

FACT SHEET: INCENTIVES FOR HIGH TECH INDUSTRIES

The definition of High Tech Industries and the incentives available are uniform across Malaysia. A high technology company is defined as one that is involved in promoted activities or in the production of promoted products in areas of new and emerging technologies.

Such technologies include, but are not limited to:

- The design, development and manufacture of advanced electronics and computing
- Professional, medical, scientific and measuring devices or parts
- Biotechnology
- Advanced materials
- Alternative energy technology
- Iron and Steel

For more information, please refer to the attached document

High technology companies are given Pioneer Status with income tax exemption of 100% of the statutory income for a period of five years. Furthermore, 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 certain cases, High technology companies are offered Investment Tax Allowance of 100% in SCORE on the qualifying capital expenditure incurred within five years from the date the first qualifying capital expenditure is incurred.

This allowance can be utilised to offset against 100% of the statutory income for each year of assessment. Again, any unutilised allowances can be carried forward to subsequent years until fully utilised.

Please note that high technology companies must fulfil the following criteria:

- The percentage of local R & D expenditure to gross sales should be at least 1%, calculated on an annual basis. The company has a window of three years from the date operations begin or the commencement of business to comply with this requirement.
- Scientific and technical staff with degrees or diplomas and with a minimum of 5 years experience in related fields should constitute a minimum of 7% of the company's total workforce.

ACTIVITIES & PRODUCTS THAT ARE ELIGIBLE FOR CONSIDERATION OF PIONEER STATUS AND INVESTMENT TAX ALLOWANCE FOR HIGH TECHNOLOGIES COMPANIES

Effective March 2012

Activity/Product

I. Design, development and manufacture of advanced electronics and computing

Design, development and manufacture of:

- a) High-density modules or systems
- b) Advanced display
- c) Advanced semiconductor devices
- d) Advanced connectors
- e) Data storage devices or systems
- f) Advanced substrates
- g) Information and telecommunication products, systems or devices
- h) Digital entertainment or infotainment products
- i) Optoelectronic equipment, systems or devices
- j) Electronic security and surveillance systems or devices
- k) Electronic machines, equipment, system or devices
- l) Advanced electronic components

II. Professional, medical, scientific and measuring devices or parts

Design, development and manufacture of:

- a) Medical equipment, parts or components
- b) Medical implant, medical devices, parts or components
- c) Testing, measuring or laboratory equipment or apparatus

III. Biotechnology

Development, testing and manufacture of:

- a) pharmaceuticals
- b) fine chemicals
- c) biodiagnostics

IV. Advanced materials

Development and manufacture of:

- a) polymers or biopolymers
- b) fine ceramics or advanced ceramics
- c) high strength composites

Nano particles and their formulations thereof

V. Alternative energy technology

Design, development and manufacture of products, equipments, systems, devices or components for use in alternative energy sectors

VI. Iron and Steel

Super fine wire of diameter 2.0 mm and below