article&id=1029&Itemid=1029)

02 Activity Driven Incentives

e) ii) In-house R&D (Investment Tax Allowance)

Eligibility

This incentive is to promote R&D undertaken in-house by a resident company⁽¹⁾.

Definition of In-house R&D

In-house research and development means that a company carries out R&D within the company in Malaysia for the purpose of its own business.

Eligibility Criteria

- a) The R&D activities undertaken must comply with the definition of R&D under the PIA, 1986;
- b) The R&D activities undertaken must be in accordance with the needs of the country and bring benefits to the Malaysian economy.

Guide for vendors:

With digitalization and technology evolution in oil and gas, it is strongly recommended that relevant OGSE players take advantage of this incentive

Subsectors covered relevant to OGSE sector⁽¹⁾:

- a) *Research and development on engineering and technology*
- b) *Research and development on natural sciences*
- c) *Research and development on other natural science and engineering n.e.c.*

Refer to the source below for full list of subsectors covered by this incentive.

Incentives

Investment Tax Allowance ("ITA")

- i. A company that undertakes in-house R&D to further its business can apply for an ITA of 50% of the qualifying capital expenditure incurred within 10 years.
- ii. The company can offset the allowance against 70% of its statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Federal/State Agencies

MIDA

Expiry

N/A

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source: [MIDA - In-house R&D Incentive](#)

02 Activity Driven Incentives

e) iii) R&D Reinvestment (in-house R&D) (Investment Tax Allowance)

Eligibility

Existing R&D contract companies⁽¹⁾ undertaking R&D activities are eligible for second round incentive of either a Pioneer Status or Investment Tax Allowance (ITA).

Existing R&D companies⁽¹⁾ undertaking R&D activities and in-house R&D are eligible for second round incentive of Investment Tax Allowance (ITA) only.

- a) Company which has not enjoyed PS/ITA for R&D activities or company which has been granted PS/ITA for R&D activities whose PS/ITA has expired.
- b) Existing companies undertaking reinvestments (by way of additional expenditure for plant, machinery and building) for the following R&D activities:
 - expansion of existing R&D activities.
 - engaged in new research projects /research methodology / processes / products.

R&D activity as defined under the PIA 1986. Research undertaken should be in accordance with the needs of the country and benefits to the Malaysian economy.

Incentives

Investment Tax Allowance (“ITA”)

- i. ITA of 50% of additional qualifying capital expenditure incurred within a period of 10 years from the date the first qualifying capital expenditure is incurred.
- ii. The allowance can be offset against 70% of the statutory income for each year of assessment. Unutilised allowances can be carried forward until fully absorbed.

Federal/State Agencies

MIDA

Expiry

N/A

Guide for vendors:

A shortlist of promoted activities and products likely relevant to OGSE sector / oil and gas under PIA 1986 are outlined in pages 12 to 30.

In general, R&D contract companies are deemed as companies that provide research and development services in Malaysia only to a company other than its related company

Meanwhile, R&D companies are companies which provide research and development services in Malaysia to its related company or to any other company.

Notes : (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) Also applicable for Contract R&D and R&D companies. For detailed criteria for Contract R&D and R&D Companies, please visit the link below. (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source: [MIDA - R&D Reinvestment](#)

02 Activity Driven Incentives

f) Training (Single & Double Deductions)

Eligibility

Training expenses by a company⁽¹⁾ if incurred “wholly and exclusively” in generating chargeable income generally qualifies for single deduction (as per section 33 of Income Tax Act 1967).

However, the Malaysian government have identified selected training which may qualify for double deduction as follows:

Manufacturing company:

- a) A training programme approved by MIDA; or
- b) A training programme conducted by a training institution.
- c) Expenditure must be incurred in training employees for the purpose of acquisition, upgrading and developing the employee’s craft, supervisory and technical skills or increasing the productivity or quality of its products⁽²⁾.

Non-manufacturing company:

- a) A training programme approved by MoF or any agency appointed by the MoF; or
- b) A training programme conducted by a training institution⁽²⁾.

Training and remuneration of handicapped / disabled persons⁽²⁾⁽³⁾. Malaysian Budget 2018 also extends double deduction for employing those affected by accidents / critical illnesses and certified by Medical Board of the Social Security Organisation (“SOCISO” or “PERKESO”) on their ability to work within their capabilities.

In addition to the above, the Malaysian government has also allowed deductions for employees training as a pre-commencement of a business in order to produce income⁽⁴⁾.

Incentives

Single & double deductions where applicable.

Federal/State Agencies

LHDN
PERKESO

Expiry

N/A

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia (2) Income Tax (Deductions for Approved Training) Rules 1992 PU(A) 61/1992 (3) Income Tax (Deductions for the Employment of Disabled Persons) Rules 1982 PU(A) 73/1982 (4) Income Tax (Deduction of Pre-commencement Business Training Expenses) Rule 1996 PU(A) 160/1996 (5) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

g) Vendor Development Programme (anchor company) (Double Deduction)

 Eligibility

Vendor Development Programme (“VDP”) are programmes approved by Ministry of International Trade and Industry (MITI) to be implemented by an anchor company in:

- a) Developing a new vendor company; or
- b) Strengthening the development of an existing vendor company.

Anchor company means a company which:

- a) is incorporated under the Companies Act 1965 or Companies Act 2016.
- b) is a resident in Malaysia.
- c) is participating in the VDP.
- d) signs an Memorandum of Understanding with the Ministry in-charged (i.e. MITI) from 2014 until 2020⁽¹⁾.

Vendor company means a company which:

- a) is incorporated under the Companies Act 2016.
- b) is a resident in Malaysia.
- c) is a manufacturer or supplier of components, or service provider of the anchor company under VDP.

 Incentives

Double deduction against business source of the anchor company on activities in relation to:

- i. Product development, namely product quality development, product innovation or R&D.
- ii. Capability improvement namely certification programme, assessment programme or business process re-engineering.
- iii. Human capital namely hard skill training, lean management, financial management system or capacity building.

Amount i to iii above shall not exceed RM300,000 in each YA for 3 consecutive years. Expenditure is verified by MITI.

 Federal/State Agencies

MITI

 Expiry

Date of signing MOU extended to 2020

03 *Region Specific Incentives*

a) East Coast Economic Region ("ECER") (page 47)

b) Northern Corridor Economic Region ("NCER")
(page 48)

c) Iskandar Malaysia ("IM") (page 49)





d) Sarawak Corridor of Renewable Energy
("SCORE") (page 50)

e) Sabah Development Corridor ("SDC") (page 51)

f) Less Developed Areas (page 52)

03 | Region Specific Incentives

a) East Coast Economic Region (“ECER”)

	Eligibility		Incentives		Federal/State Agencies		Expiry
<p>The ECER Master Plan was developed to guide the development of this region. It aims to transform the region into a major exporter of resource based and manufactured products, trading center, and a logistic and infrastructure hub. ECER covers the states of Kelantan, Terengganu, Pahang and the district of Mersing, Johor.</p>	<p>Key eligibility criteria:</p> <p>a) Qualifying persons are companies incorporated under Companies Act 1965 or Companies Act 2016 and a resident in Malaysia</p> <ul style="list-style-type: none"> – Qualifying person⁽¹⁾ also includes undertaking special qualifying activities and investor investing in related company. – Investors in related company shall own at least 70% equity / paid up ordinary shares of the company. <p>b) Qualifying person undertakes qualifying activity which has not been carried on in ECER on date of application, or has commenced qualifying activities not more than one (1) year from date of application and approval by Minister.</p> <p>c) Qualifying activities⁽²⁾ (and relevant to OGSE sector) include manufacturing, oil, gas & petrochemical, manufacturing related services etc.</p>	<p>Tax exemption (manufacturing cluster):</p> <ol style="list-style-type: none"> 1. Income tax exemption of 100% for 10 years commencing from the year company derives statutory income; or 2. Income tax exemption equivalent to 100% of qualifying capital expenditure (Investment Tax Allowance) for 5 years. 	<p>Stamp duty exemption:</p> <p>On land or building acquired for development.</p> <p>Tax exemption for qualifying person undertaking special qualifying activities:</p> <ol style="list-style-type: none"> 1. Income tax exemption of 70% to 100% for period determined by Minister or 2. Income tax exemption equivalent to 60% to 100% of qualifying capital expenditure for period determine by Minister. 	ECERDC	31 Dec 2020		
<p>Tax exemption (investor investing in related co.):</p> <p>Deduction equivalent to the value of investment (in the form of cash contribution or as a paid-up capital) made into a related company that undertakes qualifying activity or special qualifying activity.</p>							

Notes: (1) Qualifying persons also include developers and development managements companies (2) For full list of qualifying activities refer to ECER website below. (3) Incentive is also provided to developer and qualifying person sponsoring hallmark event. For full understanding of available incentives under ECER, kindly enquire with ECERDC directly (4) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source : [Fast Cost Economic Region](#),

03 | Region Specific Incentives

b) Northern Corridor Economic Region (“NCER”)

	Eligibility		Incentives		Federal/State Agencies		Expiry
<p>NCER is a development programme which is aimed to accelerate economic growth and elevate income levels in Northern Peninsular Malaysia. Areas that form NCER are Perlis, Kedah, Pulau Pinang and Northern Perak. Two main themes are to increase value add from existing industries with emphasis on transforming and expanding economic focus areas and a commitment to growth with social equity and emphasis on local community involvement.</p>	<p>Qualifying economic focus areas⁽¹⁾:</p> <ol style="list-style-type: none"> 1. Manufacturing – to become a high technology electronics hub and expand current predominant assembly and test activity to higher value add R&D, and to promote new industries (i.e. sustainable materials and oil and gas). 2. Logistics – to become a major processing centre and entrepot port and to promote Penang Port as a regional transshipment centre. 	<p>Pioneer Status (“PS”) or Investment Tax Allowance (“ITA”) for manufacturing</p>	<ol style="list-style-type: none"> a) <i>General</i> – 5 years PS and tax exemption at 30% of statutory income, 60% ITA on qualifying capital expenditure for 5 years, can be set off against 70% statutory income. b) <i>High Technology Projects</i> – 5 years PS and tax exemption at 30% of statutory income, 60% ITA for 5 years, can be set off against 100% statutory income. c) <i>Strategic / Pre-packaged</i> – 10 years PS and tax exemption at 100% statutory income, 100 ITA for 5 – 10 years, can be set off against 100% of statutory income. 	<p>NCIA</p>	<p>N/A</p>		
<p>NCER qualifying area:</p> <ol style="list-style-type: none"> 1. Seeds Research and Development (“Seeds R&D”) Centres in Perlis 2. Premier Industrial Park in Kedah 	<p>PS or ITA for logistics</p> <ol style="list-style-type: none"> a) 5 years PS and tax exemption at 70% of statutory income, 60% ITA for 5 years, can be set off against 70% statutory income. b) For International Procurement Centre (“IPC”) and Regional Distribution Center (“RDC”), full tax exemption for 10 years. 	<p>Seeds R&D Centres in Perlis</p>	<ol style="list-style-type: none"> a) 100% income tax exemption on statutory income for a period of 10 years, starting from the first year of profitability, <u>or</u> b) Investment Tax Allowance of 100% on qualifying capital expenditure for a period of 5 years. c) Other incentives for Seeds R&D center also available. 				

Notes: (1) For full details of the incentives and other qualifying activities covered, refer to the link below and/or enquire NCIA with directly. (2) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source : [NCER Website](#)

03 | Region Specific Incentives

c) Iskandar Malaysia ("IM")



Eligibility

Iskandar Malaysia ("IM") development aims to translate significant economic benefits to investors and residents through income generation and employment opportunities. Among the flagships zones are the Integrated Industrial Clusters and Integrated Logistic Clusters. Two of the industrial areas with focus on oil and gas are Tanjung Bin and Tanjung Piai industrial areas.

Main eligibility criteria for Investment Tax Allowance ("ITA") or Pioneer Status ("PS")

- As per the eligibility criteria of ITA / PS incentives offered by MIDA.
- Has to engage in the prescribed promoted product / activities as listed in MIDA's website (or refer to promoted activities / products relevant to OGSE sector in pages 12 to 30).

In addition to ITA and PS, additional Iskandar Malaysia ("IM") Incentive are available for IDR Status Company⁽¹⁾:

- Malaysian company approved by the Minister of Finance which undertakes qualifying activity (i.e. within the 6 approved areas within Medini's approved nodes areas).
- Relevant qualifying activities for OGSE players is integrated supply chain services and R&D institutions. (refer to link below for other qualifying activities).



Incentives

ITA / PS as offered by MIDA (refer to pages 12 to 30 promoted activities / products relevant to OGSE sector in pages 12 to 30).

Income Tax Exemption (IDR status companies)

Income tax exemption on 100% of statutory income derived from the said qualifying activity within the approved area and outside Malaysia for 10 years from the date of commencement provided these operations commence before the end of 2015 (extended to 2020 by MOF).



Federal/State Agencies

IRDA



Expiry





Subject to respective incentive

Notes: (1) IM Flagship tax incentive is available for new Malaysian companies with min. investment plan of RM10 million excluding land costs. Incentives are also available for approved developer and development managers. IM Flagship incentive is subject to commencement of operation of facilities by 31 December 2015 (case-to-case may be considered by MOF). Other incentives / non-incentives may apply. For full understanding of available incentives under IM, kindly enquire with IRDA directly. (2) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source : [Medini Incentives](#), [Tanjung Piai Maritime Industrial Park](#), [Iskandar Malaysia Oil and Gas Investment](#)

03 | Region Specific Incentives

d) Sarawak Corridor of Renewable Energy (“SCORE”)

	Eligibility		Incentives		Federal/State Agencies		Expiry				
<p>SCORE is an initiative to develop and transform Sarawak into a developed state. SCORE covers Tanjung Manis, Mukah, Samalaju, Baram and Tunoh industrial areas.</p>	<p>Economic Focus Areas/ Priority Industry Aluminium, glass, steel, oil-based, marine, palm oil etc.</p>	<p>Key Development Areas</p> <ol style="list-style-type: none">1. Tanjung Manis: Industrial Port City and Halal Hub2. Mukah: Smart City, Service Hub and R&D3. Samalaju : Heavy & Energy Intensive Industry Centre4. Baram: Tourism and resource based industry5. Tunoh: Tourism and resource based industry	<p>Pioneer Status (“PS”) / Investment Tax Allowance (“ITA”) and Income Tax Exemption</p>	<p>100% exemption of its statutory income for 5 years or ITA and includes incentives no longer available in West Malaysia.</p>	<p>Import duty exemption</p> <p>Manufacturers in Sarawak that intend to market products in Sarawak are entitled to full exemption on import duties for raw materials, components and parts that are not available in the State.</p>	<p>Ownership of land, with rebates and flexible payment terms</p>	<p>Companies that choose to make Sarawak their base, are also entitled to own industrial land. In addition, the State offers companies with PS, generous rebates on any land acquisition costs, flexible payment terms and minimal deposits.</p>	<p>Income tax relief for major strategic project</p>	<p>100% income tax relief can be extended up to 10 years.</p>	RECODA	N/A

Notes: (1) Specific incentive package may be customised and granted on case-to-case basis. For full understanding of available incentives under SCORE, kindly enquire with RECODA directly. (2) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source : [Sarawak Corridor of Renewable Energy](#)

03 | Region Specific Incentives

e) Sabah Development Corridor (“SDC”)



Eligibility

SDC is aimed at accelerating the growth of Sabah Economy. The prioritised industries are manufacturing for oil and gas, resource based industry, logistics and transportation etc.

Strategic Development Area (“SDA”) relevant to oil and gas / OGSE sector:

Downstream Activities – Manufacturing – Medium & Heavy Industries at Sabah Oil & Gas Industrial Park (“SOGIP”).

Eligibility criteria

- The Industrial Coordination Act, 1975 requires companies engaging in any manufacturing activity with shareholders’ funds of \geq RM2.5million employing \geq 75 or more full-time paid employees to obtain a Manufacturing License.
- The incentives are only applicable for companies engaged in specific qualifying activities, located in the designated SDA.
- The incentives are applicable to applications received by SEDIA from 1 January 2013 until 31 December 2020.
- To be eligible for the incentives, companies must commence operations by one year from the date of approval.
- Employees must possess vast experience and expertise in this field.



Incentives

Income Tax Exemption or Investment Tax Allowance (“ITA”)

- Full tax exemption on statutory income for 10 years; or
- ITA of 100% on qualifying capital expenditure for 5 years. Can be offset against 100% of statutory income, subject to qualifying activities or products listed under the promotion of investments Act 1986 (refer to pages 12 to 30 promoted activities / products relevant to OGSE sector).

Income Tax Exemption or ITA for ship building and repairs industry

- Full tax exemption on statutory income for 5 years; or
- ITA of 100% on qualifying capital expenditure for 5 years. Can be offset against 100% of statutory income.



Federal/State Agencies

SEDIA



Expiry

1 January 2013 until 31 December 2020

Notes: (1) Specific incentive package may be customised and granted on case-to-case basis. For full understanding of available incentives under SDC, kindly enquire with SDC directly. (2) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

Source : [Sabah Development Corridor](#)

03 | Region Specific Incentives

f) Less Developed Areas



Eligibility

This incentive package is designed to include areas less developed into the wave of economic development, together with the identified Economic corridors (i.e. NCER, ECER, SDC, SCORE and Iskandar Malaysia).

Eligibility criteria:

- A company⁽¹⁾ incorporated under Companies Act 2016.
- Existing company expanding its operation into the less developed areas; or newly established company.
- The company is to undertake its manufacturing or services activities in the less developed areas that will lead to substantial creation of employment and rural development.
- Complies with other conditions specified by the Minister of Finance including value added, local employment and Managerial, Technical and Supervisory (MTS) staff index.

\$ Incentives

Income Tax Exemption:

- 100% exemption of 100% up to 15 years of assessment (5+5+5).
- Must comply with the conditions and achieve the Key Performance Index (KPIs) for each additional 5 years.

OR

- Exemption equivalent to 100% of qualifying capital expenditure (Investment Tax Allowance) incurred within 10 years.
- The allowance can be offset against 100% of statutory income for each assessment year.
- Unutilised allowances can be carried forward until fully absorbed. The company must comply with the conditions and achieve the KPIs for additional 5 years.

Other incentives:

- Stamp duty exemption on transfer or lease of land or buildings in relation to manufacturing and services activities.
- Withholding tax exemption on fees for technical advice, assistance, services or royalty in relation to manufacturing and activities up to 31 December 2020.
- Import duty exemption on raw materials and components that are not produced locally and machinery used directly in the manufacture of finished products (similar exemption applies to machinery and equipment subject to prevailing policy and procedures⁽²⁾)



Federal/State Agencies

MIDA



Expiry

Application submitted between 1 Jan 2015 until 31 Dec 2020

Notes: (1) A company must be incorporated under the Companies Act, 1965 or Companies Act, 2016, and is resident in Malaysia. (2) Refer to link below. (3) Specific incentive package may be customised and granted on case-to-case basis. (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority
Source: [MIDA - Less Developed Areas](#)

04 *Others: Duties*

a) Stamp duty (page 54)

Exemptions

b) Import duty (page 55)

Exemptions

04 Duties

a) Stamp duty (exemptions)



Eligibility



Federal/State Agencies



Expiry

In Malaysia, Stamp duty is a tax levied on a variety of written instruments specified in the First Schedule of Stamp Duty Act 1949. In general term, stamp duty will be imposed to legal, commercial and financial instruments.

LHDN

N/A

There are two types of Stamp Duty namely *ad valorem* duty and fixed duty. For the *ad valorem* duty, the amount payable will vary depending on type and value of the instruments.

An instrument is required to be stamped within 30 days of its execution if executed within Malaysia. If the instrument is executed outside Malaysia, it must be stamped within 30 days after it has been first received in Malaysia.

Certain stamp duty remissions or exemptions on instruments which may relate to OGSE players include (non-exhaustive):

- a) Exemption on instruments in connection with the **reconstruction or amalgamation of companies** as prescribed conditions as per s.15 of the Stamp Act are satisfied. For acquisitions, the transferee company either acquire the undertaking of any particular existing company (need not be Malaysian company) or acquire at least 90% of shares or any particular existing company.
- b) Exemption on transfer of **property between associated companies** as prescribed under conditions in s.15A of the Stamp Act.
- c) Exemption on **transfer or lease of land or building located in Less Developed Areas** used for development in relation to manufacturing and services activities.

04 | Duties

b) Import duty (exemptions)

Eligibility

In general, import duty applies to any form of importation of goods and services into Malaysia chargeable by Royal Customs of Malaysia. Import duty is imposed on *ad valorem* based on the value of goods imported, averaging around 6% across items (some items may have higher rates).

Exemption is given through the Customs Duties (Exemption) Order 2017. Below are some exemptions given to oil and gas by companies, activities and/or products⁽¹⁾ (non-exhaustive):

a) Petroleum Arrangement Contractors (“PACs”) (Upstream)

For items imported for the use of PACs⁽²⁾, the exemption is given for items utilised directly for oil and gas upstream operations. Typically, PAC players will maintain their respective Master Exemption List (“MEL”).

b) Vessel Construction and repair segment

Exemption is given to companies as approved by MoF.

c) Manufacturers in Principal Customs Area (“PCA”)

Manufacturers in PCA (i.e. entire Malaysia other than free zones and designated areas such as *Langkawi, Tioman* and *Labuan*) may apply for import duty exemption for new, unused machinery and equipment which will be used directly in the manufacturing process. Application is made via MIDA.

d) Manufacturer with Licensed Manufacturing Warehouse (“LMW”) status

Import duty exemption applies to LMW manufacturers / Bonded warehouse (for exports). Application must be made with the Customs offices in Malaysia.

e) Pengerang Integrated Complex (PIC) and refinery & petrochemical activities by PETRONAS

Import duty exemption applies to PETRONAS and any companies authorised by PETRONAS and approved by Director General on machinery, equipment and various other construction materials applicable for Pengerang Integrated Complex (PIC) construction and safety, environmental protection equipment used for refinery and petrochemical plants and raw materials and consumable items directly in the production activities in PIC.

Federal/State Agencies

RMCD

MIDA (item c) only)

Expiry

N/A

Notes: (1) (2) For full list of customs duties exemptions and names of PACs, refer to [Federal Gazette – PU\(A\) 445/2017 Customs Duties \(Exemption\) Order 2017](#) or any latest amendments and/or gazette order (3) Any approvals and changes to the tax incentives are at the prerogative of the Malaysian Government authority

05 *Government Agencies*

CRADLE

Tel: +603 4045 8600

Fax: +603 4045 8611

Email: enquiries@cradle.com.my

East Coast Economic Region Development Council ("ECERDC")

Tel: +603 2035 0021/22

Fax: +603 2035 0021/22

Email: secretariat@ecerdc.com.my

Iskandar Region Development Authority ("IRDA")

Tel: +607 233 3000

Fax: +607 233 3001

Email: enquiries@irda.com.my

Lembaga Hasil Dalam Negeri ("LHDN")

Tel: 1 800 88 5436

Web: www.hasil.gov.my

Malaysia External Trade Development Corporation ("MATRADE")

Tel: +603 6207 7077

Fax: +603 6203 7037

Email: info@matrade.gov.my

Malaysian Investment Development Authority ("MIDA")

Tel: +603 2267 3633

Fax: +603 2274 7970

Email: investmalaysia@mida.gov.my

Malaysia Digital Economy Corporation ("MDEC") Sdn Bhd

Tel: 1-800-88-8338

Fax: +603 8315 3115

Email: clic@mdec.com.my

Ministry of Energy, Science, Technology, Environment & Climate Change ("MESTECC")

Tel: +603 8885 8000

email: enquiry@mestecc.gov.my

Ministry of Finance ("MoF")

Tel: +603 8000 8000

Fax: +603 8882 3893

Email: pro@treasury.gov.my

Ministry of International Trade and Industry ("MITI")

Tel : +603 8000 8000

Fax : +603 6206 4693

Email : webmiti@miti.gov.my

05 *Government Agencies*

North Corridor Implementation Authority ("NCIA")

Tel: +604 238 2888

Fax: +604 238 2998

Web: www.koridorutara.com.my

Pertubuhan Keselamatan Sosial ("PERKESO")

Tel: 1300 22 8000

Fax: +603 4256 7798

email: perkeso@perkeso.gov.my

Regional Corridor Development Authority – Sarawak ("RECODA")

Tel: +6082 551199/89

Fax: +6082 551190

Web: www.recoda.com.my

Royal Malaysian Customs Department ("RMCD")

Tel: 1 300 888 500

Fax: +603 7804 0195

Email: ccc@customs.gov.my

Sabah Economic Development and Investment Authority ("SEDIA")

Tel: +6088 450650

Fax: +6088 450699

Email: info@sedia.com.my

Securities Commission Malaysia ("SC")

Tel: +603 6204 8000

Fax: +603 6201 5078

Email: scd@seccom.com.my

Glossary

1. *Ad valorem* = in proportion to the value.
2. *Angel Investor* = investors in small startups or entrepreneurs.
3. ASRS = Automated Storage Retrieval System
4. ATIO = Angel Tax Incentive Office
5. CNC = Computer Numerical Control
6. CP = Cathodic Protection
7. CRA = Corrosion-Resistant Alloy
8. CRADLE = Cradle Fund Sdn Bhd
9. DGF = Dissolved Gas Flotation
10. ECER = East Coast Economic Region
11. ECERDC = East Coast Economic Region Development Council
12. ESD = Emergency Shutdown
13. ESP = Electrical Submersible Pump
14. FESEM = Field Emission Scanning Electron Microscopy
15. FPS = Fire Protection System
16. FRP = Fiber Reinforced Plastic
17. GRE = Glass Fiber Reinforced Epoxy
18. GRP = Glass Reinforced Plastic
19. HVAC = Heating, Ventilation and Air Conditioning
20. ICT = Information and Communication Technologies
21. IDR = Iskandar Development Region
22. IGF = Induced Gas Flotation
23. ILS = Integrated Logistic Services
24. IM = Iskandar Malaysia
25. IPC = International Procurement Centre
26. IRB = Inland Revenue Board of Malaysia (*similar: LHDN*)
27. IRDA = Iskandar Region Development Authority
28. ITA = Investment Tax Allowance
29. LHDN = Lembaga Hasil Dalam Negeri Malaysia (*similar: IRB*)
30. LMW = Licensed Manufacturing Warehouse
31. LRUT = Long Range Ultrasonic Testing
32. MATRADE = Malaysia External Trade Development Corporation
33. MBAN = Malaysian Business Angel Network
34. MEL = Master Exemption List
35. MIC = Marine Integrated Cluster
36. MIDA = Malaysian Investment Development Authority
37. MITC = Malaysia International Trading Company
38. MITI = Ministry of International Trade and Industry
39. MoF = Ministry of Finance
40. MESTECC = Ministry of Energy, Science, Technology, Environment and Climate Change
41. MSC = Multimedia Super Corridor
42. MTS = Managerial, Technical and Supervisory
43. NCER = North Corridor Economic Region
44. NCIA = North Corridor Implementation Authority
45. NDT = Non Destructive Testing
46. OCTG = Oil Country Tubular Goods
47. OGSE = Oil and Gas Services and Equipment
48. PACs = Petroleum Arrangement Contractors
49. PAUT = Phased Array Ultrasonic Testing
50. PCA = Principal Customs Area
51. PIA = promotion of investments Act
52. PIC = Pengerang Integrated Complex (also known as RAPID)
53. PLEM = Pipeline End Manifold
54. PLET = Pipeline End Termination
55. PS = Pioneer Status
56. R&D = Research and Development
57. RA = Reinvestment Allowance
58. RDC = Regional Distribution Centre
59. RECODA = Regional Corridor Development Authority – Sarawak
60. RMCD = Royal Malaysian Customs Department
61. ROV = Remotely Operated Vehicle
62. SC = Securities Commission Malaysia
63. SCADA = Supervisory Control and Data Acquisition
64. SCORE = Sarawak Corridor of Renewable Energy
65. SDA = Strategic Development Area
66. SDC = Sabah Development Corridor
67. SEDIA = Sabah Economic Development and Investment Authority
68. Seeds R&D = Seeds Research and Development
69. SIRIM = Standard and Industrial Research Institute of Malaysia
70. SIS = Safety Instrumented System
71. SME = Small and Medium Enterprises
72. SOCSO = Social Security Organisation / (*similar: PERKESO*)
73. SOGIP = Sabah Oil & Gas Industrial Park
74. TEG = Triethylene glycol
75. TEM = Transmission Electron Microscopy
76. TOFD = Time of Flight Diffraction
77. TSA = Thermal Sprayed Aluminium
78. UPS = Uninterruptable Power Supply
79. UT = Ultrasonic Testing
80. VA = Value-Added
81. VCC = Venture Capital Companies
82. VDP = Vendor Development Programme