



Investment Incentives Related to Industry4WRD

Seminar on Industry4WRD Incentives
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A black and white photograph of a person sitting on a wooden floor, using a laptop. The person's left leg is in a cast and is propped up. Their hands are on the laptop keyboard. A blue rectangular box is overlaid on the left side of the image, containing white text.

Industry4WRD Intervention Fund

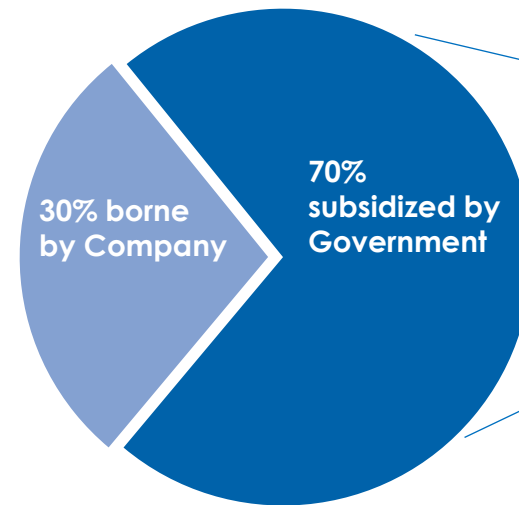
What is the incentive?

- The Industry4WRD Intervention Fund is a financial support facility for Malaysian Small and Medium Enterprises (SMEs) in the manufacturing and related services sectors to embrace Industry 4.0.
- The Fund is provided to support companies in implementing intervention projects based on the recommendation of Industry4WRD Readiness Assessment (RA) Report on the shift factors of people, process and technology.
- The applications of this fund will be **evaluated by MIDA**.



It is a **matching grant (70:30)** on **reimbursable basis** based on eligible expenditures, up to a maximum grant of Ringgit Malaysia Five Hundred Thousand (RM500,000.00)

Total Expenditures



Maximum of 30% will be provided in advanced (upfront)



Start

Received upfront grant (maximum 30%) from MIDA

The initial expenditures to be utilised by the upfront grant

The following expenditures to be borne by company

Claim the remaining grant from MIDA

End

What are the eligible criteria?



1. Manufacturing or manufacturing-related-services (MRS) companies incorporated under the Companies Act, 2016.



2. Small Medium Enterprises (SMEs):

Manufacturing: Sales turnover from RM300,000 to not more than RM50 Million and/or employee from 5 to not more than 200

MRS: Sales turnover from RM300,000 to not more than RM20 Million and/or employee from 5 to not more than 75



3. In operation for at least 3 years in the current business line.



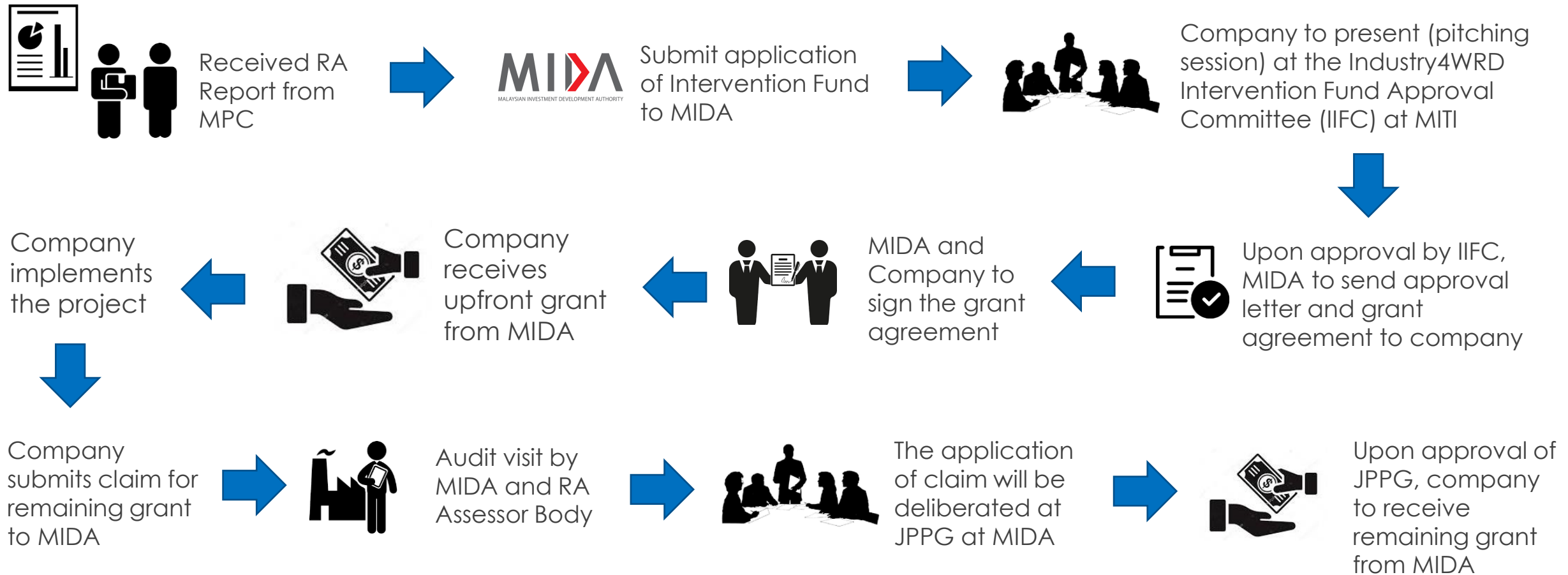
4. Possess a valid business licence and/or Manufacturing Licence.



5. Completed the Government-funded Industry4WRD Readiness Assessment (RA) Programme – *received report from the Malaysia Productivity Corporation (MPC)*

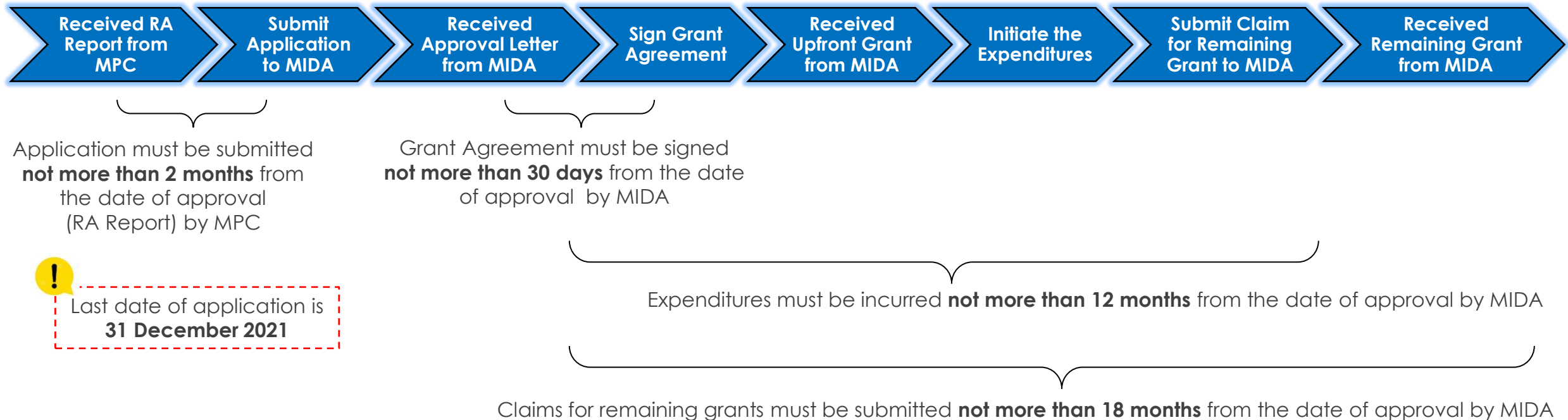


What is the process workflow?



JPPG = Coordination & Disbursement of Gants Committee

What are the important timelines?



Last date of application is
31 December 2021



Any request for extension is required to be made at least 2 months before end of period of the above (subject to the approval of Committee)

What are the eligible expenditures?

1. Only expenditures based on the recommendations of RA report will be considered.
2. The following expenditures **will not be eligible**:
 - ✗ Purchase or rental of land, building, vehicles and furniture;
 - ✗ Premise renovation;
 - ✗ Collateral or loan for any purpose;
 - ✗ Marketing/ promotional activities;
 - ✗ Operation expenditure including salary, employee benefits, travelling expenditures;
 - ✗ Expenditures on R&D activities; and
 - ✗ Working capital not related to the project.

What documents are needed?

- ✓ 1-page Application Form
- ✓ Industry4WRD Readiness Assessment (RA) Report (with MPC's cover letter)
- ✓ Technical Proposal
- ✓ Financial Statements (audited) for the past three (3) years
- ✓ Manufacturing Licence from MITI or a Confirmation Letter for Exempted from Manufacturing Licence from MIDA



Submit applications (hardcopies) to:

Chief Executive Officer
Malaysian Investment Development Authority (MIDA)
MIDA Sentral,
No. 5, Jalan Stesen Sentral 5,
Kuala Lumpur Sentral, 50470 Kuala Lumpur.

What to put in the Technical Proposal?

1. Project Description
2. Scope of Project
3. Duration of Project
4. Method of execution (solution providers)
5. Source of Technology
6. Expected Deliverables
7. Breakdown of Expenditures

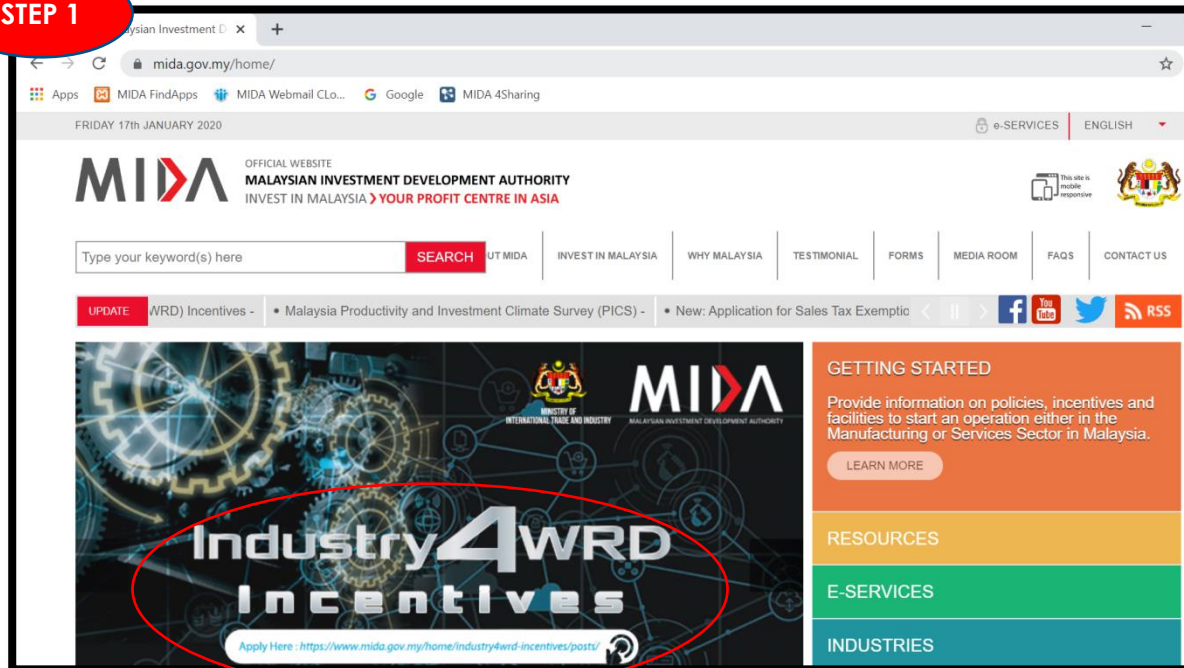


How to get the documents?

Application Form, Template Technical Proposal, Guidelines & Process Workflow are available in MIDA Website:

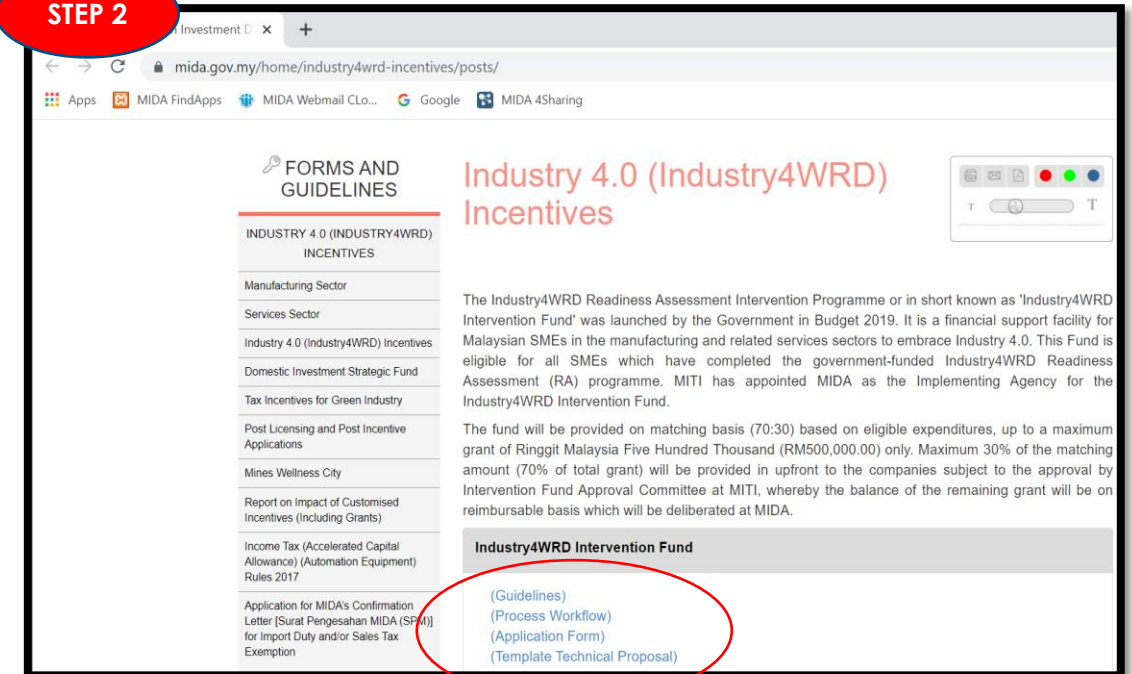
<https://www.mida.gov.my/home/industry4wrd-incentives/posts/>

STEP 1



Click 'Industry4WRD Incentives' at the front page of MIDA Website

STEP 2



All the application documents are available here



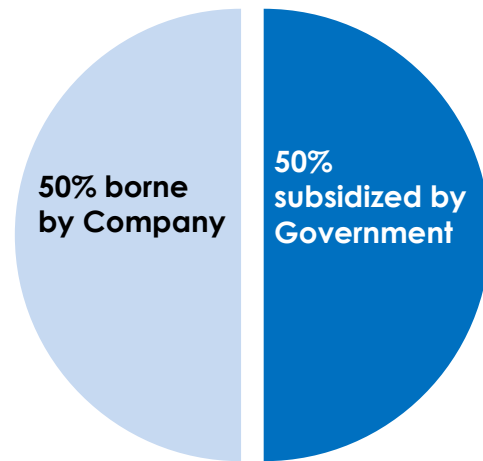
Domestic Investment Strategic Fund (DISF) and Industry4WRD DISF

What are the incentives?

Domestic Investment Strategic Fund (DISF)

- ❑ Introduced in Budget 2012
- ❑ Objective is to accelerate the shift of Malaysian-owned companies in targeted industries to higher value added, high technology, knowledge intensive and innovation-based industries.

**Matching grant
(50:50) on
reimbursable basis**
for the eligible
expenditures

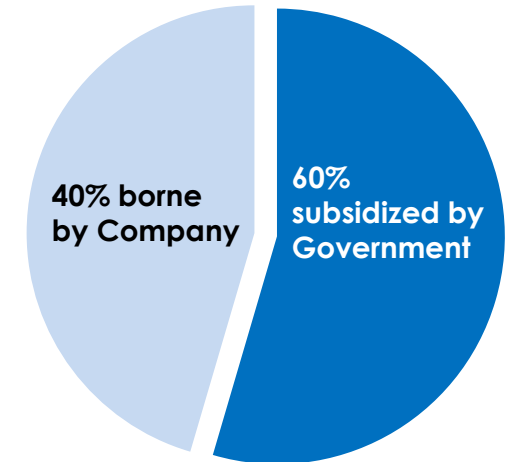


- ❑ Eligible to all companies with Malaysian equity ownership of at least 60%
- ❑ Effective date of application is from 3 July 2012 until 31 December 2020

Industry4WRD DISF

- ❑ Introduced in Budget 2019
- ❑ Objective is to assist companies that have undergone the Industry4WRD Readiness Assessment (RA) programme to migrate into Industry 4.0.

**Matching grant
(60:40) on
reimbursable basis**
for the eligible
expenditures

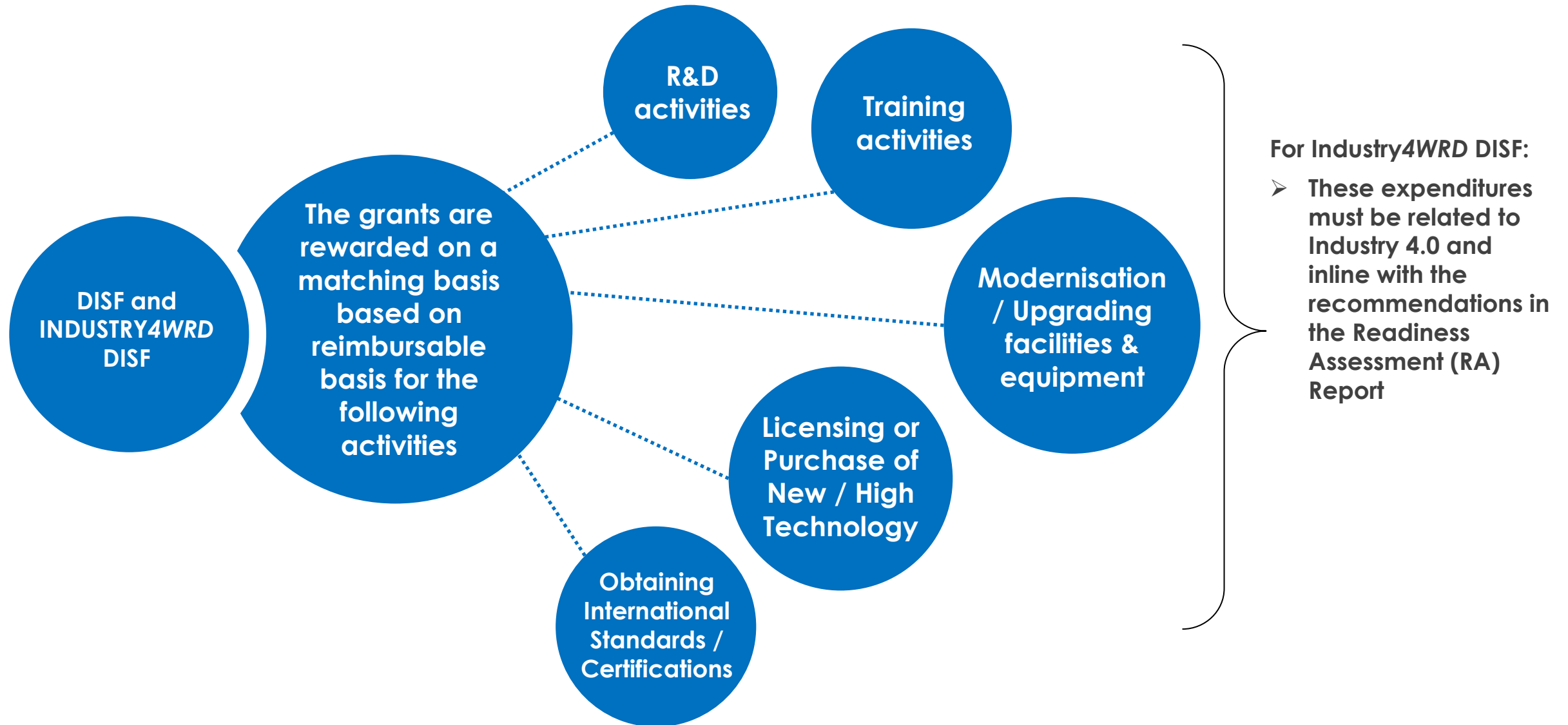


- ❑ Eligible only to companies that have undergone the Industry4WRD Readiness Assessment (RA) programme with Malaysian equity ownership of at least 60%
- ❑ Effective date of application is from the date of approval of Industry4WRD RA Report (MPC's letter) until 31 December 2021



Both funds are evaluated by MIDA

What are the eligible expenditures?



What are the priority sectors?

Manufacturing Sector



Aerospace



Medical
Devices



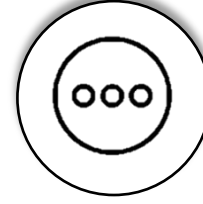
Pharmaceuticals



Advanced
Electronics



Machinery &
Equipment



Other industries
(case-to-case
basis)

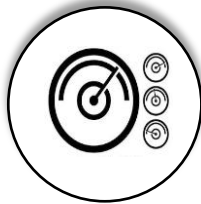
Services Sector



Design &
Development



Research &
Development



Testing /
Calibration



Quality/
Standard
Certification



Architectural
/ Engineering
Services



Technical
/ Skills
Training



Logistic
Service
Provider (3PL)

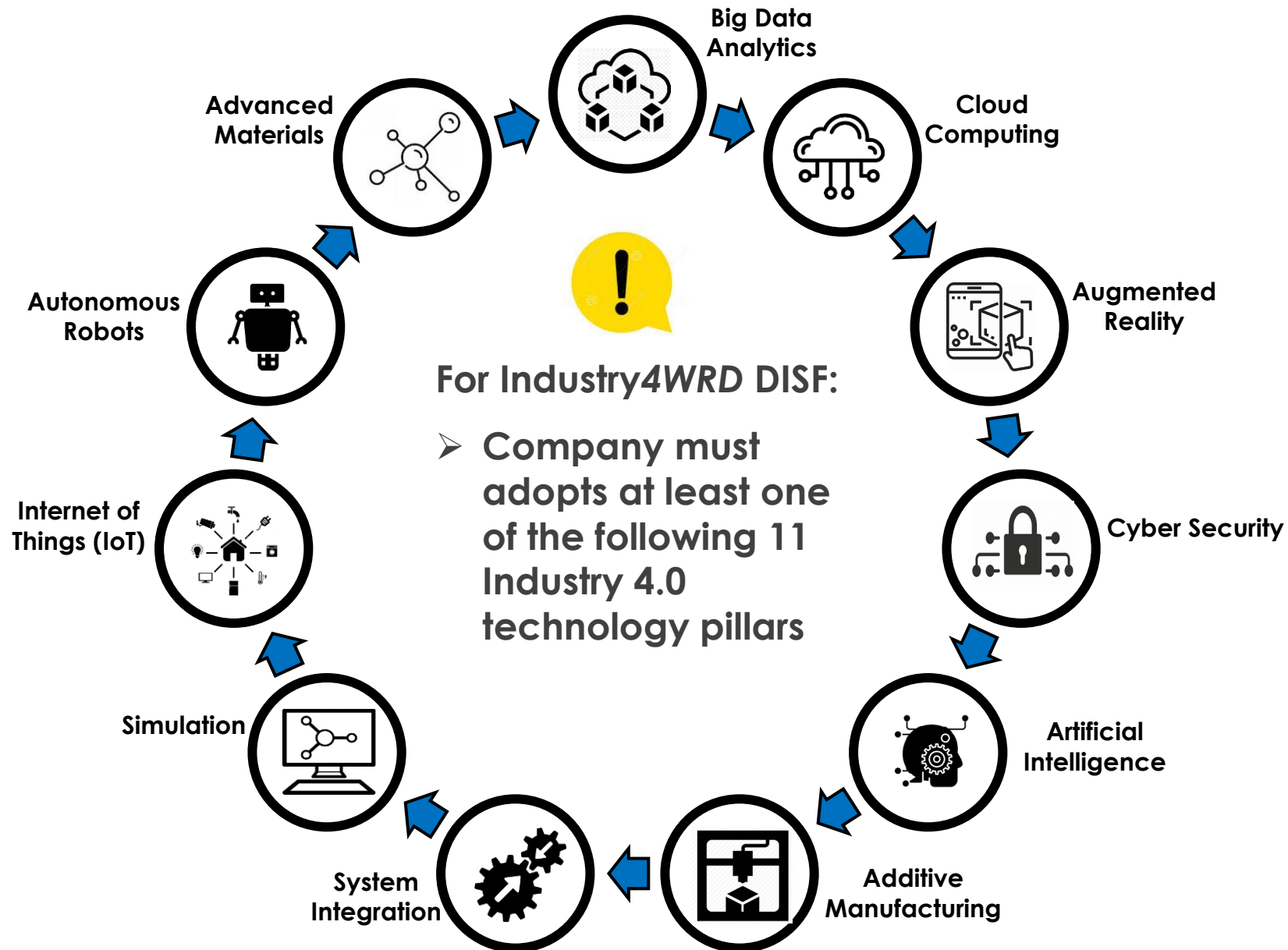


ICT Solution
Provides
(related to
Automation/
Industry 4.0)



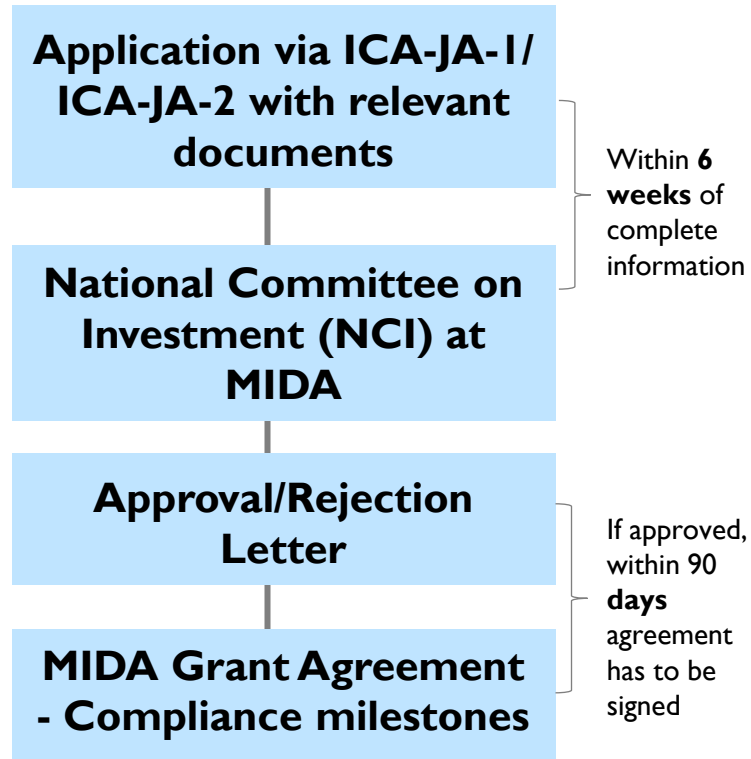
Integrated
Green
Technology

What is the main condition for Industry4WRD DISF?



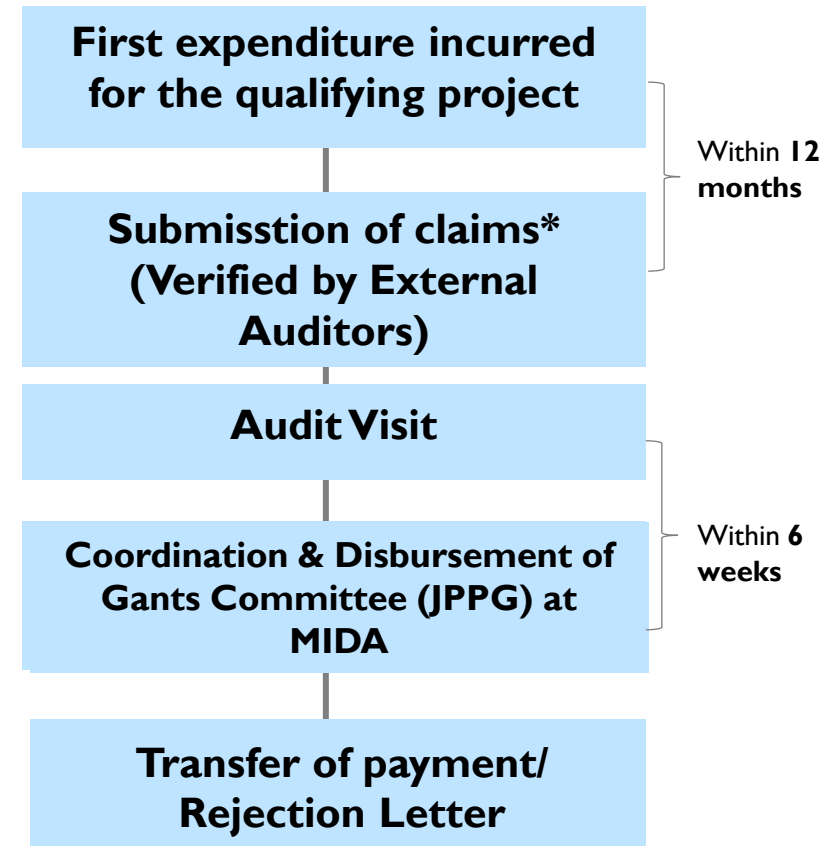
What are the process workflows?

Application



Submit applications (hardcopies) to:
Chief Executive Officer
Malaysian Investment Development Authority (MIDA)
MIDA Sentral, No. 5, Jalan Stesen Sentral 5,
Kuala Lumpur Sentral, 50470 Kuala Lumpur.

Disbursement

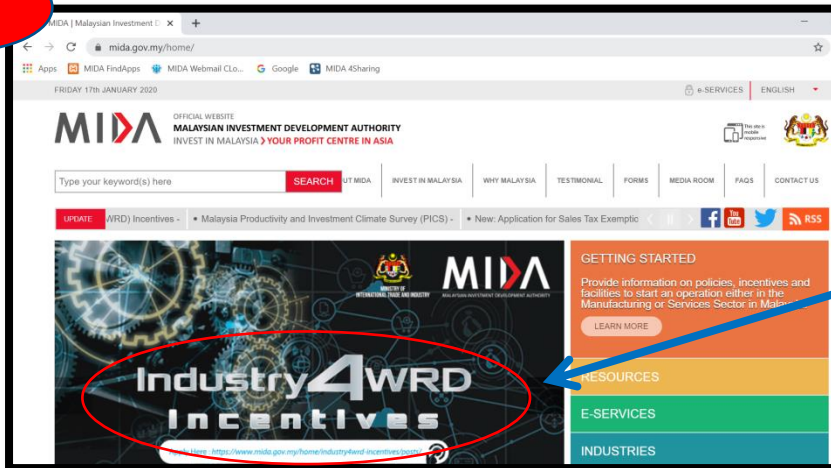


*Note: At most, twice a year

How to get the guidelines?

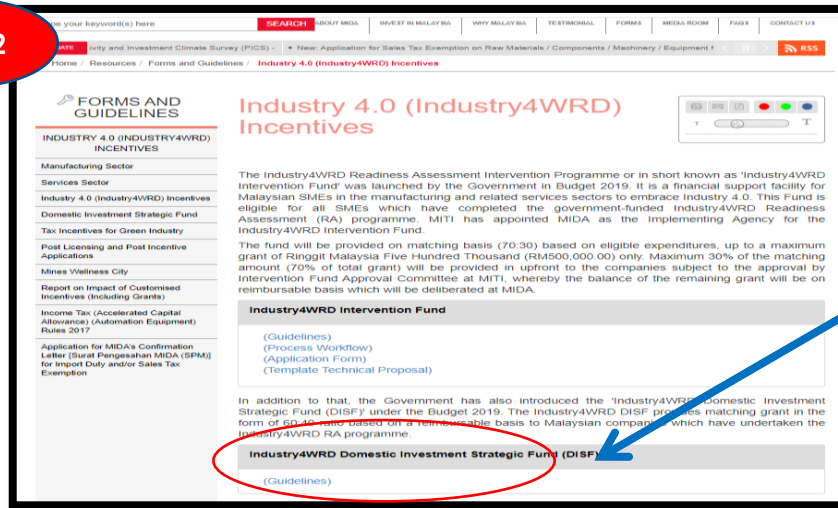
Industry4WRD DISF

STEP 1



Click
'Industry4WRD
Incentives' at
the front page
of MIDA
Website

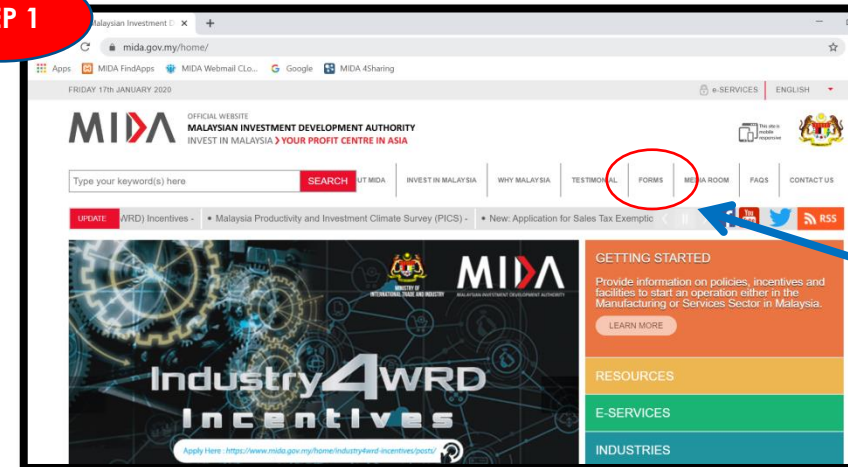
STEP 2



Click
'Guidelines'
under the
Industry4WRD
DISF Section

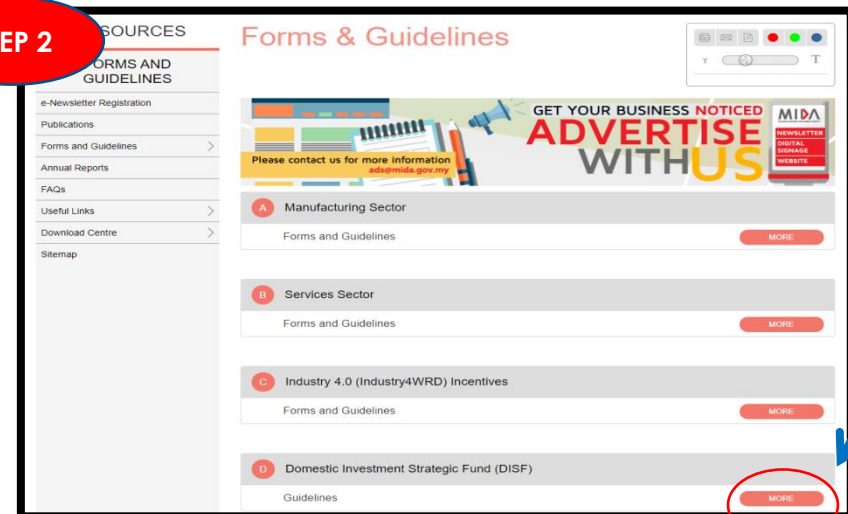
DISF

STEP 1



Click 'Form'
at the front
page of MIDA
Website

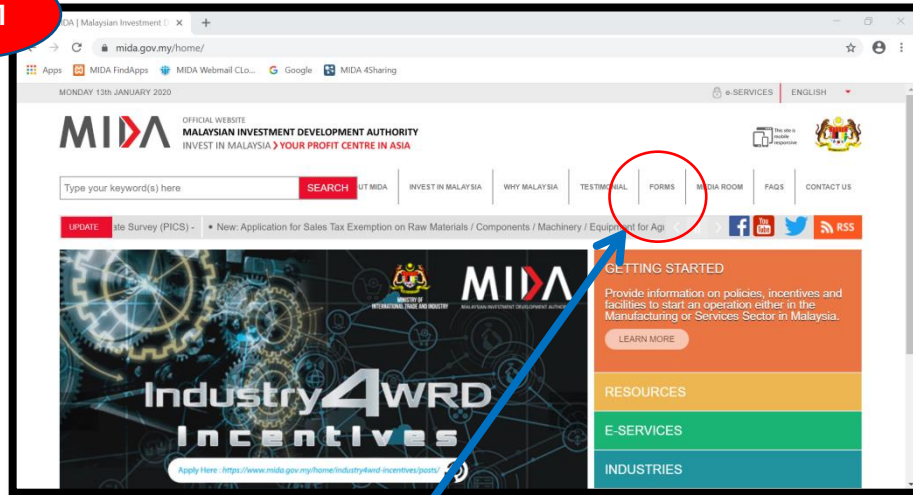
STEP 2



Click 'More'
under the DISF
Section

How to get the application forms?

STEP 1



STEP 2



STEP 3



Automation Capital Allowance (ACA)



What is the background of ACA?



01 Introduced under the National Budget 2015

- Adopted based on the recommendations by the 'Study on Transformation Strategy for Labour Intensive Manufacturing Industries in Malaysia' in 2014.
- Among the objectives are:
 - ✓ To encourage manufacturing companies to engage in innovative and productive activities
 - ✓ To encourage quick adoption of automation specifically for labour - intensive industries
 - ✓ To further spur automation initiatives
 - ✓ To enhance productivity in manufacturing sector

02 Collaboration with SIRIM

- Applications for the Automation CA are jointly evaluated by MIDA (non-technical) and SIRIM (technical).
- SIRIM undertakes technical verification based on the following productivity measures:
 - i. Reduction in number of workers / operators
 - ii. Reduction in number of man hours
 - iii. Increase of production volume
 - iv. Quality improvement
 - v. Other factors (i.e: energy efficiency, worker safety, smart manufacturing)

What are the incentives?

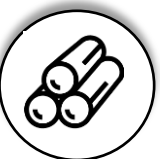
CATEGORY 1 – Labour-intensive industries



Rubber Products



Plastic Products



Wood Products



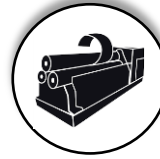
Furniture Products



Textile Products

Automation Capital Allowance of **200%** on the first RM4 million expenditure incurred* within **8 years** of assessment from 2015 to 2023.

CATEGORY 2 – Other industries



Fabricated Metal Products



E&E Products



Chemical Products



Transport Equipment



Food Products



Others

Automation Capital Allowance of **200%** on the first RM2 million expenditure incurred* within **8 years** of assessment from 2015 to 2023.



Automation Capital Allowance has been expanded to Services Sectors as announced by the Government in National Budget 2020 on 11 October 2019

* 'Incurred' refers to plant and machinery purchased and used for the purpose of the business in the approved Year of Assessment

Who are eligible?



Manufacturing companies incorporated under the Companies Act, 1965 / 2016 and resident in Malaysia.



Possess a valid Business Licence from Local Authority and Manufacturing Licence from MITI or a Confirmation Letter for Exempted from Manufacturing Licence from MIDA
(whichever is applicable).

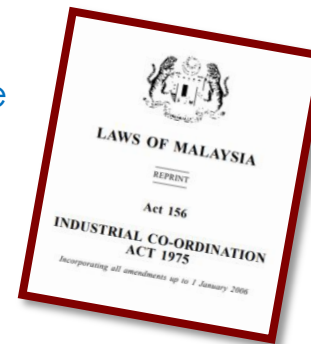


Companies have been in operation for at least 36 months.



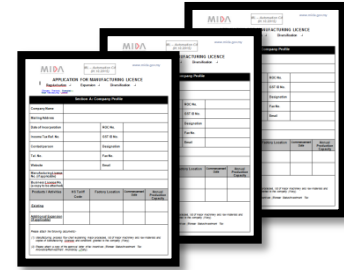
Requirement for Manufacturing Licence (ML) under the Industrial Coordination Act (ICA) 1975 :

- ✓ Shareholders' funds of RM2.5 million and above OR;
- ✓ Employing 75 or more fulltime employees



What do you need?

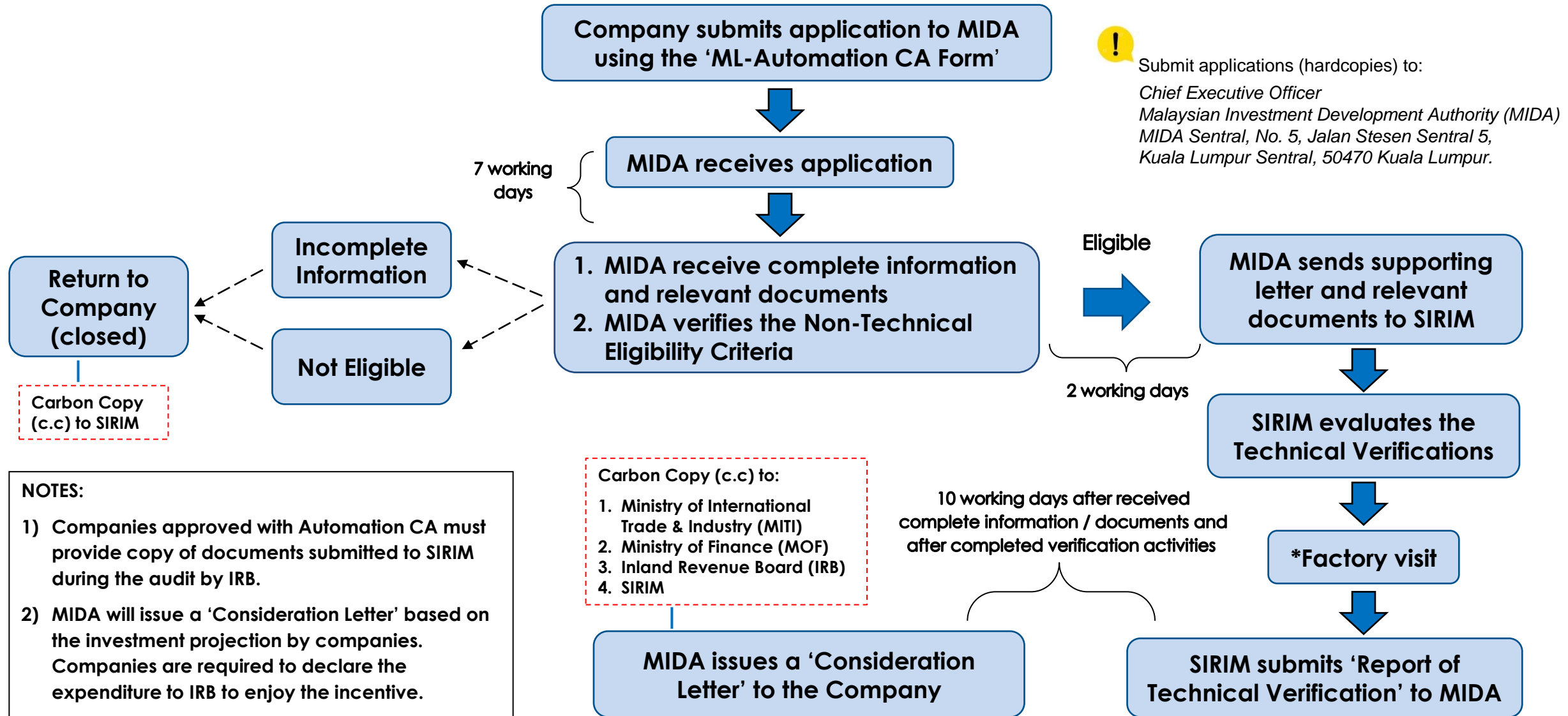
- ✓ Three (3) sets of Application Form (*ML-Automation CA Form*)
- ✓ A copy of Business Licence (*mandatory requirement*)
- ✓ A copy of Manufacturing Licence or a copy of Confirmation Letter for Exempted from Manufacturing Licence (*whichever is applicable*)
- ✓ A copy of tax incentive approval letter(s) (*if applicable*)
- ✓ List of purchased and installed machines / equipment
- ✓ Invoices / Purchased Orders and Delivery Orders for the machines / equipment
- ✓ Proof of documents to indicate that the entire cost of the machine / equipment has been paid



**These documents
must be certified by
External Auditor**



What is the process workflow?



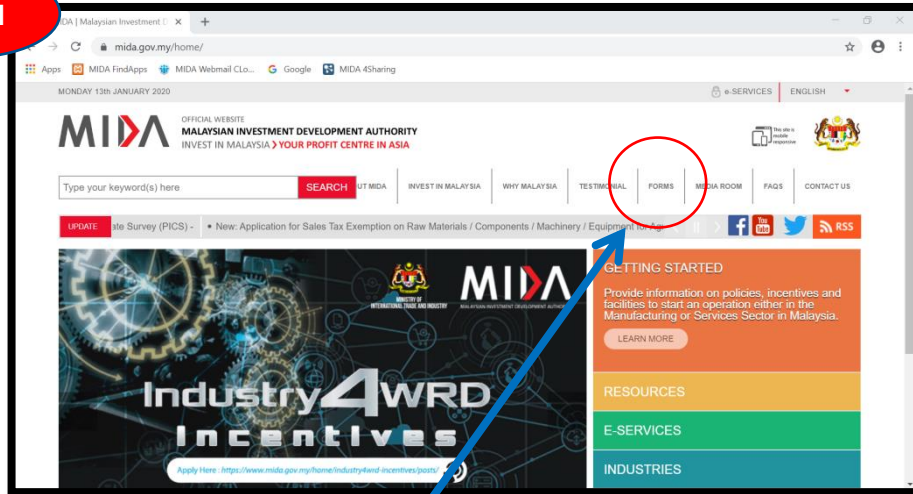
*Visit date will depend on companies' readiness and availability

How to get application form and guidelines?

Application Form and Guidelines are available in MIDA Website:

<https://www.mida.gov.my/home/forms-&-guidelines-for-manufacturing-sector/posts/>

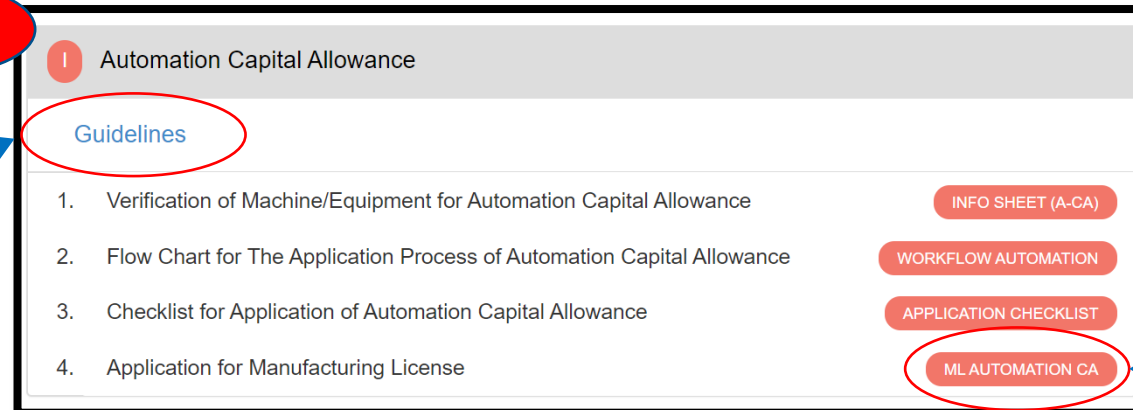
STEP 1



STEP 2



STEP 3



How to get the Gazette Orders?

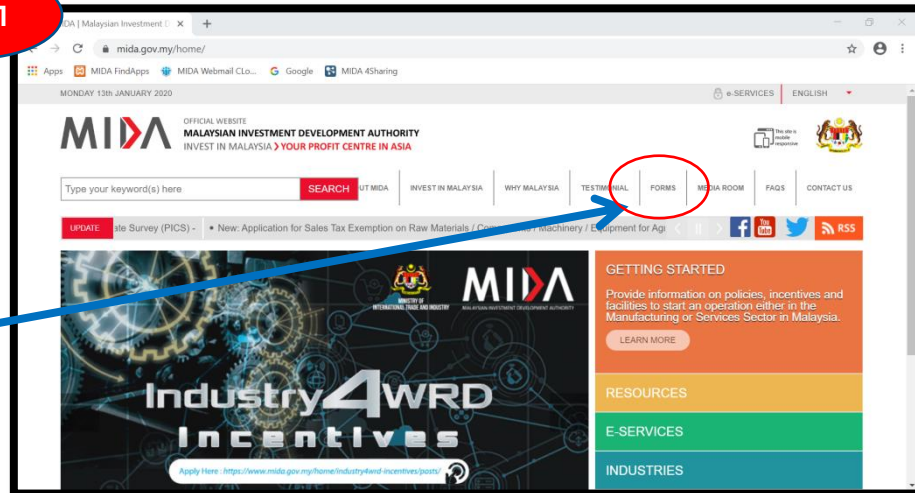
- ❑ The Government, on 30 August 2017 has announced the Gazette for Income Tax (Accelerated Capital Allowance) (Automation Equipment) Rules 2017 and Income Tax (Exemption) (No.8) Order 2017. This will enable companies which have been approved with Automation Capital Allowance to submit their claims to IRB.
- ✓ The gazette orders contain the details of incentives such as mechanisms, usages, interpretations, eligibilities, etc.
- ✓ The approved applicants can refer the gazette orders for their claims' submissions to IRB.



The Gazette Orders are available in MIDA Website:

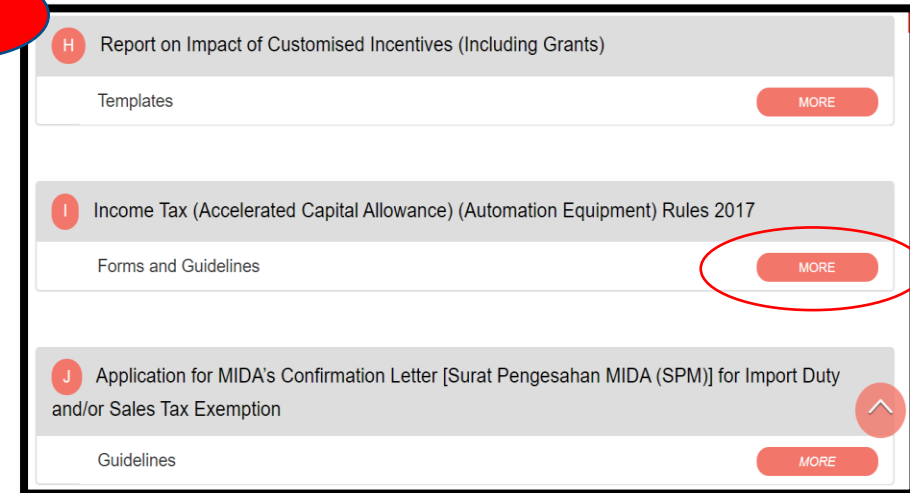
[https://www.mida.gov.my/home/announcement-of-income-tax-\(accelerated-capital-allowance\)-\(automation-equipment\)-rules-2017/posts/](https://www.mida.gov.my/home/announcement-of-income-tax-(accelerated-capital-allowance)-(automation-equipment)-rules-2017/posts/)

STEP 1



Click
'Forms'

STEP 2



Click 'More'
under
Section I

How to contact us?

Visit our Business Information Centre (BIC) at
2nd Floor, MIDA Sentral, KL Sentral

Opening hours:
Monday - Friday
8.30 a.m - 5.00 p.m



MIDA HQ - STRATEGIC PLANNING & POLICY ADVOCACY (MANUFACTURING) DIVISION

MIDA Sentral
No. 5 Jalan Stesen Sentral 5, KL Sentral
50470 Kuala Lumpur
Tel: 603 – 2267 3633
Fax: 603 – 2274 7970
Email: investmalaysia@mida.gov.my
www.mida.gov.my

For more information, please visit www.mida.gov.my and follow our social platforms:

Social Media

URL: @officialMIDA

MIDA is now on Facebook, Twitter, Instagram and Youtube! We're just a scan away! Follow us on our social media platforms for notifications and insights on our events as well as the latest news and information about the investment landscape of Malaysia.





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THANK YOU

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