

Categories: MIDA in the news

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Title: PM announces new RM1 billion Domestic Investment Strategic Fund

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Prime Minister Datuk Seri Najib Tun Abdul Razak today announced the establishment of a RM1 billion Domestic Investment Strategic Fund, and other incentives to stimulate domestic investments and to fast-track the participation of Malaysian companies in the global supply chain of targeted industries.

Among the targeted industries are aerospace, medical devices, pharmaceuticals, advanced electronics, machinery and equipment, renewable energy, biotechnology, which are high-value added, high technology, knowledge-intensive and innovation-based.

The Prime Minister made the announcement in conjunction with the launch of the Malaysian Investment Development Authority (MIDA) Headquarters and its new corporate logo, at KL Sentral today.

Also present at the event were Minister of International Trade and Industry, Dato' Sri Mustapa Mohamad and MIDA Chairman, Tan Sri Amirsham A.Aziz

Malaysian-owned companies seeking to improve or upgrade their technological capabilities including via technology acquisition or to obtain international standards in strategic industries for outsourcing opportunities from global companies can apply to MIDA, which is entrusted to manage the fund.

The fund, which was made available from yesterday, would be considered based on the merits of each application.

The Prime Minister also announced the re-introduction of tax incentive to encourage Malaysian-owned companies with at least 60% local equity to acquire foreign companies for their state-of-the-art technologies.

The incentive, which allows an annual deduction of 20% of the acquisition cost for five years, is expected to spur innovation activities among Malaysian companies and encourage more companies to move up the value chain or diversify into new areas.

Malaysian-owned manufacturing companies that are already in operation for a year or less and undertaking promoted products or activities under the Promotion of Investments Act, 1986 are now eligible to apply for tax incentive.

The incentive is to encourage new investments by Malaysian-owned companies.

The tax incentive in the form of Pioneer Status with 100% tax exemption for eligible Malaysian small-scale manufacturing companies, which was previously confined to those with shareholders' fund not exceeding RM500,000, is now extended to cover those with shareholders' fund of less than RM2.5 million.

In tandem with the opening up of the services sector, the Government is mindful of the need for small Malaysian-owned service providers to enhance their competitiveness.

In this context, a special tax rate will be introduced to encourage small Malaysian service providers to merge into bigger entities to increase their competitiveness.

The above incentives are in line with the Government's target of securing 73% in domestic direct investment and 23% in foreign direct investment by 2020.

Dato' Sri Mustapa said the host of incentives announced by the Premier is to-date, the most comprehensive in terms of incentives to boost domestic investments.

Adapted from MIDA and Bernama 3 July 2012 and New Straits Times 4 July 2012