Terengganu is committed to creating and sustaining a world-class business environment where investors, large and small, can thrive. Incentives are vital in positioning the State as a centre of attraction for investors.

Hence, the pro-business Federal and State governments have designed numerous tax, tariff and investment-friendly incentives targeted to meet the needs of companies operating in the State’s core sectors of petrochemicals, agrobusiness, tourism, food production, manufacturing and biotechnology. These incentives ensure that investors in Terengganu can optimise their outlay and achieve returns on investment (ROI) in the shortest possible timeframe.

At the same time, projects approved by the ECER Development Council are eligible for the ECER package of incentives. This further enhances Terengganu’s position as a pro-business and investment friendly destination.

**Federal Incentives**

As the global business environment becomes ever more aggressive, the Federal government has introduced several new and liberalised measures aimed at enhancing competitiveness in Malaysia, including the investment destination of Terengganu. Highlights of Federal investment policy include:

**Staying true to its pro-business stance, Terengganu is serious about lessening the cost burden of investors.**

SERIOUS: The business friendly Terengganu State government is offering heaps of incentives and tax breaks to investors.
• liberalisation of equity policy to allow 100% foreign equity for all investments in new projects as well as in expansion or diversification projects, irrespective of the level of exports.
• provision of specific assistance to investors to enable them to implement their projects without delay.
• the establishment of coordinating centres in the State to process and approve applications for building plans and certificates of fitness for occupation.
• the establishment of a fast-track system to consider applications for land alienation and land use conversion.

Moving forward, the Federal government will fine-tune its policies further to enable Terengganu to attract and retain higher levels of investment.

**Eastern Corridor Economic Region (ECER) Special Incentives**

The government’s goal is to promote balanced growth and development within the country. A key strategy is to attract more investment to the high-potential Eastern Corridor of Peninsular Malaysia, which encompasses the states of Kelantan, Terengganu, Pahang and the district of Mersing in the State of Johor.

**a) Pioneer Status**

• Eastern Corridor investors enjoy partial exemption from payment of income tax:
  - To pay tax on 15% of statutory income for a period of 5 years commencing from Production Day. In effect, the Pioneer Company will be paying an equivalent of 4.2% corporate tax instead of 28%, providing tremendous tax savings.

**b) Investment Tax Allowance**

• Eastern Corridor investors receive an allowance of 80% in respect of qualifying capital expenditure incurred within 5 years from the date the first expenditure is made, which can be set off against 85% of the statutory income in the year of assessment. Any unused allowance can be carried forward to subsequent years.

**c) Infrastructure Allowance**

• Any company undertaking infrastructure works such as the building of bridges, jetties, power station ports, connecting roads and electricity will be eligible for an infrastructure allowance for costs incurred for a period of 5 years.
d) Import Duty Exemption:

- Manufacturing companies locating their projects in the Eastern Corridor of Peninsular Malaysia, Sabah and Sarawak will be eligible for full import duty exemption on raw materials and components if they are producing for both the domestic and export markets, if the raw materials/components are not produced locally.

e) “Second Round” of Pioneer Status/Investment Tax Allowance:

- To encourage reinvestment by existing companies located in the Western Corridor, the government will consider granting a “second round” of pioneer status/investment tax allowance to such projects, if their expansion projects are to be located in the designated Eastern Corridor States/areas.

f) Reinvestment Allowance

- For expansion, modernisation and diversification. Eastern Corridor companies enjoy an allowance of 60% of capital expenditure incurred for 5 years from the year from the first reinvestment is made, for purposes of expansion, modernisation and diversification, which can be set off against 100% of statutory income in the year of assessment. Any unused allowance can be carried forward to subsequent years.

Tax Investment Allowance (ITA)

The Investment Tax Allowance (ITA) is an alternative to Pioneer Status. ITA is designed to cater for projects requiring large capital investments with long gestation periods.
A company qualifying for ITA will enjoy different degrees of exemption depending on the types of promoted products/activities as follows:

**a) Promoted product/activity**

- Company will be granted an allowance of 60% in respect of qualifying capital expenditure (such as factory, plant, machinery or other equipment used for approved project) incurred within five (5) years from the date the first capital expenditure is incurred. The allowance can be used to set off (exempt) up to 70% of the statutory income in the assessment year. The balance of that statutory income will be taxed at the prevailing company tax rate. Any unused allowance can be carried forward to subsequent years until the whole amount has been fully used.

**b) Promoted product/activity in promoted area**

- Company located in Sabah, Sarawak, the Federal Territory of Labuan* and designated eastern corridor of Peninsular Malaysia (which covers Kelantan, Terengganu, Pahang and the district of Mersing in Johor) will be granted an allowance of 80% in respect of qualifying capital expenditure incurred within five (5) years from the date the first capital expenditure is incurred. The allowance can be used to set off (exempt) up to 85% of the statutory income in the assessment year. The balance of that statutory income will be taxed at the prevailing company tax rate. Any unused allowance can be carried forward to subsequent years until the whole amount has been fully used.

This incentive has also been expanded to include for rearing of chicken and ducks in the Eastern Corridor of Peninsular Malaysia, Sabah and Sarawak.

* Only applicable to the hotel and tourism industry

**c) Promoted product/activity for high technology companies**

- Company will be granted an allowance of 60% in respect of qualifying capital expenditure incurred within five (5) years from the date from which the first capital expenditure is incurred. The allowance can be used to set off (exempt) 100% of statutory income in the assessment year. Any unused allowance can be carried forward to subsequent years until the whole amount has been fully used.
d) Promoted product in an approved industrial linkage programme

- Company will be granted an allowance of 100% in respect of qualifying capital expenditure incurred within five (5) years from the date from which the first capital expenditure is incurred. The allowance can be used to set off (exempt) 100% of statutory income in the assessment year. Any unused allowance can be carried forward to subsequent years until the whole amount has been fully used.

e) Promoted product/activity of national and strategic importance including MSC companies and product/activity in the approved linkage programme that achieves world-class status

- Company will be granted an allowance of 100% in respect of qualifying capital expenditure incurred within five (5) years from the date from which the first capital expenditure is incurred. The allowance can be used to set off (exempt) 100% of statutory income in the assessment year. Companies that have started operation are also eligible but the incentives will only be given on the additional investment. For companies currently enjoying ITA may apply for the incentives at the end of the existing incentive period.

- Companies accorded MSC Status are also eligible other incentives under the Bill of Guarantees. However, multimedia faculties outside the MSC that have been accorded MSC status companies are only eligible for the tax incentives. A multimedia faculty is referred to as a centre of learning that provides courses in media, computer, information technology, telecommunications, communications and contents relating to data, voice, graphics and images.

f) Research and Development Activities

Different incentives are given to companies specialising in R&D activities, that is, incentives for “R&D Company” and incentives for “Contract R&D Company”.

i) R&D Company (a company that provides R&D services in Malaysia to its related company or to any other company)
Company will be granted an allowance of 100% in respect of qualifying capital expenditure incurred within 10 years from the date from which the first capital expenditure is incurred. The allowance can be used to set off (exempt) up to 70% of the statutory income in the assessment year. The balance of that statutory income will be taxed at the prevailing company tax rate. Any unused allowance can be carried forward to the subsequent years until it is fully used.

ii) Contract R&D Company (a company that provides R&D services in Malaysia to a company other than its related company)

Apart from full tax exemption for five (5) years, contract R&D company can also opt for an allowance of 100% in respect of qualifying capital expenditure incurred within 10 years from the date from which the first capital expenditure was incurred. The allowance can be used to set off up to 70% of the statutory income in the assessment year. The balance of that statutory income will be taxed at the prevailing company tax rate. Any unused allowance can be carried forward to the subsequent years until it is fully used.

iii) In-house R&D (research and development carried on in Malaysia within a company for the purpose of its own business).

Company will be granted an allowance of 50% in respect of qualifying capital expenditure incurred within 10 years from the date from which the first capital expenditure is incurred. The allowance can be utilised to set off (exempt) up to 70% of the statutory income in the assessment year. The balance of that statutory income will be taxed at the prevailing company tax rate. Any unused allowance can be carried forward to subsequent years until the whole amount is fully used.

g) Technical or Vocational Training Company

Company will be granted an allowance of 100% in respect of qualifying capital expenditure incurred within 10 years from the date from which the first capital expenditure is incurred. The allowance can be used to set off (exempt) up to 70% of the statutory income in the assessment year. The balance of that statutory income will be taxed at the prevailing company tax rate. Any unused allowance can be carried forward to subsequent years of assessment until the whole amount is fully used.

Companies with existing technical or vocational training institutes and which incur new investment to upgrade their training equipment or expand their training capacities are also eligible for this incentive.
State Incentives
In addition to Federal incentives, the Terengganu State government too has worked diligently to create its own specific incentives. A recent major incentive includes offering discounts of between 20% and 50% on already low land premiums of RM20.00 to RM60.00 per m² to qualified investors, and allowing deferred payment of land premiums, which will lessen the cost burden for companies setting up business in Terengganu.

Incentives offered by the Federal Government

- Privileges under Pioneer Status
- Investment Tax Allowance
- Re-investment Allowance
- Tariff-related Industries
- Investment for Small-scale Companies
- Infrastructure Allowance
- Incentives for Research and Development, Training & Exports


1. Pioneer Status (PS)
Partial exemption from payment of income tax:

- To pay tax on 30% of statutory income for a period of five (5) years, commencing from production day.

- In effect, the pioneer company will be paying an equivalent of 8.4% corporate tax instead of the present 28%.

2. Investment Tax Allowance (ITA)

- Allowance of 60% in reaps of qualifying expenditure incurred within five (5) years from date of the first expenditure is made.

- Set-off against 70% of the statutory income in the year of assessment.
Any unused allowance can be carried forward to subsequent years.

For agriculture projects, qualifying expenditure for ITA has been extended to cover:

- Planting of crops;
- Clearing and preparation of land;
- Provision of plant and machinery used in Malaysia crop cultivation, animal farming, agriculture, inland or deep sea fishing and other agriculture or pastoral pursuits;
- Construction of access road and bridges;
- Construction of purchase of building, structural improvements on land and other structure used of above purposes.

Integrated agriculture projects are eligible for ITA for an additional five (5) years on expenditure incurred for processing/manufacturing operations;

Eligibility for either PS or ITA will be determined according to priorities termed as “promoted product” or “promoted activities” as determined by the Minister of International Trade and Industry.

3. Reinvestment Allowance (RA)

Is granted to manufacturing companies which have been in operation for at least 12 months and incur qualifying capital expenditure for expansion, modernisation and diversification.

Allowance of 60% of capital expenditure incurred for five (5) years from the year the first reinvestment is made.

Set-off against 70% of statutory income in the year of assessment.

Any unused allowance can be carried forward to subsequent years.

Effective from 21 Sept 2002, a Pioneer Status company that intends to undertake reinvestment before the expiry of its Pioneer Status can surrender its Pioneer Status cancellation and be eligible for Reinvestment Allowance.
4. Tariff Related Incentives

- Full exemption form import duty on raw materials and components.

- Exemption of import duty and sales tax on machinery and equipment.

- Drawback of excise duty paid on parts, ingredients of packaging materials used in manufacture of goods that are subsequently exported.

- Drawback of sales tax paid on materials used in manufacture of goods that are subsequently exported.

- Drawback import duty paid in the manufacture of goods that are subsequently exported.

- Small scale manufacturing companies that fulfill specific criteria are eligible for PS incentives for the manufacturer of promoted products.

- Conditions for eligibility:
  - Company must be incorporated in Malaysia under Companies Act, 1965.
  - Shareholders’ fund does not exceed RM500,000.00 with at least 70% Malaysia equity.
  - Must not be subsidiary of another company with shareholders’ fund of more than RM500,000.00.

TIME-OUT: Terengganu's slow pace of life means more time can be spent reflecting on one's inner self at places of worship such as the Masjid Tengku Tengah Zaharah (top) or Masjid Kristal (bottom).
5. Incentives For High-Tech Project

Companies engaged in “promoted activities” or in the “promotion of promoted products” are eligible for the following incentives:

- PS with full tax exemption at statutory income level for five (5) years;

or:

- ITA of 60% on qualifying capital expenditure for five (5) years. This allowance can be offset against 100% of statutory income for each assessment year. Unused allowance can be carried forward.

- Flexibility in employment of foreign scientist of highly skilled personnel.

- Approval to open foreign exchange account.

Criteria of High-Tech Incentives:

- Local R & D Expenditure to gross sales should be at least 1% on an annual basis.

- The number of science and technical graduates to total workforce should be at least 7%.

6. Incentives for Research and Development (R&D)

Contract R&D company:

- Provide R&D services to companies other than its related company.

- Eligible to apply for PS with full income tax exemption for five (5) years or 100% ITA on qualifying expenditure incurred within 10 years (offset against 70% of statutory income).

Eligibility for Contract R&D companies:

- At least 70% of the income of the company should be derived from R&D activities.

- For agriculture-based R&D, at least 5% of the workforce must be appropriately qualified personnel performing research and technical functions.

In House Research:

- Companies which carry out in-house research in Malaysia are eligible to apply for ITA of 50% on qualifying capital expenditure incurred within 10 years (offset against 70% of statutory income).

Double Deduction on R&D Expenditure:

- On revenue expenditure incurred on research directly undertaken which is approved by the MOF.

- On payment for the use of services of approved research institutes, R&D companies, as well as cash contribution to approved research institutions.
Other R&D Incentives:

- IBA for building used for purposes approved R&D.

- Capital allowance on capital expenditure incurred in the provision of plan and machinery used for R&D.

- Machinery/equipment, materials, raw, materials/component parts and samples used for R&D purposes are eligible for import duties, sales tax and excise duties exemption.

7. Incentives For Training

- Training expenses incurred prior to commencement of business are eligible for single deduction.

- Automatic approval on double deduction for expensed incurred for training at approved institution for eligible companies.

Human Resource Development Fund:

- Manufacturing companies contributing 1% of the monthly wages to the fund will be eligible to apply for grant to subsidies a major portion of the cost incurred in training their Malaysian employees.

- 75% to 95% allowable cost for training in Malaysia.

- 50% for costs incurred overseas.

- Subject to maximum amount contributed.

8. Incentives for Export

a) Double deduction of credit insurance premium

- Premium payments in respect of insurance of products exported paid by exporter to approved local insurance companies are allowed double deduction.

PICTURESQUE: Terengganu's riverfront commercial properties provide endless pleasure while getting on with business.
b) Double deduction for promotion export

- Certain expenses incurred by resident companies for the purpose of seeking opportunities for export of products manufactured in Malaysia are eligible for double deduction.

c) Tax exemption on the value of increased export

- Exemption of statutory income equivalent to 10% of the value of increased exports provided that the goods exported attain at least 30% value added.

- Exemption of statutory income equivalent to 15% of the value of increased exports provided that the goods exported attain at least 50% value added.

d) Industrial Building Allowance (IBA)

- An initial allowance of 100% and an annual allowance of 2% in respect to building used as warehouse for storing goods for export and re-export.

9. Incentives for food production

- The deep sea fishing industry will enjoy the same incentives as the food production industry. New companies involved in deep sea fishing are eligible for incentives mentioned under packages A and B. Existing companies involved in deep sea fishing that reinvest will be eligible for the same incentives for only five years. These project should commence within a year from the date incentive is approved and also comply with the provisions of the Fisheries Act 1985.
10. New tax incentives

Tax incentives for Small and Medium Scale companies:

- Small and medium scale companies with paid-up capital of RM2.5 million and below will be eligible for:
  - A reduced corporate tax of 20% on chargeable income of up to RM100,000. The corporate tax rate on remaining chargeable income will be maintained at 28%.
  - Dividends distributed will be given a tax credit of 20% in the hands of the shareholders.

11. Special incentives to increase export

- To encourage export of Malaysian goods, Malaysian-owned manufacturing companies are eligible for the following incentives,
  - Tax exemption on statutory income equivalent to 30% of increased export value provided the company achieves a significant increased export;
  - Tax exemption on statutory income equivalent to 50% of increased export value provided the company succeeds in penetrating new markets; and
  - Full tax exemption on increased export value to companies that record the highest increase in exports in their category.

12. Reinvestment incentives for food processing activities

- Malaysian-owned companies that reinvest in promoting food processing activities are eligible for another round of PS or (ITA) incentives. Activities located in Sabah, Sarawak and the Eastern Corridor of Peninsular Malaysia are eligible for PS or ITA in accordance with that given for promoted areas.

13. Incentives for modernisation of chicken and duck rearing system

- To promote modernisation and the use of environment friendly practices in the agricultural sector, Chicken and ducks farmers who reinvest for the purpose of shifting from the open house system will be eligible for Reinvestment Allowance for a period of 15 consecutive years commencing from the first year the reinvestment is made.

This incentive is given on condition that the minimum rearing capacity of the closed house system is as follows:

- 20,000 broiler chicken/ducks per cycle or,
- 50,000 layer chicken/ducks per cycle.
INVESTMENT HAVEN OF THE EAST

READY: The newly expanded and refurbished airport provides ease of passage for air cargo (top) while the gleaming Sultan Mizan Zainal Abidin sports complex will take Terengganu's athletic prowess to dizzying heights (bottom).
## ECER Incentive Packages

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<thead>
<tr>
<th>Cluster and Location</th>
<th>Special ECER Incentives</th>
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<td><strong>TOURISM</strong>&lt;br&gt;Incentive only for tourism activities in places designated in ECER Master Plan</td>
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<tr>
<td>Mainland Coastal Tourism&lt;br&gt;• Kuala Besut – Tembila&lt;br&gt;• Kg Penarik/Pulau Besar – Merang&lt;br&gt;• Dungun</td>
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<tr>
<td>Urban &amp; Cultural Heritage Tourism&lt;br&gt;• Kuala Terengganu City Centre</td>
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<tr>
<td>Eco-tourism&lt;br&gt;• State Parks (Tasik Kenyir, Terengganu Hills, Setiu Wetland)&lt;br&gt;• Terengganu Global Marine Turtle Observatory</td>
<td>Incentives given to owner or owner operator of hotels and resorts:&lt;br&gt;<em>(To qualify for these incentives, companies must commence operations before 31 Dec 2015)</em>&lt;br&gt;• 10-year income tax exemption or ITA amounting to 100% of qualifying capital expenditure for five years&lt;br&gt;• Stamp duty exemption on land acquired for development&lt;br&gt;• Withholding tax exemption on royalty and technical fees for 10 years&lt;br&gt;• Abolition of Real Property Gains Tax (RPGT)&lt;br&gt;• Overseas promotion double deductions – expenses incurred for participation in promotional activities overseas&lt;br&gt;• Tour operators – 100% tax exemption for bringing in &gt;500 foreign tourists per year or organize tourism packages for &gt;1,200 local tourists per year&lt;br&gt;• Promotion of international conference and trade exhibitions – 100% tax exemption from income earned for bringing &gt;500 foreign visitors per year&lt;br&gt;• Cultural performance – single deduction on expenses for local performance RM300,000 – RM500,000 per year and foreign performances RM200,000 per year Tour operators – 100% tax exemption for bringing in &gt;500 foreign tourists per year or organize tourism packages for &gt;1,200 local tourists per year&lt;br&gt;• Promotion of international conference and trade exhibitions – 100% tax exemption from income earned for bringing &gt;500 foreign visitors per year&lt;br&gt;• Cultural performance – single deduction on expenses for local performance RM300,000 – RM500,000 per year and foreign performances RM200,000 per year</td>
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<td></td>
<td>Project must qualify as tourism project with minimum investment of RM5 million:&lt;br&gt;<em>(To qualify for these incentives, companies must commence operations before 31 Dec 2015)</em>&lt;br&gt;• Income tax exemption for five years or ITA amounting to 100% of qualifying capital expenditure for five years</td>
</tr>
</tbody>
</table>
### PETROCHEMICAL
Incentives only for activities in places designated in the ECER Master Plan
- Kerteh Integrated Petrochemical Complex (KRPC)
- Kerteh Plastics Park

### Hallmark Events
Incentives given to companies sponsoring the events:
*(To qualify for these incentives, companies must commence operations before 31 Dec 2015)*
- Single deduction up to a maximum of RM1 million per assessment year for sponsors
- Overseas promotion double deductions – expenses incurred for participation in promotional activities overseas
- Tour operators – 100% tax exemption for bringing in >500 foreign tourists per year or organize tourism packages for >1,200 local tourists per year
- Promotion of international conference and trade exhibitions – 100% tax exemption from income earned for bringing >500 foreign visitors per year
- Cultural performance – single deduction on expenses for local performance RM300,000 – RM500,000 per year and foreign performances RM200,000 per year

### Incentives given to companies developing infrastructure of industrial park:
*(To qualify for these incentives, companies must commence operations before 31 Dec 2015)*
- Income tax exemption for 10 years from the year company derives profit or ITA amounting to 100% of qualifying capital expenditure for five years for companies developing infrastructure of industrial park
  - Qualifying capital expenditure for ITA and industrial building allowance/capital allowance to include building, infrastructure and amenities cost
- Double deductions for expenses incurred for promotion of park overseas
- Stamp duty exemption on instruments of acquisition or leasing of property relating to industrial park

### Incentives given to companies operating in the park:
- Customised incentive given to companies undertaking activities in the park (based on merit)
| MANUFACTURING | Incentives given to companies developing infrastructure of industrial park:  
(To qualify for these incentives, companies must commence operations before 31 Dec 2015) |
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<td>Incentives only for activities in places designated in the ECER Master Plan</td>
<td>• Income tax exemption for five years from the year company derives profit or ITA amounting to 100% of qualifying capital expenditure for five years for companies developing infrastructure of industrial park</td>
</tr>
<tr>
<td>• Boat Building &amp; Repair Park - Chukai, Kuala Terengganu</td>
<td>- Qualifying capital expenditure for ITA and industrial building allowance/capital allowance to include building, infrastructure and amenities cost</td>
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<tr>
<td>• Heavy Industry - Teluk Kalong, Kemaman</td>
<td>• Double deductions for expenses incurred for promotion of park overseas</td>
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<td>• Rubberwood Furniture Industrial Park - Dungun</td>
<td>• Stamp duty exemption on instruments of acquisition or leasing of property relating to industrial park</td>
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<td>• Herbal &amp; Biotech Park - Dungun</td>
<td>• Pioneer Status (PS) income tax exemption of 100% for five years</td>
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<tr>
<td>• Food &amp; Processed Products - Chendering, Kuala Terengganu</td>
<td>• ITA of 100% on qualifying capital expenditure for five years</td>
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<td>• Industrial Building Allowance granted to companies incurring capital expenditure on the construction or purchase of a building with an initial allowance of 100% and an annual allowance of 3% where such expenditure can be written-off in 30 years</td>
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<tr>
<td></td>
<td>• Reinvestment Allowance (RA) of 100% for qualifying capital expenditure for 15 years for selected sectors</td>
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<td>• Accelerated Capital Allowance (ACA) to be used within three years after RA of 40% within first year and 20% annually thereafter</td>
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<td></td>
<td>• ACA on equipment to maintain quality of power supply for two years</td>
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<td></td>
<td>• Increased exports given 10% tax exemption (30% value added exported) and 15% tax exemption (50% value added exported)</td>
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<td>• Group relief of 50% of the current year’s unabsorbed losses to be offset against the income of another company within the same group</td>
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</table>

Halal Certification and Quality Systems and Standards Certification:  
• Double deductions on expenses incurred in obtaining quality systems and standard certification and halal certification from the Department of Islamic Development (JAKIM)

International Procurement Centre (IPC)/Regional Distribution Centre (RDC) status companies:  
• Full tax exemption of statutory income for 10 years  
• Dividends paid from the exempt income will be exempted from tax in the hands of the shareholders
Wood-based products:
- Double deduction on freight charges for export of wood-based products (excluding sawn timber and veneers)

Incentives given to companies operating in the park:
- Customised incentive given to companies undertaking activities in the park (based on merit)
### Rubber Forest Plantations - Terengganu

Incentives given to companies investing: 
*(To qualify for these incentives, companies must commence operations before 31 Dec 2015)*

**Investor investing in the project:**
- Tax deduction equivalent to the amount of investment made in the subsidiary company undertaking forest plantation; plus

**A company undertaking the project:**
- Income tax exemption for 10 years from the first year company derives profit; or
- Funding is available from the Ministry of Plantation Industries & Commodities
- Accelerated agriculture allowance on capital expenditure
- PS of 15 years (based on merit)
- ITA for 10 years

### Free Zones
- Kuala Terengganu Airport
- Kemaman Port

**Free Industrial Zone (FIZ):**
- For companies with entire production or not less than 80% of their products meant for export, and/or their raw materials/components are mainly imported
- Duty free import of raw materials, component parts, machinery and equipment required directly in manufacturing process

**Licensed Manufacturing Warehouses (LMW):**
- Duty free exports

If goods are allowed to be sold in domestic market (Principal Customs Areas – PCA, the following import duties apply:

(i) For consumer and intermediate goods, where such goods are also produced in the PCA, import duties equivalent to the AFTA Common Effective Preferential Tariff (CEPT) rates will be imposed

(ii) For the consumer and intermediate goods, where such goods are also produced in the PCA but have local content of ≥51%, an import duty of 5% ad valorem or equivalent excise duty rate (for products subject to excise duty), whichever is the higher, will be imposed

(iii) For consumer and intermediate goods which are not produced in the PCA, an import duty of 3% ad valorem will be imposed

(iv) For intermediate goods such as raw materials/components, machinery and equipment for the manufacturing sector, manufacturers in the PCA can apply for full import duty exemption
For crop production and processing, livestock (excluding poultry) and fisheries:
(To qualify for these incentives, companies must commence operations before 31 Dec 2015)

### Investor investing in the project:
- There is no minimum investment required to be entitled to these incentives
- The company investing in a subsidiary company that undertakes project is entitled to a deduction equivalent to the amount of investment made (company must have at least 70% shareholding in subsidiary company)
- The company or individual investing in subsidiary company that undertakes project is entitled to a deduction equivalent to the amount invested in seed capital and early stage financing; and

### Company undertaking the project:
- Income tax exemption for 10 years starting from the date company derives profit, or ITA amounting to 100% on qualifying capital expenditure for five years
- Tax exemption on dividends paid to shareholders from tax exempt income
- Stamp duty exemption on instruments of acquisition or leasing of property
- Import duty and sales tax exemption on raw materials, components, machinery, spare parts, consumables and equipment on the condition that the said items are not available locally

<table>
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<td>- Kenaf Industry Development - Besut, Setiu, Marang</td>
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<td>- Herbal &amp; Biotech - Dungun</td>
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<td>- Cocoa - Kuala Berang, Ulu Besut</td>
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</table>
Livestock

- Nucleus Goat Research & Breeding Centre - Kuala Berang
- Poultry Parks - Chendering, Setiu, Hulu Terangganu, Dungun, Kemaman
- Cattle Integration in Oil Palm Plantations - Ketengah, Kemaman
- Cattle Feedlot in Beef Valleys - Marang
- Cattle Feedlot Integration in Paddy Areas - Ketara
- Intensive Goat Rearing in Rubber Areas - Besut, Hulu Terangganu

Fisheries

- Development of Fish CPPCs - Kuala Kemaman
- Vertically Integrated Tilapia Production Complex - Kenyir Lake

Investors in Collection, Processing, Packaging Centres (CPPCs) and Collection and Marketing Centres (CMCs):
(To qualify for these incentives, companies must commence operations before 31 Dec 2015)

- Income tax exemption for 10 years starting from the date company derives profit, or ITA amounting to 100% on qualifying capital expenditure for five years
- Stamp duty exemption on land acquired for development
- Funding is available for farmers undertaking crop, livestock and fisheries projects in ECER
- Pioneer Status (PS) with income tax exemption of 100% for five years for some sectors
- ITA of 100% on qualifying capital expenditure within five years
- Integrated Agricultural Projects given additional five years ITA on manufacturing and processing expenses
- Reinvestment Allowance (RA) of 60% of capital expenditure can be offset against 100% of statutory income
- Reinvestment in resource-based industries given another round of PS or ITA
- Modernising chicken and duck rearing given RA of 15 years
- Accelerated Capital Allowance (ACA after RA at 20% first year and 40% thereafter, to be used within two years)
- Agriculture Allowance given as long as it incurs the expenditure, regardless of whether it already enjoys PS or ITA
- Increased Exports given tax exemption on 10% value of increased exports
- Approved Projects given 60% allowance on capital expenditure
### EDUCATION
Incentives only for Universities, Colleges, Skills Training Institutions, R&D Institutions, Regional Training Centres in places designated in the ECER Master Plan

- New Private Sector Schools, Universities & Colleges – ECER
- Educational Institutions – Knowledge Park

**Centres of Excellence**
- Industry-Academia Collaboration
- Halal Product Regional Centre – UDM Besut
- Institute of Biodiversity & Oceanography – UMT
- Bio-technology & Herbal Research Centre – UDM Besut
- Tourist Guide & Hospitality Industry Training Programme – UiTM Dungun
- Social Development Programmes - UMT

**Operators and investors in educational projects:**
(To qualify for these incentives, companies must commence operations before 31 Dec 2015)

- Income tax exemption for 10 years
- Withholding tax exemption on royalty and technical fees for 10 years
- Special industrial building allowance of 10% expenditure for 10 years
- Tax exemption on import duty, sales tax and excise duty for all educational equipment including laboratory equipment for workshops, studios and language laboratories
- Single and double deduction for training
- Exemption on royalty payments for non-resident franchised programmes

### ICT DEVELOPMENT
- Skills Training in ICT in ECER
- E-learning and ICT Services in ECER
- International Digital Business Exchange – Batu Rakit
- Global Animation Centre – Kuala Terengganu
- Edu-ICT Development Programme in ECER
- Small Office Home Office (SOHO) opportunity for enterprising women

**Operators and investors in ICT development projects:**
(To qualify for these incentives, companies must commence operations before 31 Dec 2015)

- Income tax exemption for 10 years
- Withholding tax exemption on royalty and technical fees for 10 years

### CULTURE & HERITAGE
- Batik
- Songket
- Brassware
- Silverware
- Royal Weaving
- Woodcarving

**Operators and investors in culture and heritage projects:**
(To qualify for these incentives, companies must commence operations before 31 Dec 2015)

- Income tax exemption for 10 years or ITA of 100% qualifying expenditure for five years