

FACT SHEET: INCENTIVES FOR CONTRACT RESEARCH AND DEVELOPMENT

At present there are no additional incentives for Research and Development (R&D) businesses that invest in Sarawak.

A contract R&D company is defined as a company that provides R&D services in Malaysia to a company other than related companies.

Such companies are eligible for Pioneer status with income tax exemption of 100% of the statutory income for five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company.

In addition, Investment Tax Allowance (ITA) of 100% on the qualifying capital expenditure incurred within 10 years. The allowance can be offset against 70% of the statutory income for each year of assessment. Any unutilised capital allowances can be carried forward to subsequent years until fully utilised.

For more information please contact your account manager.