



## Government Grants and Incentives

Unlock the opportunities, reap the benefits

### In a nutshell

Malaysia offers a wide range of attractive investment incentives to attract investors, ranging from tax exemptions and allowances to grants. In tandem with global trends and the evolution of the national economy from agriculture-based to manufacturing-based and services-based, the incentive framework covers a broad spectrum of industries and different forms of economic activities. In addition, specific grants and incentives are also provided to support innovation, strategically important projects and industry. A good knowledge of these incentives and how to tap on these opportunities is vital to plan your business and investment strategies.

## Types of government grants and incentives



### Standard incentive

Conventional Pioneer Status (“PS”) and Investment Tax Allowance (“ITA”) are granted to prospecting investors who wish to undertake promoted activities or manufacture promoted products (“Project”) anywhere in Malaysia. In producing a complete list of promoted activities and products, the incentive offered takes into account the economic needs of Malaysia and the national economic blueprints. Hence, the list reflects Malaysia’s transition from a low-cost manufacturing base to an inclusive and sustainable high-income economy.



### Location-based incentive

Incentives that are granted to sectors/industries promoted in the respective economic corridors. The incentives may comprise standard or enhanced PS and ITA. The sectors / industries that qualify for tax incentives are determined in accordance with the masterplan of each region.

#### **Key Economic Corridors are:**

- East Coast Economic Region
- Iskandar Malaysia
- Northern Corridor Economic Region
- Sabah Development Corridor
- Sarawak Corridor of Renewable Energy



### Pre-packaged incentive

This is a form of incentive that may be enhanced and granted to specific Projects taken anywhere in Malaysia at the discretion of the Minister of Finance. Generally, the Projects that qualify under this category are deemed to be of national importance and the authorities will scrutinise a myriad of other qualitative and quantitative factors such as jobs created, economic spillover, etc. prior to approving any pre-packaged incentive.



### Government grant

Projects that fall within priority sectors / industries (e.g., aerospace, advanced electronics, pharmaceuticals, renewable energy, etc.) may qualify.

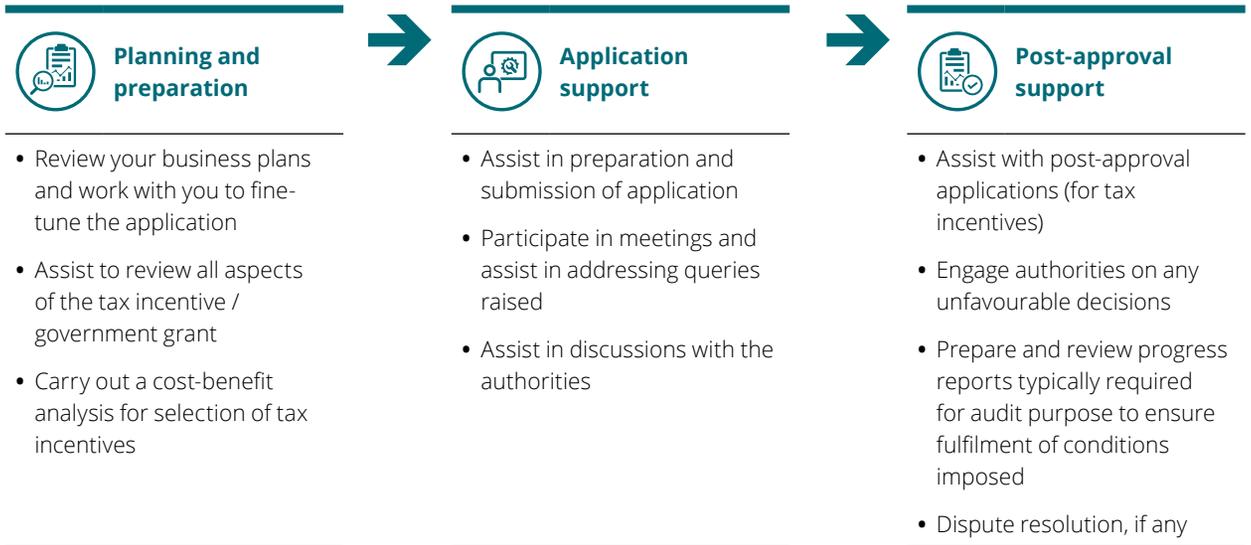
A company successful in obtaining the right grants and incentives can expect to elevate its cash flow position, reduce effective tax rates and increase earnings per share.

## How we can assist

At Deloitte, our professionals are highly experienced in the practicalities of applying incentives and grants including all aspects from initial reviews to document submission and thereafter. Our knowledge and experience in this specialised area, acquired through assisting many companies over the years, ensure that we duly understand and evaluate all the nuances of this process and allow you to be confident that you have realised your potential benefits using the least amount of time, effort and expense.

## A unique range of services

Our services in relation to tax incentives and government grant include, but are not limited to, the following:



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