



## IMPLEMENTATION OF THE NEW INCENTIVE FRAMEWORK (NIF)

EFFECTIVE 1 MARCH 2026

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Kuala Lumpur, 29 January 2026 - In line with the announcement made under **Budget 2026**, the Government will implement the **New Incentive Framework (NIF)** effective **1 March 2026**, commencing with the **manufacturing sector** followed by the **services sector in the second quarter of 2026**. The implementation of this new framework represents a significant strategic policy shift in Malaysia's investment incentive landscape, aimed at ensuring the country remains competitive, sustainable, and resilient in the face of global economic challenges.

The NIF is designed to strengthen Malaysia's economic resilience by linking the incentives to the achievement of **specific measurable outcomes** aligned with the nation's strategic priorities.

The framework adopts a **tiered** and **outcome-based** approach that is consistent with the country's broader economic and industrial policy aspirations. Its implementation is guided by two key national strategies, namely the **New Investment Policy based on National Investment Aspirations (NIA)** and the **New Industrial Master Plan 2030 (NIMP 2030)**.

In tandem with the implementation of the NIF, the Government will **no longer accept new incentive applications for manufacturing sector under the Promotion of Investments Act 1986 (PIA 1986)**. The **final deadline** for the submission of incentive applications under the PIA 1986 for the manufacturing sector is **on 28 February 2026 at 3.00 p.m.** However, companies that have already been approved and are currently

enjoying incentives under the PIA 1986 will **not be affected**, and existing approvals will remain valid in accordance with the approved terms and conditions. To ensure the effective achievement of the NIF's objectives, the **NIA Scorecard** will be used as a comprehensive evaluation mechanism to measure and quantify the impact and outcomes of investments against predefined national priorities.

### **Types of Tax Incentives under the NIF**

Under the NIF, the Government offers **two (2) primary tax incentives**, which are **mutually exclusive**, whereby applicants are required to select one incentive for each qualifying project:

#### **(i) Special Tax Rate (STR)**

- A special corporate income tax rate for a specified period.

#### **(ii) Investment Tax Allowance (ITA)**

- A capital expenditure-based incentive based on the percentage of **Qualifying Capital Expenditure (QCE)** that can be used to offset against statutory income.

The granting of incentives under the NIF will be determined based on the company's commitments and an assessment using the **NIA Scorecard**, which takes into account the investment's contribution towards economic value creation, local talent development, strengthening of domestic supply chains, technology transfer, and sustainability.

Companies may apply for incentives based on the prescribed categories, subject to compliance with the relevant requirements as detailed in the **NIF Implementation Guidelines for the Manufacturing Sector**.

The **NIF Implementation Guidelines** outline the eligibility criteria, NIA Scorecard assessment parameters, category of incentive, as well as the application and evaluation processes. **Further information on the NIF Implementation Guidelines is available on the official portals of the Ministry of Investment, Trade and Industry (MITI) and the Malaysian Investment Development Authority (MIDA).**

For further information on NIF, please visit: <https://www.miti.gov.my/NIF>

MITI is confident that the implementation of the New Incentive Framework will strengthen Malaysia's investment ecosystem, attract high-quality and strategic investments, and support the country's structural economic transformation towards a high-income and sustainable economy.

In this regard, **MITI and MIDA** in collaboration with the **Ministry of Finance (MOF)**, will continue to engage closely with industry stakeholders, particularly within the services sector, to ensure the effective and high-impact implementation of the NIF.

## **Ministry of Investment, Trade and Industry**

**29 January 2026**

### **About MITI:**

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and achieving the country's goal of becoming a developed nation.

