



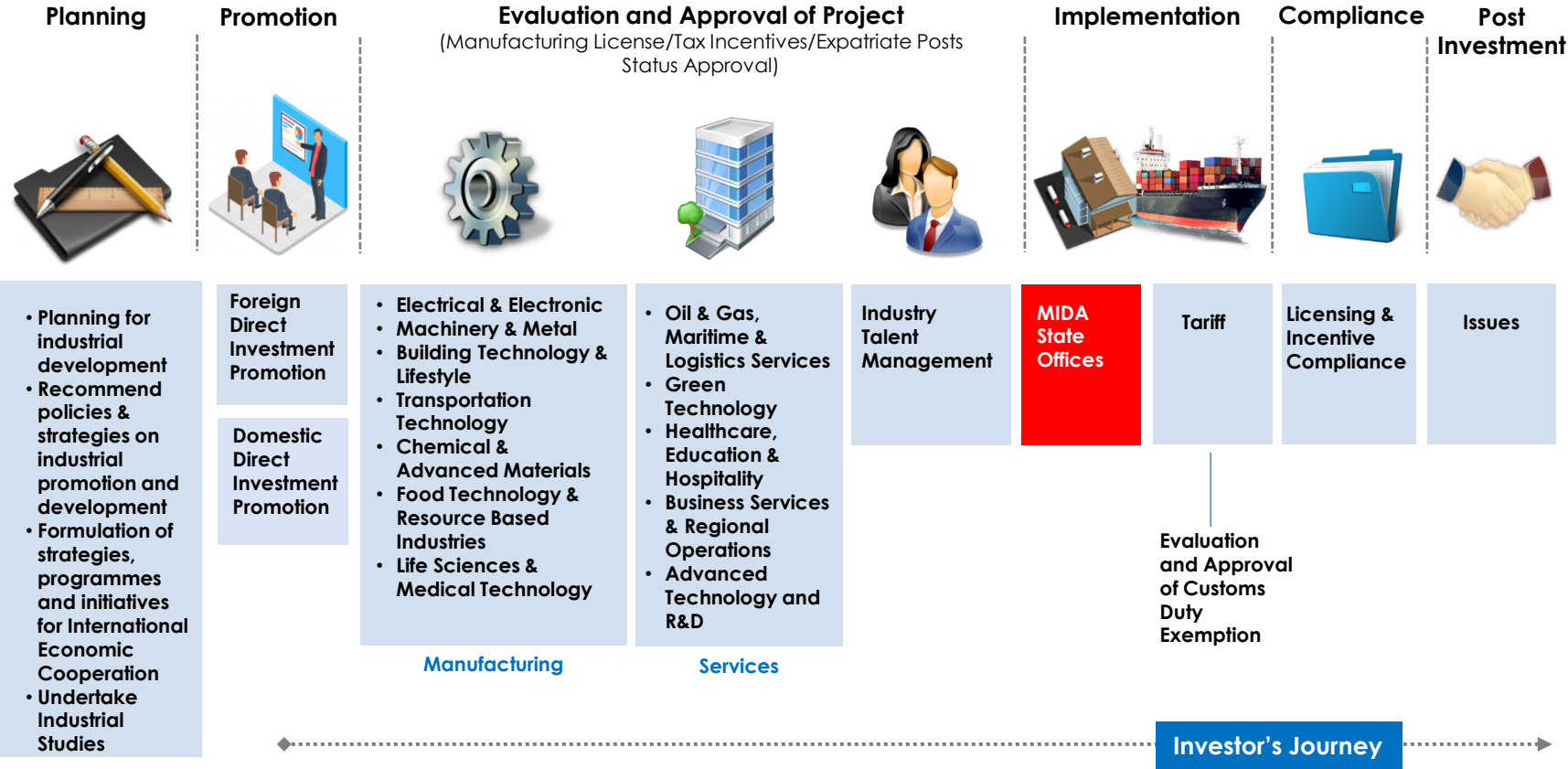
# Government Facilitation & Investment Opportunities in Hospitality Sector

*Langkawi Invest Day, 12 February 2023*

# *Who We Are*

*MIDA is the government's principal investment promotion agency responsible for the promotion of direct investments and coordination of industrial development in Malaysia. Established in 1967 under the Act of Parliament 1965*

# MIDA's Value Chain



# Major Approvals

## Manufacturing License (ML)



- **Require ML if the Paid-up Capital/Shareholders Fund is RM2.5 Million or more; or full time workers are 75 or more**

*To apply via InvestMalaysia's website*

- **Exempted from ML- If below the above threshold**

*To apply for Exemption from InvestMalaysia's website*

## Investment Incentives



- **Tax Incentives**
- **Matching Grant**  
*Domestic Investment Strategic Fund (DISF)*
- *Note : subject to availability of fund*

## Customs Duty Exemptions



- **Raw materials; and**
- **Machinery & equipment**

## Expatriate Posts



- **Key posts**  
Posts that are permanently filled by foreigners
- **Term posts**  
Posts that are filled by foreigners for a period of 1-5 years

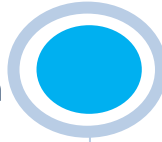
# GLOBAL & LOCAL NETWORKS

21 overseas offices and 12 state offices

- New York
- San Jose
- Chicago



- London
- Stockholm
- Munich
- Frankfurt
- Milan
- Paris
- Istanbul



Dubai



Mumbai



- Beijing
- Guangzhou
- Shanghai
- Taiwan



Seoul



- Tokyo
- Osaka

12 state offices

- Alor Setar
- Pulau Pinang
- Ipoh
- Selangor
- Seremban
- Melaka
- Johor Bahru
- Kuantan
- Kuala Terengganu
- Kota Bharu
- Kota Kinabalu
- Kuching



Singapore



Sydney



# State Offices



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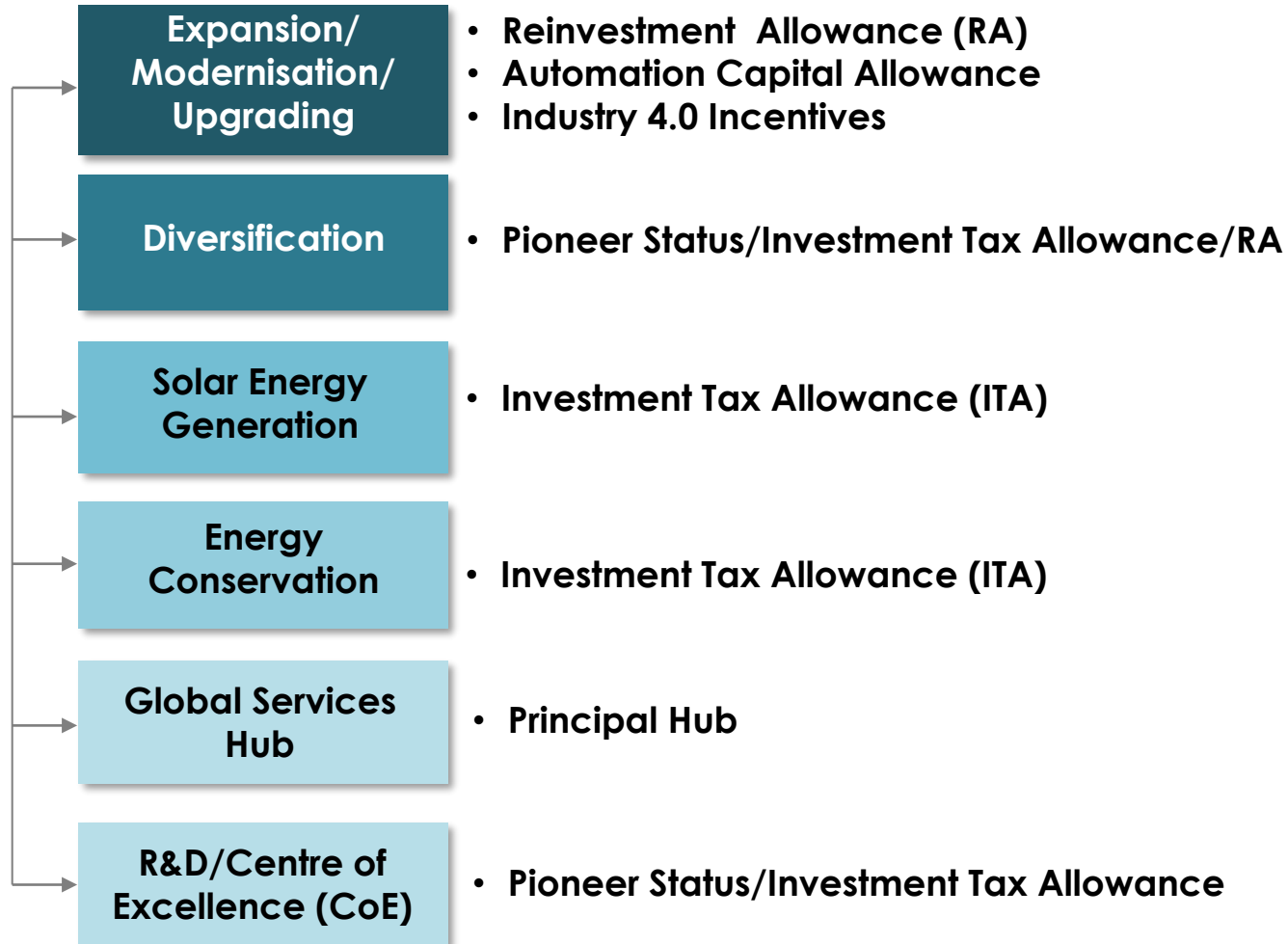
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# Existing investors - Business Opportunities

## Reinvestment



# Incentive for Hotel Industry



**PROMOTED ACTIVITIES UNDER THE PROMOTION OF  
INVESTMENT ACT (PIA), 1986  
HOPITALITY INDUSTRY**

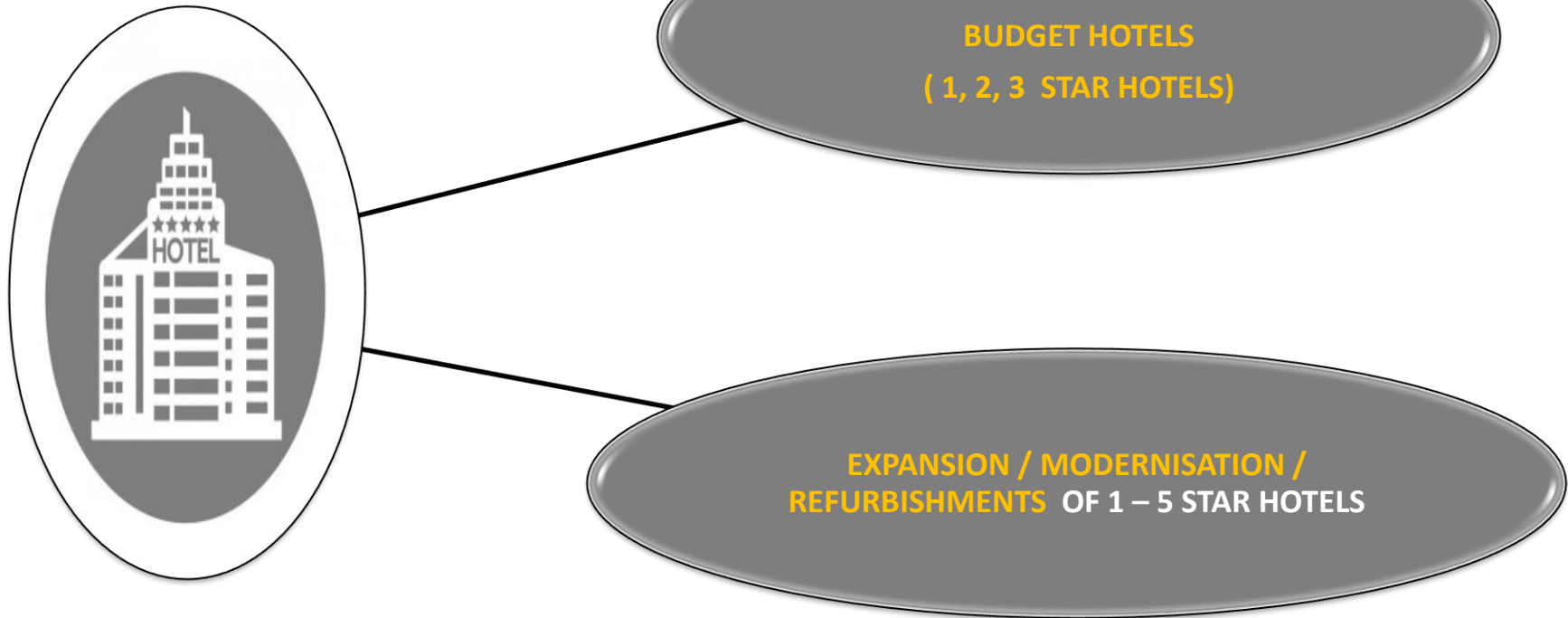
**DEFINITION**

**HOTEL**

**“Hotel” means any accommodation, which includes a hotel, a motel, chalet or hostel, of the approved standard and registered with the Ministry of Tourism, Arts and Culture.**

**“Hotel business” means the carrying on of a business in a hotel where such business provides sleeping accommodation and may include providing of food, drinks and other services or facilities and the granting of concessions of any part of such hotel for purposes connected with and incidental to the promotion of tourism.**

# CATEGORY OF **HOTEL** PROJECT



# INCENTIVE FOR **HOTEL** PROJECT

<b>NEW PROJECT</b>	
<ul style="list-style-type: none"> <li>• <b>1 – 3 Star</b> Hotel in Peninsular Malaysia, Sabah and Sarawak</li> </ul>	<p><b>Pioneer Status</b> 70% on statutory income, for <b>5 years</b></p> <p><u>OR</u></p> <p><b>Investment Tax Allowance</b> 60% on qualifying capital expenditure incurred within <b>5 years</b> to be offset against <b>70%</b> of the statutory income.</p>
<b>EXPANSION / MODERNISATION / REFURBISHMENT PROJECT</b>	
<ul style="list-style-type: none"> <li>• <b>1 – 5 Star</b> Hotel in Peninsular Malaysia, Sabah and Sarawak</li> </ul>	<p><b>Investment Tax Allowance</b> 60% on qualifying capital expenditure incurred within 5 years to be offset against <b>70%</b> of the statutory income.</p>

# ELIGIBILITY CRITERIA FOR **HOTEL** PROJECT

No.	Criteria	Remarks
1.	Application must be received by MIDA <b>prior to commencement of business of new project</b>	✓
2.	<b>Business model:-</b> <b>Owner and/or operator</b> <u>Note:-</u> <b>Sale and lease back; and time sharing business models are not eligible</b>	✓
3.	<b>3 companies in a group or 3 related companies are eligible for the tax incentive</b>  <b><i>Related company is defined as a company where at least <u>20%</u> of its issued share capital is owned (directly or indirectly) by <u>common company / individual shareholders</u></i></b>	✓

# ELIGIBILITY CRITERIA FOR **HOTEL** PROJECT

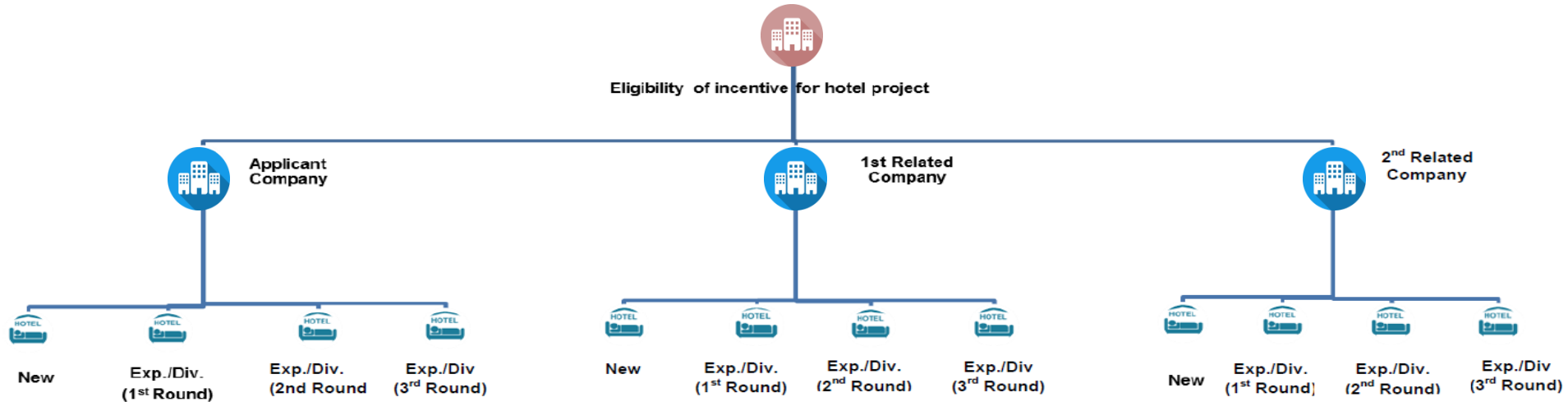
No.	Criteria	Remarks
4.	<b>Equity Requirement:-</b> <ul style="list-style-type: none"> <li>• <b>1 &amp; 2 Star Hotel – 100% Malaysian</b></li> <li>• <b>3 Star Hotel – At least 30% Malaysian</b></li> </ul>	✓
5.	Hotel must be registered with the <b>Ministry of Tourism, Arts and Culture Malaysia (MOTAC)</b> as:- <ol style="list-style-type: none"> <li>1. Tourism Project</li> <li>2. Tourist Accommodation Premises</li> <li>3. Star Rating</li> </ol>	✓
6.	At least <b>80% Malaysian employees</b>	✓
7.	Annual <b>OPEX</b> commitment	✓

## ELIGIBILITY CRITERIA FOR **HOTEL** PROJECT

No.	Criteria	Remarks
8.	<b>Separate accounts</b> for other business activities	✓
9.	<b>Arm's length pricing</b> on any transactions between related parties	✓
10.	Debt to equity ratio of <b>not more than 20 : 1</b>	✓
11.	Other condition(s) based on <b>current policy</b> or <b>decision made by the National Committee on Investment (NCI)</b>	✓

# ROUND OF INCENTIVE FOR HOTEL PROJECT

Group of Companies / 3 Related Companies



# Incentive for Tourism Sector



# PROMOTED ACTIVITIES UNDER THE PROMOTION OF INVESTMENT ACT (PIA), 1986 HOPITALITY INDUSTRY

## DEFINITION

### **TOURISM**

**“Tourist project” means a project, other than a hotel business, exclusively carried out for purposes connected with the promotion of tourism and registered with the Ministry of Tourism, Arts and Culture.**

# CATEGORY OF **TOURISM** PROJECT



**NEW PROJECT**

**THEME PARK**

**CONVENTION CENTRE**

**RECREATIONAL CAMP**

**OTHER TOURISM PROJECTS\***

**EXPANSION / MODERNISATION PROJECT**

**THEME PARK**

**OTHER TOURISM PROJECTS\***

# INCENTIVE FOR **TOURISM** PROJECT

## New Project

### **PIONEER STATUS**

70% of statutory income, for 5 years;

or

### **INVESTMENT TAX ALLOWANCE**

60% on qualifying capital expenditure to be offset against 70% of the statutory income, for 5 years

## Expansion / Modernisation Project

### **INVESTMENT TAX ALLOWANCE**

60% on qualifying capital expenditure incurred within 5 years to be offset against 70% of the statutory income.

# ELIGIBILITY CRITERIA FOR **TOURISM** PROJECT

No.	Criteria	Remarks
1.	Application must be received by MIDA <b>prior to commencement of business of new project</b>	✓
2.	<b>Business model:-</b> <b>Owner and/or operator</b>  <b>Note:-</b> <b>Sale and lease back; and time sharing</b> business models are not eligible	✓
3.	<b>ONLY 1 company in a group</b> is eligible to apply for tax incentive  <b>Note:</b> <b>Related company</b> is not eligible to apply incentive for same activity	✓

# ELIGIBILITY CRITERIA FOR **TOURISM** PROJECT

No.	Criteria	Remarks
4.	<p><b>Equity Requirement:-</b></p> <ul style="list-style-type: none"> <li>• Theme park – <b>no equity restriction</b></li> <li>• Convention centre – <b>no equity restriction</b></li> <li>• Recreational park – <b>At least 49% Malaysian including 30% reserved</b></li> <li>• Other tourism project – <b>At least 49% Malaysian including 30% reserved</b></li> </ul>	✓
5.	<p><b>Minimum fixed asset commitment (excluding land):-</b></p> <ul style="list-style-type: none"> <li>• Theme park – <b>RM10 million</b></li> <li>• Convention centre – <b>RM10 million with at least 3,000 seating capacity</b></li> <li>• Recreational park – <b>RM500,000</b></li> <li>• Other tourism project – <b>RM10 million</b></li> </ul> <p>To be incurred within the <b>first 3 years</b> from the <b>first capital expenditure incurred</b></p>	✓

# INCENTIVE FOR **TOURISM** PROJECT

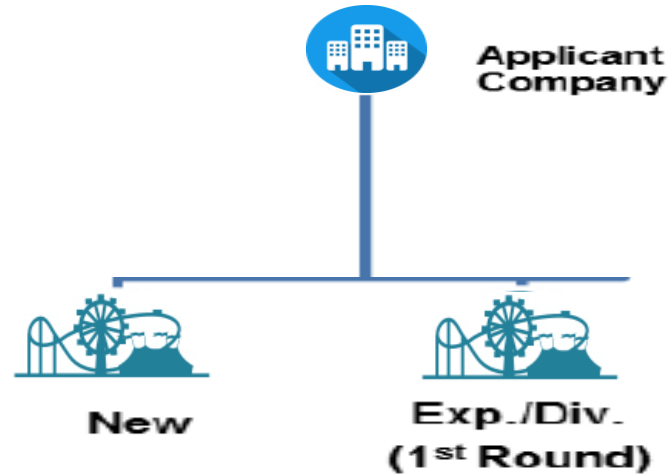
No.	Criteria	Remarks
6.	<b>Sources / components of income</b> eligible for tax incentive are: <ul style="list-style-type: none"><li>• Ticket sales</li><li>• Merchandise/souvenirs related to the tourism project</li></ul>	✓
7.	The tourism project must be registered with the <b>Ministry of Tourism, Arts and Culture Malaysia (MOTAC)</b> as a <u>Tourism Project</u>	✓
8.	At least <b>80% Malaysian employees</b>	✓
9.	<b>Separate accounts</b> for other business activities	✓
10.	<b>Arm's length pricing</b> on any transactions between related parties	✓

## ELIGIBILITY CRITERIA FOR **TOURISM** PROJECT

No.	Criteria	Remarks
11.	Debt to equity ratio of <b>not more than 20 : 1</b>	✓
12.	Other condition(s) based on <b>current policy</b> or <b>decision made by the National Committee on Investment (NCI)</b>	✓

# ROUNDS OF INCENTIVE FOR **TOURISM** PROJECT

**ONLY ONE (1) Company for Theme Park and Other Tourism Project**  
(related company is not eligible)





# Incentive for Healthcare Sector

## Status of Healthcare Travel Industry

Year	2014	2015	2016	2017	2018	2019	2020 * (1 <sup>st</sup> qtrs. 2020)
No. of Healthcare Travellers (‘000)	882	859	921	1,050	1,200	1,220	700
Revenue Generated (RM Million)	777	914	1,123	1,300	1,500	1,700	500

### Top 10 Medical Tourists into Malaysia 2019 (According to Revenue)

- ✓ Indonesia
- ✓ India
- ✓ China
- ✓ Japan
- ✓ Bangladesh
- ✓ United Kingdom
- ✓ Philippines
- ✓ Singapore
- ✓ Australia
- ✓ United States

**1. Quality and safety standards – Malaysian healthcare players are also accredited:-**

No.	Type Of Accreditation Awarded	Total	Breakdown
1	Malaysian Society for Quality in Health (MSQH) (July 2020)	168 healthcare facilities	<ul style="list-style-type: none"> <li>• 69 public hospitals</li> <li>• 58 private hospitals</li> <li>• 3 public clinic</li> <li>• 9 private clinics</li> <li>• 10 public haemodialysis centres</li> <li>• 17 private haemodialysis centres</li> <li>• 1 public dental clinic</li> <li>• 1 private dental clinic</li> </ul>
2	Joint Commission International (JCI)	17 healthcare facilities	<ul style="list-style-type: none"> <li>• 14 private hospitals</li> <li>• 2 private ambulatory care centres</li> <li>• 1 clinical lab (B.P. Clinical Lab Sdn. Bhd.)</li> </ul>
3	Australian Council on Healthcare Standards (ACHS)	1 healthcare facility	<ul style="list-style-type: none"> <li>• 1 private hospital (Sunway Medical Centre)</li> </ul>
4	Reproductive Technology Accreditation Committee (RTAC)	6 Healthcare facilities	<ul style="list-style-type: none"> <li>• 6 IVF Centre (ACC)</li> </ul>

**2. Most of the players in the private healthcare industry in Malaysia are Malaysian conglomerates:-**

No.	Name Of Company	Brand Name
1	KPJ Healthcare Berhad	<ul style="list-style-type: none"> <li>• KPJ Hospitals</li> </ul>
2	IHH Healthcare Berhad	<ul style="list-style-type: none"> <li>• Pantai Hospitals</li> <li>• Gleneagles Hospitals</li> </ul>
3	Avisena Holdings Sdn Bhd	<ul style="list-style-type: none"> <li>• Avisena Hospital</li> </ul>
4	Sunway Group	<ul style="list-style-type: none"> <li>• Sunway Medical</li> <li>• Sunway Damansara</li> <li>• Sunway Sebarang Jaya</li> </ul>

### 3. International healthcare players presence in Malaysia:-

No.	Name Of Company	Country Of Origin	Brand Name
1	Manipal Hospitals Sdn Bhd	100% owned by a India-based healthcare service provider, the Manipal Group	<ul style="list-style-type: none"> <li>• Manipal Hospital, Selangor</li> </ul>
2	Thomson Hospitals Sdn Bhd (Formerly known as Tropicana Medical Centre (M) Sdn Bhd)	80% owned by Singaporean	<ul style="list-style-type: none"> <li>• Thomson Medical Centre</li> </ul>
3	Columbia Asia Sdn Bhd	50% owned by a US-based fund TPG ,	<ul style="list-style-type: none"> <li>• Columbia Asia Hospitals</li> </ul>
4	Ramsay Sime Darby Healthcare Sdn Bhd	50% owned by a Australia-based company, the AH Holdings Health Care Pty Ltd (ultimate holding company is Ramsay Health Care Ltd)	<ul style="list-style-type: none"> <li>• Subang Jaya Medical Centre, Selangor</li> <li>• Ara Damansara Medical Centre, Selangor</li> <li>• ParkCity Medical Centre, K. Lumpur</li> </ul>
5	Mahkota Medical Centre Sdn Bhd	100% owned by a Singapore-based healthcare service provider, the Health Management International Ltd	<ul style="list-style-type: none"> <li>• Mahkota Medical Centre, Melaka</li> </ul>
6	Regency Specialist Hospital Sdn Bhd	100% owned by a Singapore-based healthcare service provider, the Health Management International Ltd	<ul style="list-style-type: none"> <li>• Regency Specialist Hospital, Johor</li> </ul>

## Promoted Activities

**Establishment of New Private Hospitals and Private Ambulatory Care Centers.**

**Expansion or Modernisation or Refurbishment of Existing Private Hospitals and Private Ambulatory Care Centers.**

**“FOR THE PURPOSE OF PROMOTING HEALTHCARE TRAVEL INDUSTRY”**

### **Definition of Private Ambulatory Care Centres**

**(as described in the Private Healthcare Facilities And Services Act 1998):**

Any premises, other than a Government ambulatory care centre, private medical clinic or private dental clinic, primarily used or intended to be used for the purpose of performing any procedure related to the practice of medicine in any of its disciplines or any dental procedure and with continuous relevant private healthcare services including nursing services whenever a patient is in the premises, and in which healthcare, beds or other accommodation for the stay of any one patient for a period of not more than 23 hours is provided and from which patients are either discharged in an ambulatory condition without requiring constant or continuous care or supervision and without danger to the continued well-being of the patient or transferred to a hospital.

## Incentives for Healthcare



Private hospital



Private ambulatory care centre

**Income Tax Exemption equivalent to Investment Tax Allowance (ITA) of 100% on the qualifying capital expenditure incurred within a period of 5 years. The allowance can be offset against 100% of statutory income for each year of assessment.**

### Main conditions imposed:

- i. Registered with the **Malaysia Healthcare Travel Council** as a healthcare facility for the promotion of healthcare travel;
- ii. Obtained **operating license from the Ministry of Health**;
- iii. The **healthcare travellers** shall form not less than **10% of its total patients for each year of assessment**; and
- iv. At least **10% of its gross income** from that qualifying project for each year of assessment is generated from **healthcare travellers**
- v. Annual **OPEX** commitment

### Definition of healthcare travellers:

- ✓ Malaysia My Second Home participant and his dependents;
- ✓ Expatriate holding a Malaysian work permit and his dependents; and
- ✓ Non-Malaysia citizen, who visits and receives treatment from private healthcare facilities in Malaysia.

**Applicable for application received by MIDA not later than 31 December 2025\***

Note \* - announced under Budget 2023 and pending approval by Parliament

# Budget 2023:

## Extension of Tax Incentive for Medical Tourism

### APPENDIX 14

## Extension of Tax Incentive for Medical Tourism

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### Current Position

Private healthcare companies undertaking new investment or engaging in expansion, modernisation or refurbishment activities are eligible for income tax exemption equivalent to Investment Tax Allowance of 100% of qualifying capital expenditure for a period of 5 years and can be set-off against up to 100% of statutory income.

Tax incentive is subject to following conditions:

- i. at least 10% of the total number of patients receiving private healthcare services for each year of assessment are comprised of qualified healthcare travellers; and
- ii. at least 10% of company's gross income for each year of assessment is derived from services to qualified healthcare travellers.

The tax incentive is for applications received by Malaysian Investment Development Authority (MIDA) from 1 January 2021 until 31 December 2022.

### Proposal

To further encourage the growth of quality private health care services and to increase the arrival of healthcare travellers, it is proposed tax incentive be extended for a period of 3 years.

### Effective Date

For applications received by MIDA from 1 January 2023 until 31 December 2025.



## Double Deduction on Quality Accreditation

- **Private hospital, private ambulatory care centre<sup>[1]</sup> and private dental<sup>[1]</sup> which registered as the member of Malaysia Healthcare Travel Council (MHTC) is entitled to enjoy the double deduction incentive on the expenditures incurred for the purpose of obtaining quality accreditation from the following quality accreditation bodies / organisations:-**

No.	Accreditation Bodies / Organisations	Country of Origin
1	Joint Commission International Accreditation (JCIA)	United States of America
2	Malaysian Society for Quality in Health (MSQH)	Malaysia
3	CHKS Accreditation Unit (CHKS)	United Kingdom
4	The Australian Council on Health Care Standards (ACHS)	Australia
5	Accreditation Canada	Canada

- The double deduction incentive is given under the provision of **Section 34(6)(ma), Income Tax Act, 1967** starting from **4 February 2016**.

<sup>[1]</sup> Effective from year of assessment 2018 (Budget 2018).



# Import Duty & Sales Tax Exemption

# IMPORT DUTY AND SALES TAX EXEMPTION FOR HOTEL PROJECTS

## SPM: COMPANY ENGAGED IN HOTEL BUSINESS



Eligibility	Exemption	Provision	Criteria
<p><b>Company engaged in hotel business</b></p>	<p>Import duty exemption on equipment or machinery imported or purchased from a Licensed Manufacturing Warehouse (LMW), Bonded Warehouse or Free Zone</p>	<p>Customs Duties (Exemption) Order 2017 under item 113</p>	<p>Machinery and equipment must be new, unused and directly used in the hotel business at the approved hotel's premise(s)</p>
	<p>Sales tax exemption on locally manufactured equipment or machinery purchased from a registered manufacturer</p>	<p>Sales Tax Act 2018 under Item 63 Sales Tax (Persons Exempted From Payment Of Tax) Order 2018</p>	
	<p>Sales tax exemption on equipment or machinery imported or purchased from a Licensed Manufacturing Warehouse (LMW), Bonded Warehouse or Free Zone</p>	<p>Sales Tax Act 2018 under Item 64 Sales Tax (Persons Exempted From Payment Of Tax) Order 2018</p>	

# IMPORT DUTY AND SALES TAX EXEMPTION FOR HOTEL PROJECTS

## REQUIRED DOCUMENTS (HOTEL OPERATOR)

Documents to be Submitted	
<input checked="" type="checkbox"/>	Certificate from Ministry of Tourism and Culture Malaysia (MOTAC)
<input checked="" type="checkbox"/>	Business Premise License or Development Order (for ongoing construction of new project) from local authority
<input checked="" type="checkbox"/>	Company Profile (e-info) latest printout from Companies Commission of Malaysia (SSM)
<input checked="" type="checkbox"/>	Layout plan for equipment or machinery in approved premise and indicate the position of the equipment or machinery
<input checked="" type="checkbox"/>	All copies of previously approved Surat Pengesahan MIDA

# IMPORT DUTY AND SALES TAX EXEMPTION FOR HOTEL PROJECTS



- **Dedicated list of items** entitled for import duty exemption  
([www.mida.gov.my](http://www.mida.gov.my))

## Import Duty List

No.	Category Machinery / Equipment	Machinery / Equipment That Can Be Considered
1.	Electronic Security System	<ul style="list-style-type: none"> <li>• Electronic Card Lock</li> <li>• Electronic Key Lock</li> <li>• Systems Vingcard Security</li> <li>• CCTV</li> <li>• Card Reader</li> <li>• Motorized Card</li> <li>• Data Transfer Unit</li> </ul>
2.	Laundry Equipment	<ul style="list-style-type: none"> <li>• Washer Extractor</li> </ul>
3.	Dish Washer	
4.	Freezer and Cold Room Equipment	<ul style="list-style-type: none"> <li>• Evaporator</li> <li>• Condenser</li> <li>• Blower</li> <li>• Fan Coil Unit</li> </ul>

## Sales Tax List

(Refer to [www.mida.gov.my](http://www.mida.gov.my) for **complete list**)

No.	Category Machinery / Equipment	Machinery / Equipment That Can Be Considered
1.	Marbles, tiles, sandstone and granite	<ul style="list-style-type: none"> <li>• Lobby only</li> <li>• Lift lobby</li> <li>• Ballroom</li> <li>• Pre function area covering the areas outside the ballroom or other function rooms</li> <li>• Wash rooms</li> <li>• F&amp;B outlets</li> </ul>
2.	Locks	<ul style="list-style-type: none"> <li>• Electronic Hotel (bedroom safe)</li> </ul>
3.	Laundry equipment	<ul style="list-style-type: none"> <li>• Washer extractor</li> <li>• Multimatic dry cleaning machine</li> <li>• Dry cleaning machine</li> <li>• Drying machine</li> <li>• Washing machine</li> <li>• Batchwasher</li> </ul>

# IMPORT DUTY AND SALES TAX EXEMPTION FOR TOURISM PROJECTS

## PCSERVICES : COMPANY ENGAGED IN SELECTED SERVICES SECTOR



Eligibility	Exemption	Provision	Criteria
<p>Company engaged in selected services sector:</p> <ul style="list-style-type: none"> <li>• R&amp;D</li> <li>• Private Institute of Higher Education</li> <li>• Private Higher Training Institution (Science, Technical or Vocational)</li> <li>• Tourism Project (without accommodation)</li> </ul>	<p>Import duty and sales tax exemption on machinery and equipment, samples, materials and components excluding spare parts and consumables</p>	<p>Import Duty / Excise Duty: Section 14(2), Customs Act 1967</p> <p>Sales Tax: Section 35(3), Sales Tax Act 2018</p>	<p>Machinery and equipment, samples, materials and components must be new and used directly in the related activity at the approved premise(s)</p>

# IMPORT DUTY AND SALES TAX EXEMPTION FOR TOURISM PROJECTS

## PCSERVICES : GUIDELINES AND PROCEDURES



Submit application online using Form PCServices at

<https://investmalaysia.mida.gov.my>

***“BEFORE IMPORTATION OR PURCHASE”***

Documents to be submitted:

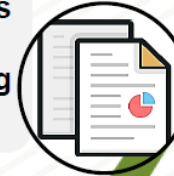
- Tax incentive approval under Promotion of Investment Act 1986 (PIA) or Income Tax Act 1967 (if applicable)
- Memorandum and Articles of Association or Business Registration Certificate
- Other licences/permits/approvals from relevant approving authorities

Requirements:

- Application tax forgone of **more than RM5000**

Machinery, equipment, sample and material

- Imported directly and not available locally:
  - ✓ Import duty and/or sales tax exemption
- \*Purchased locally:
  - ✓ Sales tax exemption





# Application Procedures

# PIONEER STATUS APPLICATION

## 1. Fill Up Application Form

Online Submission through InvestMalaysia Website  
<https://investmalaysia.mida.gov.my>

## MIDA Pioneer Status (PS) Approval Letter

Interim approval, with conditions

## 2. Application for Pioneer Certificate

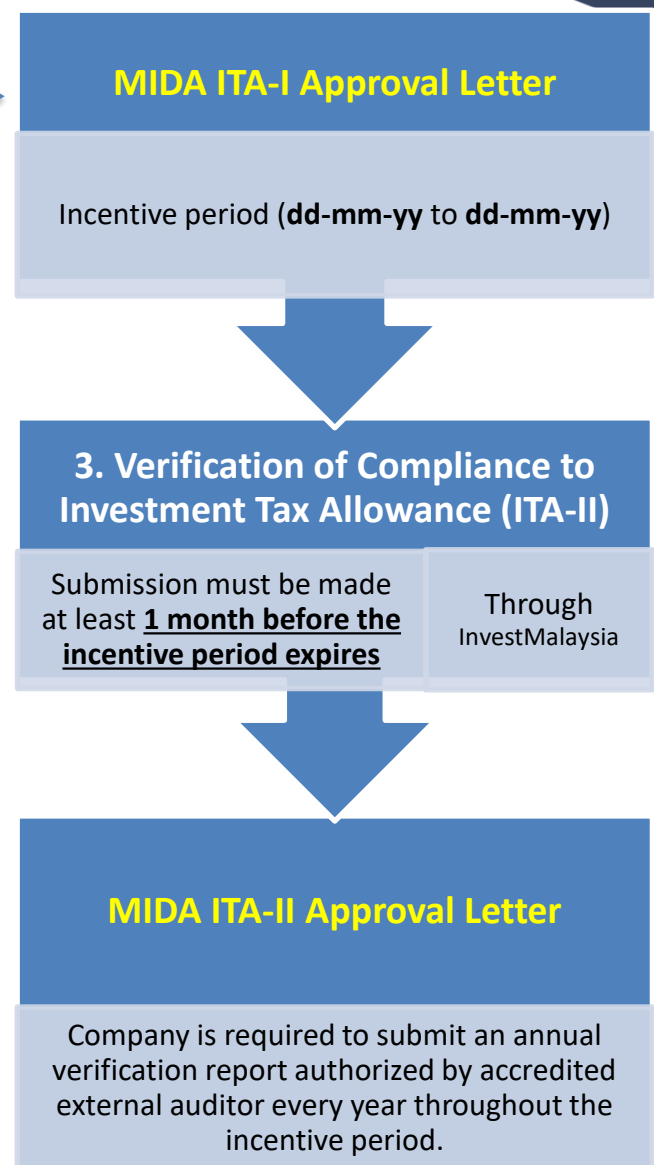
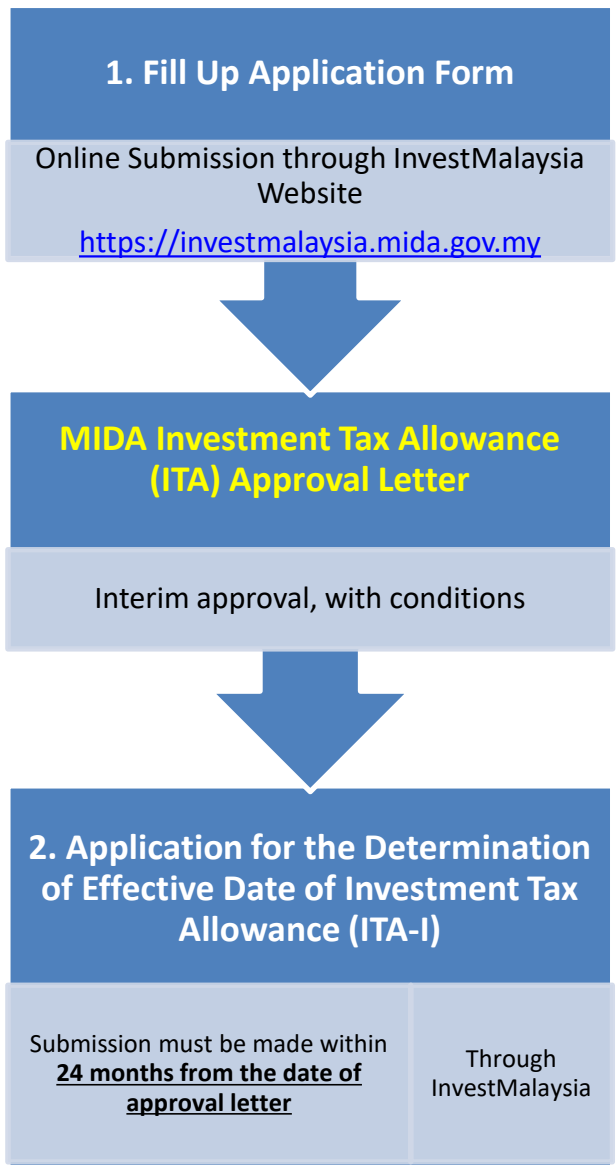
Submission must be made within **24 months**  
**from the date of approval letter**

Through  
InvestMalaysia  
Website

## MIDA Pioneer Certificate

Incentive period **dd-mm-yy** to **dd-mm-yy**

# INVESTMENT TAX ALLOWANCE APPLICATION



# Thank You

*Make Malaysia Your Profit Centre in Asia*

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