

e-CTIM TECH-DT 1/2021

4 January 2021

TO ALL MEMBERS

TECHNICAL

Direct Taxation

MIDA – GUIDELINES AND PROCEDURES FOR THE APPLICATION OF SPECIAL TAX INCENTIVE UNDER THE NATIONAL ECONOMIC RECOVERY PLAN (PENJANA)

Guidelines	Remarks (Please access the Guidelines for the full details)
<p>Guidelines and Procedures for the Application of Special Tax Incentive under the National Economic Recovery Plan (PENJANA)</p> <p>(18 December 2020)</p>	<p><u>Purpose of the Special Tax Incentive</u></p> <p>The special tax incentive which was announced by the Government through the announcement of PENJANA on 5 June 2020 is to assist companies intending to relocate their operations to Malaysia following the global economic crisis which has led to major disruptions of global supply chains.</p> <p><u>The Special Tax Incentive</u></p> <ul style="list-style-type: none"> • For new company: - <ul style="list-style-type: none"> ○ 0% special tax rate for 10 years for new investment in manufacturing sector with capital investment between RM300 million to RM500 million ○ 0% special tax rate for 15 years for new investment in manufacturing sector with capital investment above RM500 million • For existing Company: - <ul style="list-style-type: none"> ○ 100% Investment Tax Allowance (“ITA”) for 5 years for existing company in Malaysia relocating overseas facilities into Malaysia with capital investment above RM300 million. The ITA is offset against 100% of statutory income for each year of assessment. <p><u>Other points to note</u></p> <ul style="list-style-type: none"> • The special tax incentive is to be implemented via a subsidiary legislation under the Income Tax Act 1967. • Applications received by the Malaysian Investment Development Authority (“MIDA”) from 1 July 2020 until 31 December 2021 are eligible to be considered for the special tax incentive. • Appendix 15A of the 2021 Budget speech proposed that the application period for the special tax incentive be extended until 31 December 2022.

	<p><u>Further details</u></p> <p>Paragraph 2.3, 2.4, 3, 6 and Appendix A of the Guidelines.</p> <p><u>References</u></p> <ul style="list-style-type: none">• Guidelines dated 18 December 2020 on the websites of the Institute and MIDA.• Guidelines dated 17 September 2020 on the website of the Institute. (Note: The Guidelines dated 17 September 2020 have been replaced by the Guidelines dated 18 December 2020.)• Appendix 15A of the 2021 Budget Speech tabled by the Minister of Finance in Parliament on 6 November 2020 (see our e-CTIM TECH-DT 77/2020 dated 9 November 2020).• Appendix 14 of the Proposed Tax Measures under PENJANA (see our e-CTIM TECH-DT 58/2020 dated 4 August 2020).• Frequently Asked Questions on Tax Incentives for Company Relocating into Malaysia under the National Economic Recovery Plan (PENJANA) ["FAQ (PENJANA)"] on the website of MIDA.
--	--

You may write to the Institute at technical@ctim.org.my in respect of any suggestions, concern or comments you may have on the above [Guidelines](#).

Disclaimer

This document is meant for the members of the Chartered Tax Institute of Malaysia (CTIM) only. CTIM has taken all reasonable care in the preparation and compilation of the information contained in this e-CTIM. CTIM herein expressly disclaims all and any liability or responsibility to any person(s) for any errors or omissions in reliance whether wholly or partially, upon the whole or any part of this e-CTIM.