

**TECHNICAL**

**Direct Taxation**

**New Definition of SMEs -- SME Corp Media Release**

The Prime Minister, YAB Dato' Sri Mohd Najib Tun Haji Abdul Razak announced on 11 July 2013 a re-definition of small and medium-sized enterprises (SMEs) for all economic sectors. Effective from 1 January 2014, the qualifying threshold across the various sizes of business entities, namely micro, small and medium, will be raised to ensure that the definition remains relevant as the SME Masterplan is rolled out.

The new definition is adopted after considering the changes in the economy, including price inflation, structural shifts in the economy and changing business trends, since a common definition of SME was adopted in 2005. It is more comprehensive and covers more sectors of the economy, including construction, mining and quarrying.

The new qualifying thresholds for sales turnover and number of employees of SMEs are as follows:-

Category	MICRO	SMALL	MEDIUM
<b>Manufacturing</b>	<ul style="list-style-type: none"> <li>Sales turnover of less than <b>RM300,000</b> <u>OR</u></li> <li>Employees of less than <b>5</b></li> </ul>	<ul style="list-style-type: none"> <li>Sales turnover from <b>RM300,000 to less than RM15 mil</b> <u>OR</u></li> <li>Employees from <b>5 to less than 75</b></li> </ul>	<ul style="list-style-type: none"> <li>Sales turnover from <b>RM15 mil to not exceeding RM50 mil</b> <u>OR</u></li> <li>Employees from <b>75 to not exceeding 200</b></li> </ul>
<b>Services and Other sectors</b>	<ul style="list-style-type: none"> <li>Sales turnover of less than <b>RM300,000</b> <u>OR</u></li> <li>Employees of less than <b>5</b></li> </ul>	<ul style="list-style-type: none"> <li>Sales turnover from <b>RM300,000 to less than RM3 mil</b> <u>OR</u></li> <li>Employees from <b>5 to less than 30</b></li> </ul>	<ul style="list-style-type: none"> <li>Sales turnover from <b>RM3 mil to not exceeding RM20 mil</b> <u>OR</u></li> <li>Employees from <b>30 to not exceeding 75</b></li> </ul>
<b><i>Old definition for comparison</i></b>			
<b>Manufacturing, Manufacturing-Related Services and Agro-based industries</b>	Annual Sales turnover of less than RM250,000 (USD83,300) <u>OR</u> Full time employees less than 5	Annual Sales turnover from RM250,000 (USD83,300) to less than RM10 mil (USD3.3mil) <u>OR</u> Full time employees from 5 to less than 50	Annual Sales turnover from RM10 mil (USD3.3 mil) to less than RM25 mil (USD8.3 mil) <u>OR</u> Full time employees between 50 and 150
<b>Services, Primary Agriculture and Information &amp; Communication Technology (ICT)</b>	Sales turnover of less than RM200,000 (USD62,500) <u>OR</u> Full time employees less than 5	Sales turnover from RM200,000 (USD62,500) to less than RM1 mil (USD312,500) <u>OR</u> Full time employees between 5 and 19.	Sales turnover from RM1 mil (USD312,500) to less than RM5 mil (USD1.6 mil) <u>OR</u> Full time employees between 20 and 50

For more details, members may view the [Media Release](#) at the Institute website or [SME Corp Malaysia website](#).

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