

GUIDELINES ON INCENTIVE FOR SETTING UP A GLOBAL TRADING CENTRE (GTC)

1. DEFINITION

A **Global Trading Centre (GTC)** is a locally incorporated company that uses Malaysia as its international trading base for undertaking strategic sourcing, procurement and distribution of raw materials, components and finished products to its related and unrelated companies in Malaysia and abroad.

2. APPLICATION FOR GTC INCENTIVE

INCENTIVE

2.1 As an approved company with **GTC Incentive, the company** may enjoy a tax incentive of a concessionary corporate tax rate of 10% for 5 years. The period of incentive may be extended for a period of five years. The company may only enjoy **GTC Incentive** if it undertakes GTC activities and complies with the eligibility criteria.

3. ELIGIBILITY CRITERIA FOR GTC INCENTIVE

To qualify for the GTC Incentive, **a company must fulfil the eligibility criteria as per Appendix A.**

4. MECHANISM

INCENTIVE

4.1 The GTC tax incentive is to be provided under the **Income Tax Act, 1967**. Applications for the **GTC tax Incentive** are to be approved **in the National Committee on Investments (NCI) meeting**.

4.2 Company must submit the Compliance Assessment Form **within 6 months from the date of the financial year end** to MIDA annually for evaluation of performance. If the company is not able to submit the Compliance Assessment Form in the stipulated period, the company may apply for an extension to the Business Services and Regional Operations Division, MIDA. **Failing to do so will cause the GTC incentive to be withdrawn.**

(Note: MIDA will conduct preliminary verification on the GTC conditions imposed on the applicant. However, the applicant is still subject to the final approval by IRB).

- 4.3 An approved **GTC** company must comply with the stipulated conditions **throughout the incentive period.**
- 4.4 **Where in any year of assessment of the incentive period, the approved GTC company fails to comply with the stipulated conditions, the company may not qualify to claim tax incentive for that year of assessment.**
- 4.5 **Withdrawal of incentive will not be applicable as the incentive mechanism will be on self-assessment basis (self-claim).**
- 4.6 **For the purpose of surrendering the incentive, the following mechanism is applied:-**
- **Application to be made in writing to the Minister through MIDA.**
 - **The surrendering date shall be effective on the first day in the basis period for the year assessment where the surrendering application received by the Minister through MIDA.**
 - **Consideration given only to the company which has complied to all conditions approved for the purpose of the incentive.**
- 4.7 **Application for extension of the incentive period to be made in writing to the Minister of International Trade and Industry through MIDA not later than 30 days before the expiry of the first round of incentive.**

5. EFFECTIVE DATE OF APPLICATION

Applications received by the Malaysian Investment Development Authority (MIDA) from **1 January 2021 until 31 December 2022.**

6. PROCEDURE FOR APPLICATION

- 6.1 Completed applications including three (3) sets of the application form shall be submitted to:

**Chief Executive Officer
Malaysian Investment Development Authority (MIDA)
MIDA Sentral
No. 5 Jalan Stesen Sentral
Kuala Lumpur Sentral
50470 Kuala Lumpur
(Attention: Director, Business Services and Regional Operations
Division)**

6.2 Applications with incomplete information will not be accepted and will be returned to applicant companies.

6.3 For enquiries and clarification, please refer to : -

MIDA Website : www.mida.gov.my
Tel : (603) – 2267 3633
Fax : (603) – 2274 7970
Email : investmalaysia@mida.gov.my

ELIGIBILITY FOR GTC INCENTIVE

Conditions	Incentive (Concessionary tax Rate of 10%)
Company incorporation	Newly incorporated under the Companies Act 2016 and resident in Malaysia.
Qualifying activity	Using Malaysia as its international trading base for undertaking strategic sourcing, procurement and distribution of raw materials, components and finished products to its related and unrelated companies in Malaysia and abroad.
Paid-up capital	RM1.0 million
Annual Sales Turnover from qualifying activity	RM300 million
Annual Operating Expenditure from qualifying activity	RM1.5 million
<i>Definition of operating expenditure</i> Expenses incurred in carrying out the day-to-day operation of the Global Trading Centre (GTC) which are related to the core income generating activities of the GTC ¹	
High Value Jobs with basic monthly salary of at least RM5,000.00 <i>At least 50% of the high value jobs must be filled by Malaysians</i>	15
Location	Must operate in a Licensed Manufacturing Warehouse (LMW), Free Zone (FZ) and/or Bonded Warehouse.
Malaysian ports and airports	Must have usage of Malaysian ports and airports
Other conditions may be imposed as stated in the approval letter.	

Note:

*** Incentive**

- *A company, upon its approval of **GTC Incentive** must comply with the stipulated conditions throughout the incentive period.*
- *Where in any year of assessment of the exempted period, the company fails to comply with any of the conditions, the company may not qualify to claim the tax incentive on statutory income for that year of assessment.*

¹ For the purpose of compliance of condition, it will be based on the operating expenditure which is reflected in the company's audited financial statement (excluding interest, depreciation and other expenses which are not incurred for the production of income from qualifying activity).