

PENJANA Incentives and Grants

The Special Tax Incentive and Smart Automation Grant were announced by the Government under the National Economic Recovery Plan (PENJANA) on 5th June 2020.

A. Special Tax Incentive Under PENJANA

The main objective of this incentive is to assist companies intending to relocate their operations to Malaysia following global economic crisis which has led to major disruptions of global supply chains.

The types of incentives offered under the Special Tax Incentive are as follows:

1. For New Company

a) 0% special tax rate for 10 years for new investment in manufacturing sector with capital investment between RM300 million to RM500 million

b) 0% special tax rate for 15 years for new investment in manufacturing sector with capital investment above RM500 million

2. For Existing Company

100% Investment Tax Allowance (ITA) for 5 years for existing company in Malaysia relocating overseas facilities into Malaysia with capital investment above RM300 million. The allowance is offset against 100% of statutory income for each assessment year

The incentive is effective from 1 July 2020 until 31 December 2021.

- Click [here](#) for Guidelines on Special Tax Incentive under PENJANA
- Application Forms : i) Click [here](#) for New Manufacturing Project
ii) Click [here](#) for Expansion and/or Diversification Project

B. Smart Automation Grant under PENJANA

The Smart Automation Grant is offered to Malaysian Small and Medium Enterprises (SMEs) and Mid-Tier Companies (MTCs) in Manufacturing and Services Sector.

The grant will be given on a matching basis (1:1) based on eligible expenditures, up to a maximum grant of RM1 million per company.

The main objectives of the Smart Automation Grant are:

1. To assist as well as incentivise SMEs and MTCs to automise and digitalise operations, production and trade channels
2. To improve efficiency in the manufacturing and services sector
3. To reduce reliance on low-skilled foreign workers
4. To provide job opportunities in high value-added sectors
5. To enhance SME competitiveness on an international level
6. To be aligned with the National Policy on Industry 4.0
7. To boost domestic investment

Applications received by Malaysian Investment Development Authority (MIDA) from 4 December 2020 to 31 December 2021 are eligible to be considered for this grant.

- Click [here](#) for Guidelines for the Application of Smart Automation Grant
- Click [here](#) for Process Workflow
- Click [here](#) for Application Form

For enquiries and clarification, please refer to:

MIDA website : www.mida.gov.my

Tel : (603) 2267-3633

Fax : (603) 2273-4208

E-mail : investmalaysia@mida.gov.my

*Source from MIDA