
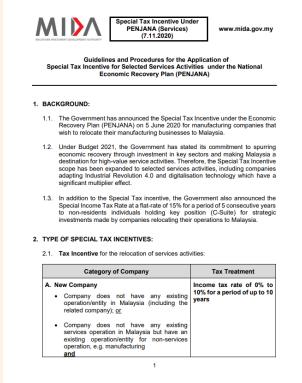



Application of Special Tax Incentive for Selected Services Activities under the PENJANA




- A special tax incentive has been established for manufacturing businesses who transfer their manufacturing operations to Malaysia under the Short-term Economic Recovery Plan (PENJANA), which was launched on June 5, 2020.
- In light of the foregoing, the Malaysian Investment Development Authority (MIDA) recently released “Guidelines and procedures for the use of a special tax incentive for certain services activities under the National Economic Recovery Plan (PENJANA)” on its website (Guidelines).






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- According to the Guidelines, enterprises will be eligible for the following incentives if they relocate certain service activities:
 - For the first 10 years, new businesses will pay a tax rate of 0% to 10%.
 - Existing businesses will pay a 10% tax rate for the next 10 years.
- “Existing company” means A foreign or locally owned company with existing services operation (including selected services activities) in Malaysia and proposes to undertake selected services activities for a new business segment, which is separate from the operation of its existing services activities.




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- “New company” means a company that does not have any:
 - Existing operation or entity in Malaysia (including a related company), or
 - Existing services operation in Malaysia, but has an existing operation or entity for non-services operation (e.g., manufacturing)
- And
 - Relocating its facilities for certain service activities from another nation to Malaysia, or
 - Diversification activity: relocates new service activities that are distinct from existing service operations in Malaysia; or
 - Company establishing a new operation in Malaysia.



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