

## FACT SHEET: INCENTIVES FOR SMALL SCALE COMPANIES

To encourage the development of small-scale industries, manufacturing companies incorporated in Malaysia under the Companies Act 1965 with shareholders' funds not exceeding RM500,000 and with a minimum Malaysian equity of at least 60% (70% outside Sarawak), are eligible for incentives provided under the Promotion of Investments Act 1986.

Sole proprietorships or partnerships are also eligible to apply for this incentive, however, they are required to establish a new private limited/limited company to take over existing production and related activities.

Please note that in the case of a sole proprietorship or partnership, the applicant company must not be a subsidiary of another company with shareholders' funds of more than RM500,000.

To qualify for the incentives, relevant companies must comply with at least ONE of the following criteria:

- The company's finished products are to be used as raw materials or components by manufacturing industries.
- The company's products shall replace imports and the local material content is more than 50% in terms of value.
- The company exports at least 50% of its output.
- The project contributes towards the socioeconomic development of the rural population.

Successful applicants will be granted Pioneer Status (for more information on Pioneer Status, please download the [Incentives for Pioneer Status fact sheet](#)) if they propose to manufacture products or participate in activities listed as promoted products/activities for small-scale manufacturers. For more information on the latest list of promoted products and activities, please refer to the relevant [Malaysian Investment Development Authority \(MIDA\)](#) page.

In addition to the above, successful applicants are also entitled to full exemption from customs duty on any raw materials, components, machinery and equipment that is not available locally.