



MINISTRY OF  
INVESTMENT, TRADE AND INDUSTRY

**MIDA**  
MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

# FREQUENTLY ASKED QUESTION ABOUT NEW INCENTIVE FRAMEWORK – NIF

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## PART A: INTRODUCTION OF THE NEW INCENTIVE FRAMEWORK (NIF)

### Question 1: What is the New Incentive Framework (NIF)?

#### Answer

The New Incentive Framework (NIF) is a Government initiative to reform Malaysia's investment incentive regime towards a **more targeted and outcome-based approach** primarily guided by two cornerstone national strategies: **The National Investment Aspirations (NIA) and the New Industrial Master Plan (NIMP) 2030**, ensuring that incentives granted deliver measurable economic and strategic outcomes.

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### Question 2: When will the NIF be implemented?

#### Answer

The NIF is scheduled for phased implementation.

The implementation for **manufacturing sector** will take effect from **1 March 2026 followed by the services sector in Quarter 2 of 2026**. The actual date of implementation for services sector will be announced separately.

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### Question 3: What is the main key difference between the existing incentive framework and the NIF?

#### Answer

The eligibility and incentive quantum under the existing incentive framework are primarily determined by statutory promoted lists of activities and products in the Promotion of Investments Act (PIA) 1986 together with its predefined incentive conditions.

The New Incentive Framework (NIF) represents a fundamental shift by removing the promoted list mechanism and **adopting a tiered, outcome-based assessment approach**. The incentive eligibility and quantum are determined based on **defined tiering criteria and the investment's performance** against national strategic outcomes as measured through the NIA Scorecard.

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#### Question 4: Which sectors are eligible to apply for incentives under the NIF?

##### Answer

Companies undertaking manufacturing activities within the following fifteen **(15) subsectors** are eligible to apply, subject to fulfilling the incentive eligibility and criteria:

1. Electrical and Electronics (E&E)
  2. Chemical and Chemical Products
  3. Pharmaceuticals
  4. Medical Devices
  5. Aerospace
  6. Machinery and Equipment (M&E)
  7. Automotive
  8. Petroleum Products and Petrochemicals
  9. Oleochemicals and their derivatives
  10. Food Production and Processing
  11. Wood, Paper and Furniture
  12. Textile, Apparel and Footwear
  13. Strategic minerals-based products
  14. Rubber-based Products
  15. Metal
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#### Question 5: What types of incentives are available under the NIF?

##### Answer

The NIF offers two primary incentives, which are mutually exclusive. Company to select one of the following incentives for their qualifying project:

1. **Special Tax Rate:** A reduce corporate income tax rate on a company's taxable income;  
or
  2. **Investment Tax Allowance (ITA):** A capital expenditure-based incentive that allows company to offset a percentage of its qualifying capital expenditure against its statutory income.
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## Question 6: How will the incentive application be assessed under the NIF?

### Answer

Firstly, the eligibility for tax incentives is **determined by specific pre-qualifiers** as specified in the guidelines. Once these pre-qualifiers are met, **eligible activities are assessed through the NIA Scorecard**, which evaluates the investment's alignment with national aspirations. This assessment **ultimately determines the quantum of incentives and the period of the incentive**, ensuring that the level of support is directly linked to the achievement of measurable, strategic outcomes.

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## Question 7: How does the NIA Scorecard assess the application?

### Answer

The NIA Scorecard serves as the **evaluation tool** to measure the **quality of an investment** and its potential contribution to the local economy. It consists of several **performance indicators categorised into six strategic pillars**:

- i. increasing economic complexity,
- ii. creating high-value job opportunities,
- iii. extending domestic linkages,
- iv. developing new and existing economic clusters,
- v. improving inclusivity, and
- vi. enhancing environmental, social, and governance (ESG) practices.

During the application process, a score is calculated for each indicator, which is then used to conclude the overall level of investment quality for the project.

Ultimately, the quantum of the tax incentive is determined based on this final quality score, ensuring that higher-impact projects receive more significant support.

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## Question 8: What is meant by a tiered incentive?

### Answer

A tiered incentive structure means that once an application is approved, the company may receive **two distinct levels or "tiers" of incentives based on their level of compliance with set conditions** as illustrated below:

### Example 1: Special Tax Rate

Type of Incentive	Tier 1	Tier 2
Special Tax Rate	<b>5%</b> corporate tax rate for <b>5 years</b>	<b>10%</b> corporate tax rate for <b>5 years</b>
Requirement	Company must comply with <b>all minimum conditions as well as additional conditions</b> specified in the principle approval letter	Company must comply with <b>all minimum conditions</b> specified in the principle approval letter

### Example 2: Investment Tax Allowance

Type of Incentive	Tier 1	Tier 2
Investment Tax Allowance	An allowance of <b>100%</b> based on qualifying capital expenditure incurred for a period of <b>5 years</b> . The allowance can be offset against <b>100%</b> statutory income for each year of assessment.	An allowance of <b>60%</b> based on qualifying capital expenditure incurred for a period of <b>5 years</b> . The allowance can be offset against <b>70%</b> statutory income for each year of assessment.
Requirement	Company must comply with <b>all minimum conditions as well as additional conditions</b> specified in the principle approval letter	Company must comply with <b>all minimum conditions</b> specified in the principle approval letter

Both sets of conditions are derived from the initial pre-qualifiers and the company's proposed commitments regarding the NIA indicators, ensuring that the level of tax relief remains commensurate with the company's actual performance and contribution.

## PART B: SUBMISSION OF APPLICATION FOR NIF

### Question 9: How to apply for an incentive under the NIF?

#### Answer

Company may submit an online application via Invest Malaysia Portal at <https://investmalaysia.mida.gov.my/>. Please note that the application for the NIF effective 1 March 2026 is applicable for manufacturing sector only.

The date for submission of application for services sector will be announced separately.

### Question 10: Will there be any evaluation fees / charges for the application of incentives under the NIF?

#### Answer

Yes, an evaluation fee of RM2,500 will be applicable per application. Any changes to the evaluation fees can be referred at <https://investmalaysia.mida.gov.my/EIP/UserGuide.aspx>, i.e. User Guide > General/Company Profile (IRPM)/Evaluation and Issuance Fees > List of Charging Fees.

### Question 11: Does MIDA have guidelines on NIF for investors?

#### Answer

Yes. The guideline is available at the <https://www.mida.gov.my/> and will be updated from time to time. Investors are advised to assess **the eligibility criteria in the guideline before submitting the application to MIDA.**

### Question 12: Can companies that have already submitted the incentive application under existing regime to switch their applications to the NIF?

#### Answer

**Yes**, in the event the **application evaluation is not yet completed by MIDA.** However, this is **strictly subject to the company not having commenced its operations**, which applies to both the Special Tax Rate and Investment Tax Allowance application. The commencement of operation is defined as the **first sales / commercial invoice** issued by the company for the

proposed product(s) / activity(ies). **Official confirmation from company is required** before MIDA proceed to close the current application. Switching the application to the NIF **may require different set of information** to be submitted to MIDA and **a new evaluation fee** will be imposed for the new application.

For Investment Tax Allowance (ITA) applications under the NIF, company may incur capital expenditures before the date of submission of application to MIDA. However, only capital expenditure incurred **after** the application submission date **qualifies as Qualifying Capital Expenditure (QCE)**. The QCE cannot be backdated under the NIF.

In addition, the proposed project must fulfil all requirements under the NIF to remain eligible for tax incentives under this new framework.

Companies with approved applications are no longer entitled to switch their approval to the NIF regime.

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### Question 13: Does incentives under the NIF mutually exclusive with Reinvestment Allowance (RA) under Schedule 7A of the Income Tax Act, 1967

#### Answer

Yes, the incentives under the NIF are **mutually exclusive** with the Reinvestment Allowance (RA) under Schedule 7A of the Income Tax 1967. A company currently benefitting from RA may elect to either continue with their existing RA or incentives under the NIF provided all eligibility criteria for the NIF are met.

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### Question 14: What is the general approval process for NIF?

#### Answer

All applications are subject to deliberation and approval by the National Committee on Investment (NCI). Upon NCI's approval, the company will receive **a principle approval letter indicating the tiering tax incentives**, along with the **minimum and additional conditions imposed for each Tier**. Company must comply with the conditions throughout the incentive period.

The company is required to review the terms specified in the principle approval letter **particularly on the requirement to determine the commencement of the tax incentive within the stipulated period** as specified in the letter.

Subsequently, the company will receive an approval letter indicating the commencement date of the tax incentive and the company's entitlement for claiming the incentive.

Once the approval letter is received, the company may submit its claim to the Inland Revenue Board of Malaysia (IRBM) through the filing of the *Borang Nyata Cukai Pendapatan (BNCP)*.

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### Question 15: Will there be compliance or reporting requirements under the NIF?

#### Answer

Yes. The NIF introduces enhanced post-approval monitoring and outcome-based reporting requirements to ensure that approved incentives achieve their intended economic outcomes. Please refer to the guideline at **Section 5, Tax Incentive Mechanism: NIA Scorecard and Tiering Approach**.

The claiming of tax incentives is subject to audit by the Inland Revenue Board of Malaysia (IRBM). The Director General of the IRBM is granted the power to make additional assessments should a company fail to comply with the conditions prescribed by the Minister, under the Income Tax Act 1967.

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### Question 16: Whom may investors contact for further clarification?

#### Answer

Investor may seek consultation or contact the Customer Service and Investment Information Section or Industry Division of MIDA, for further assistance. The contact details can be referred at <https://www.mida.gov.my/contact-us/>.

MIDA will continue engagement with investors and stakeholders to facilitate smooth implementation.

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**Question 17: When will be the last date to submit tax incentive application under the Promotion of Investments Act (PIA) 1986?**

Answer

The last date to submit tax incentive application for manufacturing sector under the PIA 1986 is **28 February 2026 at 3.00 pm**.

The submission deadline also applies to applications that are still at the draft stage in the Invest Malaysia portal. Thus, **companies with draft applications in the Invest Malaysia portal must complete the pending process and proceed with submission** of application by the deadline.

Submission of tax incentive application is referred to the application submitted to MIDA via Invest Malaysia Portal. Submission made starting 1 March 2026 will be assessed and evaluated under the NIF.

The last date for submission of application under the PIA 1986 **for services sector will be announced separately**.

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**Question 18: Does this mean that the tax incentive application under the Promotion of Investments Act (PIA)1986 will no longer be available?**

Answer

The granting of incentive approval under the NIF is to be provided under the Income Tax Act 1967 with a new incentive mechanism. With that, **new incentive applications will no longer be accepted under the PIA, 1986**.

The PIA, 1986 will still be in force to cater existing approved incentive and its mechanism **except** that certain provisions or sections in the Act **will no longer apply for the purpose of new application** under this Act.

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**Question 19: What will happen to the applications submitted before 1 March 2026 but not yet approved?**

Answer

Applications **submitted before 1 March 2026** that are still under MIDA evaluation **will continue be assessed under the existing incentive framework**, subject to prevailing Government policy.

Companies/investors are advised to respond to all queries made by MIDA on the applications, as soon as possible, to ensure smooth evaluation and timely deliberation can be done.

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**Question 20: What will happen to the existing incentive package other than the Promotion of Investments Act (PIA), 1986, for instance JSSEZ, DESAC, Global Services Hub and Reinvestment NIMP2030 and etc?**

Answer

The existing incentive package other than the PIA, 1986 **remains available until the expiry date of the incentive application** as stipulated in the respective incentive guidelines. With that, company still able to apply the incentive package. Please note that most of the incentive package other than PIA 1986 already transition into the tiering and outcome-based approach which similar to the NIF.

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**Question 21: What is the treatment for new incentive applications submitted from 1 March 2026 onwards?**

Answer

All new applications submitted from 1 March 2026 onwards will be **assessed under the NIF**, based on outcome-based evaluation criteria **and using the NIA Scorecard as the assessment tool**.

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**Question 22: How will the transition of the NIF affect investors with pipeline projects and what are the recommended next steps?**

Answer

Investors with projects in planning or pre-consultation stages are encouraged **to** engage early with MIDA to **obtain advisory support** on incentive eligibility and requirements under the NIF.

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## PART D: THE EXISTING APPROVED INCENTIVE

**Question 23: What will happen to the approval which has been granted under the Promotion of Investments Act (PIA), 1986 and existing incentive package under the Income Tax Act, 1967 before the implementation of the NIF?**

Answer

The approved incentives and its mechanism under the PIA 1986 and existing incentive package under the Income Tax Act, 1967 **remains unchanged**. Companies approved with the incentives under the Promotion of Investments Act, 1986 and existing package under the Income Tax Act, 1967 before the implementation of the NIF may still enjoy the incentives according to the approved provision and terms.

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**Question 24: Will incentives approved before 1 March 2026 be affected by the NIF?**

Answer

No. Incentives approved on or before 28 February 2026 **will continue to be governed by the existing incentive framework**, subject to the original approval terms, conditions and relevant Acts / Gazette Orders, which may include post incentive approval stage.

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**Question 25: Will Offer Letters issued prior to 1 March 2026 remain valid?**

Answer

Yes. Offer Letters issued prior to 1 March 2026 remain valid and enforceable based on the incentive framework, terms and conditions stipulated in the respective Offer Letters.

However, the Government reserves the right to review the offer, should it be deemed necessary in line with prevailing policies and national interests.

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**Question 26: Can investors with approved incentives before the NIF choose between the existing framework and the NIF?**

Answer

No. The applicable framework is determined based on the date of submission, in accordance with transition arrangements.

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**Question 27: Can company with approved incentive under the existing framework apply for incentive under the NIF?**

Answer

At this juncture, the NIF offers incentives for the **new investment category**. The new investment category eligibility extends to **existing companies** already operating in Malaysia. Thus, existing companies with or without approved incentive under the existing framework may apply for incentives under the New Investment Framework (NIF). This is **subject to** the company undertaking a **diversification project** i.e., a different project from the approved project or currently undertaken by the company.

All applications are subject to compliance with the eligibility criteria, conditions, and requirements outlined in the **prevailing NIF policies and guidelines** at the time of submission.

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