



Reinvestment Incentive under the New Industrial Master Plan 2030

The Malaysian Investment Development Authority (“MIDA”) has recently released the much-anticipated Guideline and Procedures for the Application of Incentive for Reinvestment under the New Industrial Master Plan (“NIMP”) 2030.

This announcement follows the proposal to have a tiered Investment Tax Allowance (“ITA”) incentive in the Budget 2024, aimed at encouraging existing companies, whose reinvestment allowance incentive period has ended, to continue investing in high-growth and high-value areas. This initiative supports sustained economic development by fostering higher levels of investment in strategic sectors.

Overview of the reinvestment incentive under NIMP 2030

	Tier 1	Tier 2
Tax incentive	ITA of 100% on qualifying capital expenditure (excluding land cost) and set off against 100% of statutory income	ITA of 60% on qualifying capital expenditure (excluding land cost) and set off against 70% of statutory income
Incentive period	5 years	
Eligible applicant	(i) Incorporated under the Companies Act 2016 and a tax resident in Malaysia. (ii) Existing manufacturer, which may or may not have previously benefited from tax incentives granted under the Promotion of Investment Act 1986 and/or Income Tax Act 1967 (“MITA”). For those companies that had received a tax incentive, the period for claiming the incentive on approved products or activities must have ended. (iii) Undertake expansion or diversification projects in the manufacturing sector. (iv) If a related company has already received approval for the reinvestment incentive under NIMP 2030, the company in question is eligible for the reinvestment incentive only if it involves a different product or activity. (v) Eligible for only one round of this reinvestment incentive.	

Eligible products or activities	<ul style="list-style-type: none"> - Aerospace - Automotive - Chemical including biotechnology - Electrical and Electronics - Food Processing - Halal - Machinery & Equipment - Medical Devices - Metal 	<ul style="list-style-type: none"> - Mineral - Palm-oil based products - Pharmaceutical including biotechnology - Petrochemical products and petrochemicals - Rail - Ship building and ship repair - Textile, apparel and footwear - Wood, paper and furniture
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The tiering tax incentive will be based on the following outcome-based approach:

	Tier 1	Tier 2
Minimum conditions	<ul style="list-style-type: none"> (i) QCE (excluding land) to be realised within 3 years; (ii) Adoption of at least one of the foundational IR4.0 technologies i.e. artificial intelligence, internet of things, block chain, cloud computing and big data analytics, or advance materials and technologies (based on the National Fourth Industrial Revolution (4IR) Policy); and (iii) Adequate spending associated with R&D activities, including expenses related to the enhancement of products and technologies. 	
Additional conditions	Subject to the following outcome but not limited to: <ul style="list-style-type: none"> (i) Adequate number of new full time employees with high value jobs (minimum basic salary of RM10,000 per month); (ii) Engage the number of local suppliers as proposed; (iii) Adoption of green technology (generation of renewable energy or utilisation of energy efficient equipment); and (iv) Any other conditions related to sustainable economic development as stated in the approval letter. 	Not applicable.
Date of application	1 January 2024 until 31 December 2028	

A company claiming Reinvestment Allowance (“RA”) under Schedule 7A of the MITA can opt to claim this mutually exclusive incentive. Opting for this incentive does not in any way extend the 15-year eligibility period for RA. It should be noted, however, that companies which have not started their RA claim under Schedule 7A are not eligible for this new incentive.

An application must be submitted to MIDA before the first sales invoice is issued by the company for the proposed project.