

MDEC Announcement - Update of MSC Malaysia Status Tax Incentive

Background

1. We refer to the announcement by the Government of Malaysia on 12 June 2018, “[Malaysia’s Commitment in International Tax Standard](#)”, and the subsequent announcement by MDEC on 6 July 2018, titled “[Important Update and Changes on MSC Malaysia BOG 5](#)”.
2. As stated in the aforesaid announcements, the identified tax incentives of Malaysia will need to be reviewed and amended to be consistent with the international standards, which also include the MSC Malaysia Bill of Guarantee (BOG) 5 (Tax Exemption).
3. In accordance with the above exercise, the grant of MSC Malaysia Status and its incentives, including extension of income tax exemption period, or adding new MSC Malaysia Qualifying Activities, has been put on hold since 1 July 2018.

Changes to BOG 5 (Tax Exemption)

4. Previously, the tax exemption for MSC Malaysia Status was granted for the income derived from MSC Malaysia Approved Activities. Moving forward, the tax exemption will be granted for income derived from either services activities (Services Incentive) and/or intellectual property (IP Incentive).

Status Update: Approval of MSC Malaysia Status Services Incentive (Non-IP)

5. The MSC Malaysia Status Services Incentive has been approved by the Government and will be regulated under the new Income Tax (Exemption) (No. 10) Order 2018 [P.U.(A) 389/2018], which was gazetted on 31 December 2018.
6. As for the MSC Malaysia Status IP Incentive, the policy is still under review process by the Government. MDEC will be releasing further information in due course.

Application of MSC Malaysia Status Services Incentive (Non-IP)

7. Applications for MSC Malaysia Status Services Incentive can be made starting from 2nd April 2019.
8. For more details about the eligibility criteria, and qualifying promoted activities and conditions, please refer to detailed Application Guidelines [here](#).
9. Application Forms can be downloaded from [here](#) and the completed application is to be forwarded to mscopy@medec.com.my.
10. For further enquiries, please contact MDEC Client Contact Centre (CliC) at 1-800-88-8338 (within Malaysia) or +603 8315 3000 (overseas) or email at clic@medec.com.my.

FAQs

For frequently asked questions, please refer [here](#)

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