



**DEZAN SHIRA & ASSOCIATES**

Your Partner for Growth in Asia



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

# Malaysia in Focus

*Opportunities, Incentives  
and Strategic Pathways for  
US Businesses*



# Today's Speakers



**Jaibalan Harirajan**

*Director, Malaysian  
Investment Development  
Authority (MIDA) Chicago*



**Kyle Freeman**

*Partner, Dezan Shira &  
Associates*



**DEZAN SHIRA & ASSOCIATES**

Your Partner for Growth in Asia



# Agenda

1. Introduction
2. A Malaysian Market Overview – *Presented by MIDA*
3. Where and How to Enter the Market – *Presented by Dezan Shira*
4. Q&A



# Malaysia-Your Profit Centre In Asia

*Malaysia in Focus: Opportunities, Incentives and Strategic Pathways for US Businesses*

**Jaibalan Harirajan**

**Director**

**MIDA Chicago**

A Presentation for :

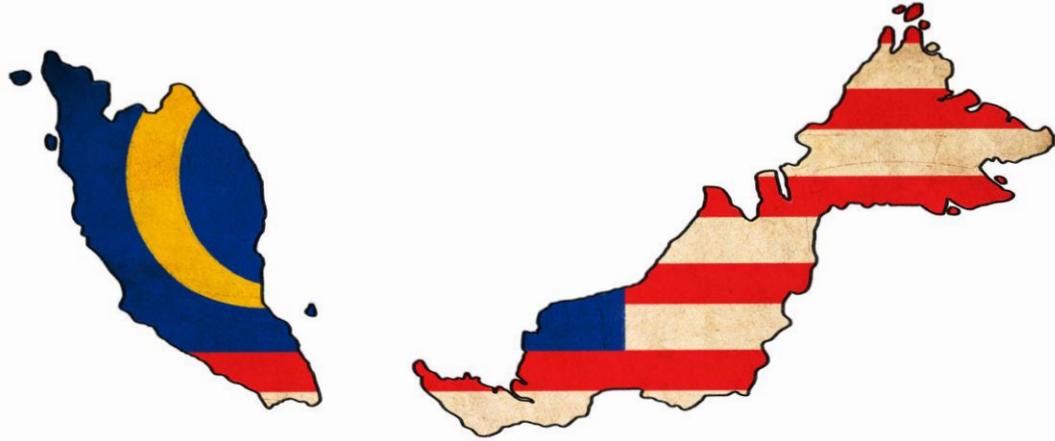


[www.mida.gov.my](http://www.mida.gov.my)



# Economy of Malaysia

Malaysia : Your Profit Centre in Asia 



## Semiconductor



## Commodity Plantation



## Oil & Gas



**34.2 Million**  
**Population**

**1.4% Inflation**  
**2025**

**3.0% 3Q 2025**  
**Unemployment**

**132% (2024)**  
**Trade to GDP**

**USD470 Bill**  
**2025 GDP**

**5.2% Growth**  
**2025**

# Malaysia Industrial Landscape

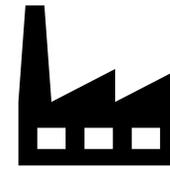


59.3%



Services

23.2%



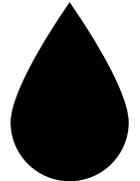
Manufacturing

6.3%



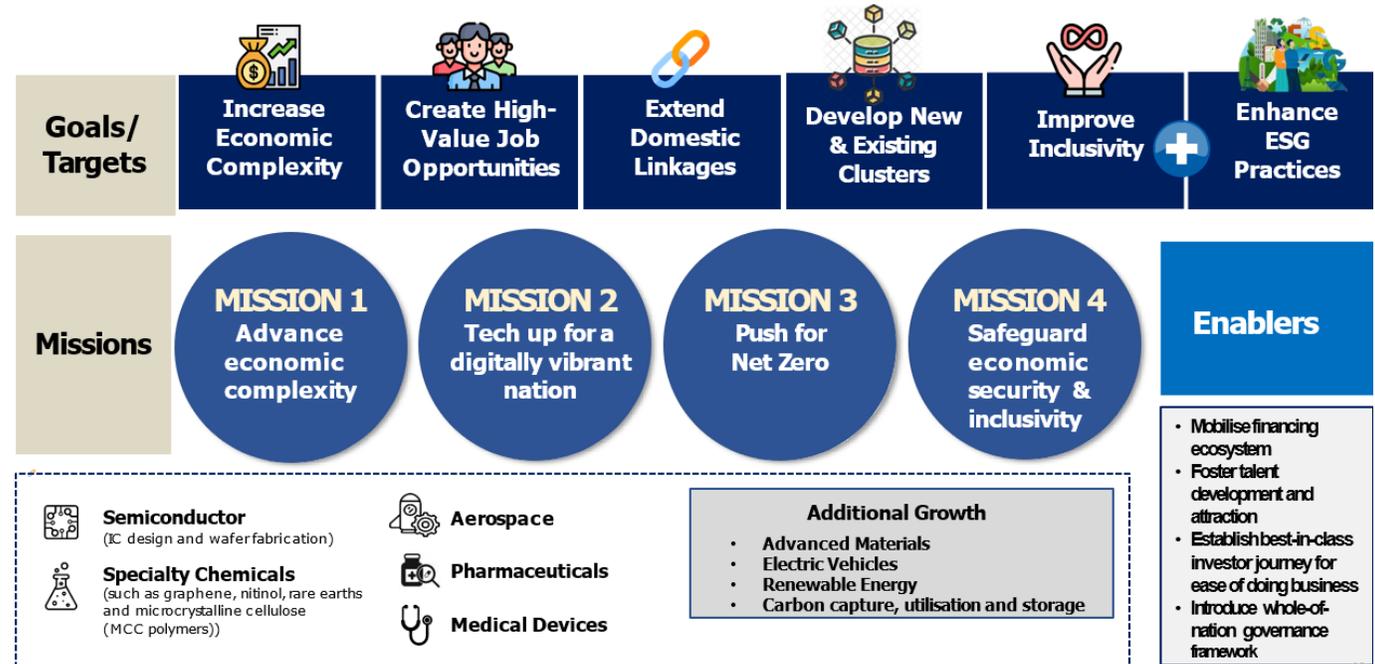
Agriculture

6.0%



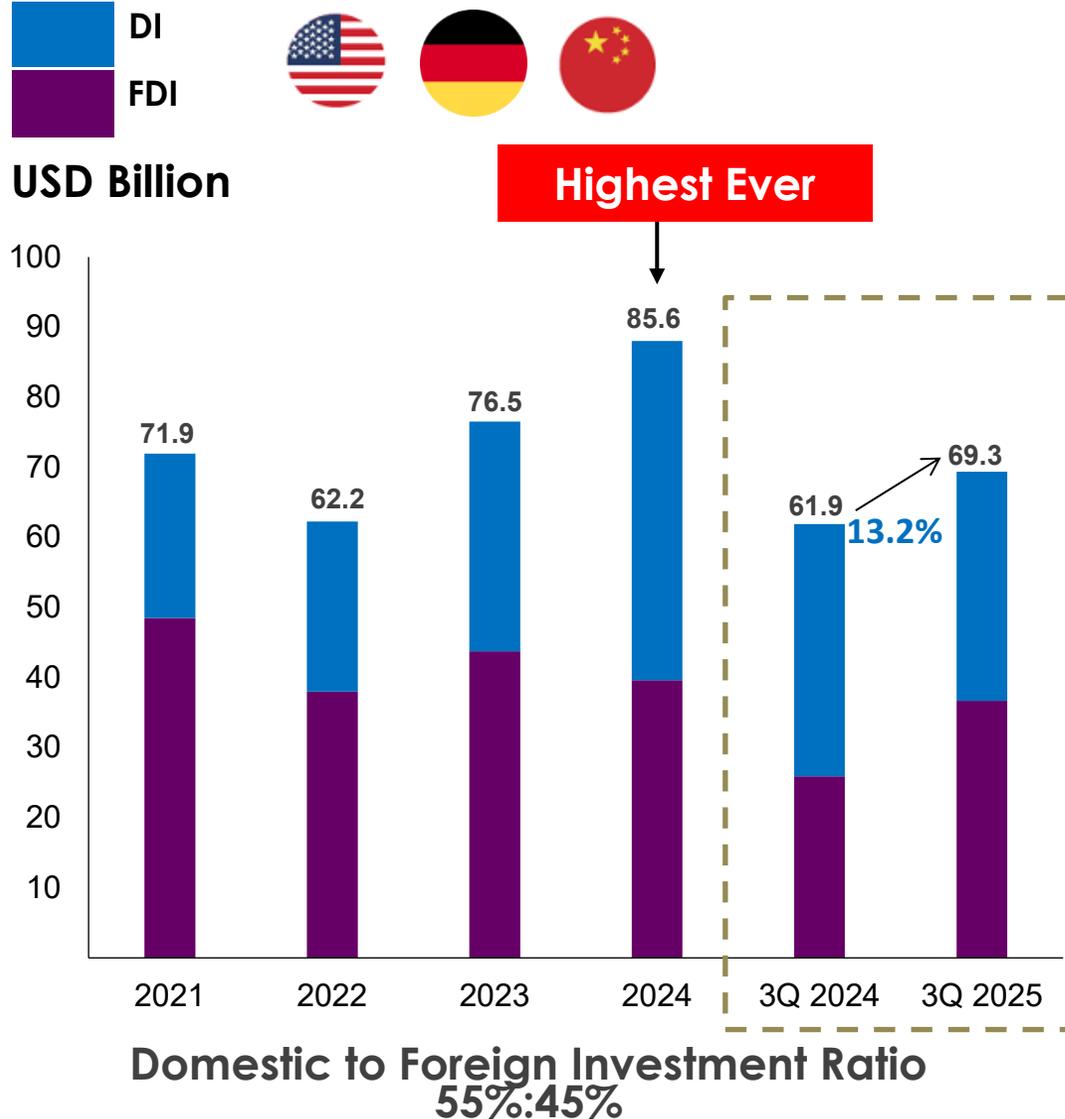
Mining

*Malaysia has move from import substitution in 60's to a niche markets such as Renewable energy, digital and advanced manufacturing*

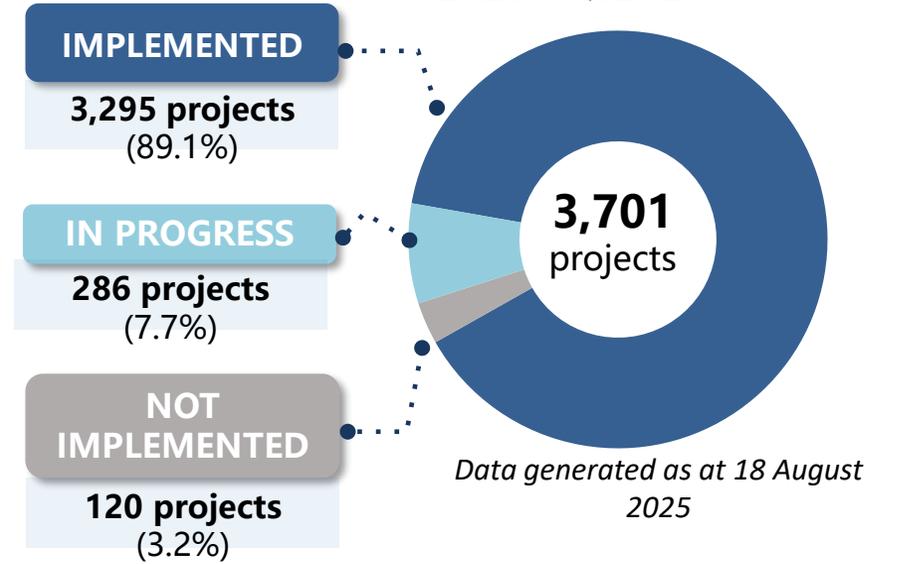


# Trade & Investment

## Major FDI Sources 2024



## Implemented Project Manufacturing 2021 - Q12025



## Trade (2025)

Malaysia's total Exports :US\$410 Billion

Malaysia's total Imports :US\$370 Billion

Manufactured goods contributed to 86.4% from total exports in 2025, with E&E contributing (44.3%)



# Trade & Investment

Malaysia : Your Profit Centre in Asia



## Realised Investment, 1980 – June 2025

**USA is the 2nd largest investor**

(for investment in **manufacturing & services** under MIDA purview)

**974** projects realised

(as of December 2024)

**US\$43.2** billion value of investment

**217,769** jobs created



\$36.3b



\$33.3b



\$31.0b



\$25.0b



\$24.5b

## Major US companies in Malaysia



## Trade activities, 2024

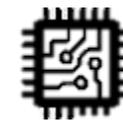
**USA is top 3 trading partners**

U.S. total **goods trade** with Malaysia was an estimated \$80.1 billion in 2024. Trade deficit with Malaysia was \$24.9 billion in 2024 (\$26.8 in 2023).

U.S. total **services trade** with Malaysia totaled an estimated \$6.4 billion in 2024. Trade surplus with Malaysia was \$1.7 billion in 2024 (\$1.9 in 2023).

Source : USTR

## Major sectors



E&E



Chemical



Machinery & Equipment



Medical Devices



Aerospace

## Business Friendly Investment Policies



### Equity Ownership

Foreigners are allowed to hold 100% equity ownership in the manufacturing and selected services sub sector

### Repatriation of Income

Freedom to repatriate capital, interest, dividends and profits.



### Manufacturing License

Paid up capital of around USD600,000.

### IP Protection, IGAs and FTAs

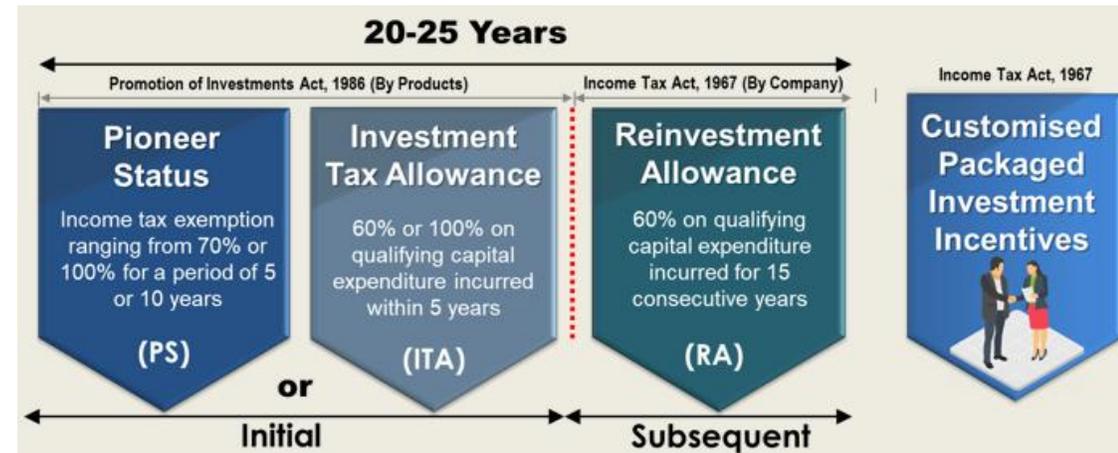
Member of WIPO; and signatory of the Paris Convention and Berne Convention; and Trade-Related Aspects of IP Rights (TRIPS) under WTO

Malaysia has signed Investment Guarantee Agreements (IGAs) with more than 60 countries

Malaysia has signed and implemented a total of 16 FTAs (7 bilateral FTAs and 9 regional FTAs). **Current announcement lowered Malaysia reciprocal tariff from 19% to 15% ~ 10% for trade activities.**

## Competitive Incentive Scheme

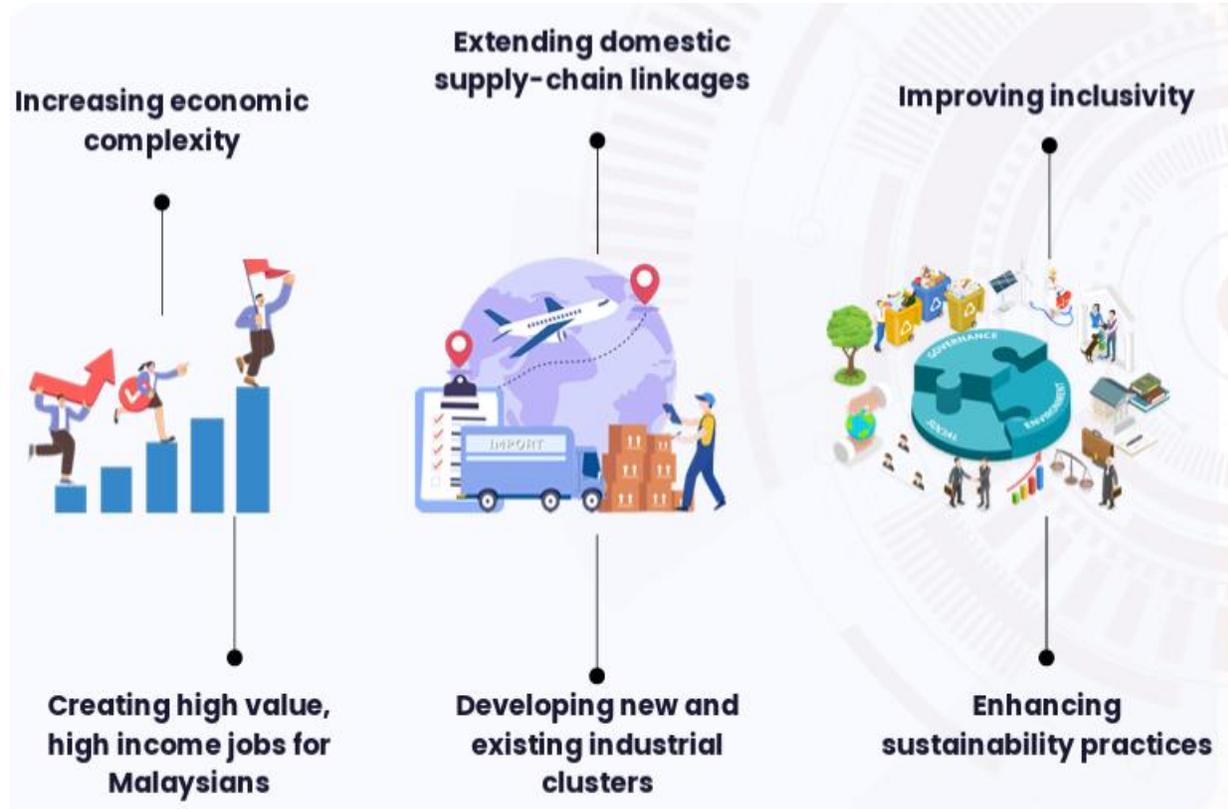
**Existing Regime** Contingent on promoted products / activities



**New Regime** Tiering-Approach and Outcome-Based

ILLUSTRATION	Special Tax Rate	Investment Tax Allowance	Criteria Based on Outcome
 Tier 1	5% up to 10 years	100% offset 100% up to 10 years	Comply with Minimum and Additional Conditions*
 Tier 2	10% up to 10 years	60% offset 100% up to 10 years	Comply with Minimum Conditions* only

## New Investment Aspiration (NIA) Scorecard Assessment



## Eligible Activities



Electrical and Electronics (E&E)



Chemicals and Chemical Products



Pharmaceuticals



Medical Devices



Aerospace



Machinery and Equipment (M&E)



Automotive



Petroleum Products and Petrochemicals



Oleochemicals and their derivatives



Food Production and Processing



Wood, Paper and Furniture



Textile, Apparel and Footwear



Strategic minerals-based products



Rubber-based Products



Metal

## Step 1

## Step 2

## Step 3

## Step 4

**Representative Office**

**Sales Office**

**Production Facility**

**Regional Office**

**Service Centre**

**R&D&D Centre**

**Digital Investment (Infrastructure/ Technologies)**

**Logistics/ Green Tech/ Healthcare**

### Global Services Hub

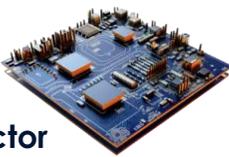
Regional/ global business operations to manage, control and support its key functions

<p><b>Headquarter Hubs</b> Lead Regional /Global Operations and Control or Manage Strategic Functions from Malaysia</p>	<p><b>R&amp;D Hubs</b> Design, Development &amp; Innovation</p>
<p><b>Procurement Hubs</b> Strategic Sourcing &amp; Procurement of Raw Materials/ Components</p>	<p><b>Engineering Hubs</b> Specialized Technical Services &amp; Project Oversight Management</p>
<p><b>Distribution Hubs</b> Store &amp; Distribute Parts &amp; Components in the Region</p>	<p><b>Digital Tech &amp; Smart Innovative Hubs</b> Remote Management of Regional / Global Operations</p>
<p><b>Treasury Hubs</b> Financial &amp; Risk Management</p>	<p><b>Center of Excellence</b> Center for Technology, Research &amp; Training</p>
<p><b>Supply Chain Hubs</b> Integrated Supply Chain Management</p>	<p><b>ICT Services</b> Creative &amp; Interactive Media Services / Software Development</p>



# KEY GROWTH SECTORS

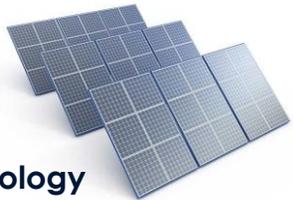
01



Semiconductor

- IC Design
- Wafer Fabrication
- Advanced Packaging

02



Green Technology

- CCUS
- Hydrogen
- Renewable Energy
- Energy Efficiency
- AgTech
- Bioenergy
- Circular Economy
- Food Security

03



Electric Vehicle

- Automaker (EV)
- Commercial Vehicles
- Components

04



Digital Economy

- Tech Enablers
- Digital Infrastructure
- Data Centre
- Fintech
- AI, IoT, Big Data etc

05



Biofuels

- Sustainable Aviation Fuels
- Renewable Diesel
- Hydrogenated Vegetable Oil (HVO)

06



Rare Earth Elements (REE)

- Midstream
- Downstream

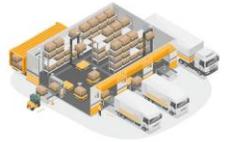
07



Services

- Smart Logistics Complex
- Global Services Hub
- R&D companies
- Supply Chain/ Financial / Tech & R&D hub

08



Services

- Hospitality / Tourism
- Healthcare / Digital Healthcare

## ELECTRICAL & ELECTRONICS

- IC Design
- Wafer fabrication
- OT Sensors & Components
- Automotive Electronics Components
- Modernising Outsourced Assembly and Test (OSAT)

## CHEMICAL AND ADVANCED MATERIAL

- Lithium-ion battery
- Hydrogenated vegetable oil (HVO)
- Green hydrogen
- Chemical and catalyst for semiconductor industry

## MACHINERY AND METAL TECHNOLOGY

**Semiconductor (Front End Semiconductor M&E)**  
Slicing and Polishing of Wafer, Photolithography, Etching, Rapid Thermal Processing, Deposition, Wafer Burn-In, Fluid and Gas Delivery

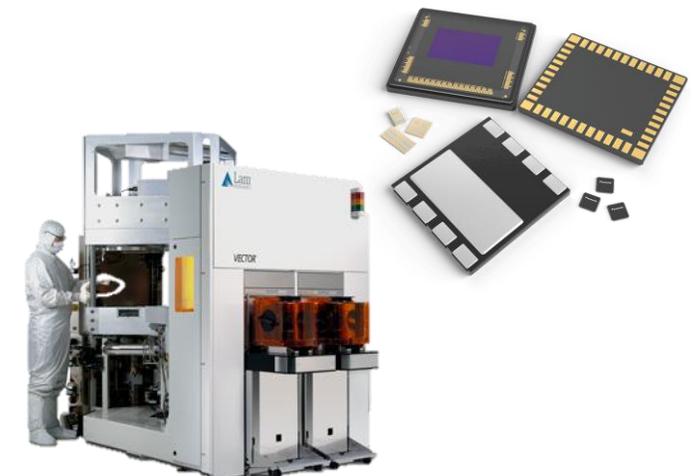
**Electric Vehicle (EV):** Battery Cell machinery and parts, Battery Pack machinery and parts, Materials related to the production of EV Battery, Machinery to produce other related components for EV.

**Robotics:** Robot Arms, Collaborative Robot (COBOT), Tools related to the production of Robotics i.e. motor, sensor, connectivity devices

**Agriculture:** Machinery for Poultry and Farming (encompassing crops, livestock, fisheries, fruits and vegetables).

## LIFE SCIENCES AND MEDICAL TECHNOLOGY

- Vaccines
- Consumer Medications and Drugs
- Diagnostic and Point of Care
- Non-Invasive / Minimally-Invasive Solutions
- Convergence Medical Technologies



## TRANSPORTATION TECHNOLOGY

### Automotive

- Vehicle: Electrification and NxGV
- Critical Components of EV and NxGv
- Mobility Services and Supporting Technology
- Large forging and casting

### Aerospace

- Components and parts  
(eg: engine, cabin interiors)
- Base for light aircraft and corporate planes  
(eg: business aviation, seaplane aircraft, Unmanned Aerial Vehicle (UAV))

## BUILDING TECHNOLOGY

### Industrial Building System (IBS)

Development Of High Technology Glass: Smart Glasses

## LIFESTYLE

**Textiles:** Functional Fabric, Medical Textiles, Natural Fibres and Yarns and Eco-Friendly Textiles

## CIRCULAR BIO-ECONOMY

- Biofuel & Bioplastic
- Sustainable Aviation Fuels (SAF)
- Green Hydrogen
- Micro Algae to Biofuels



## FOOD TECHNOLOGY

### Food Technology

- Alternative/ Artificial Meat Industry
- Ready to Eat (RTE) / Convenience Foods Industry

## RESOURCE-BASED INDUSTRIES

### Oil Palm Biomass

- Pulp & paper
- Animal feed
- Fertilizer
- Oil Palm Trunk: timber / wood / engineered wood



## BUSINESS SERVICES & REGIONAL OPERATIONS

- Center of Excellences (COE) for Digital Solutions
- Digital Tech Smart Innovation Hubs
- Hyperscale Data Centres
- Digital Technology Providers

## HEALTHCARE

- Digital healthcare/ Telemedicine
- Traditional and Complementary Medicine (TCM)
- Senior Living/Aged Care

## HOSPITALITY

- Sport Tourism
- Glamour Camping (Glamping)
- Recreational Vehicle (RV)

## OIL AND GAS

### Oil & Gas (Upstream)

**Exploration :** Geological services, Seismic survey, Remote monitoring

**Development:** Well services: well intervention, pipeline services such as MRO, Remote monitoring

## MARITIME

### Shipbuilding and Ship Repair :

LNG fueled vessels, Dual-fuel engine, Hydrogen operated vessels, Ballast free ship design, Electric propulsion system, Digital twin

## LOGISTICS

### Logistic Services :

Integrated logistic, Smart warehouse including e-fulfillment, Blockchain

## ADVANCED TECHNOLOGY AND RESEARCH & DEVELOPMENT

- Bioscience Technology
- Advanced Intelligent Systems
- Advanced Materials
- Blockchain
- Additive Manufacturing

## GREEN TECHNOLOGY

### New RE Sources

- Geothermal
- Onshore and offshore wind

### Energy Storage Solutions

- Battery storage
- Hydrogen solution



*The Malaysian Investment Development Authority (MIDA), responsible for developing Malaysia's manufacturing and services sectors, is the government's principal investment promotion agency under the Ministry of Investment, Trade and Industry.*

# MIDA-Truly International

Malaysia : Your Profit Centre in Asia



## Promoting FDI & DDI

1



## Providing Investment Approvals

2

Manufacturing Licence (ML)



Investment Incentives



Customs Duty Exemptions On Raw Materials/Machinery & Equipment



Expatriate Posts



## Monitoring Project Implementation

3



**ON-TRACK**

Pejabat Pelaksanaan Projek dan Fasilitasi  
(Project Implementation and Facilitation Office)

## Providing Business Facilitation

4



Talent Needs



Local Sourcing/  
Engineering Support



Adoption of  
Industry 4.0,  
ESG & SDG



Funding Needs



Pre & Post  
Investment  
Matters

# Navigating Investors Journey

MIDA's Organisation Structure

Malaysia: Your Profit Centre in Asia



(Manufacturing Licence/Tax Incentives/  
Status Approval)



(Expatriate  
Posts)



Evaluation and  
Approval of  
Customs Duty  
Exemption



Foreign  
Direct  
Investment

Domestic  
Direct  
Investment

Cross  
Border  
Investment

- Electrical & Electronics
- Machinery & Metal
- Building Technology & Lifestyle
- Transportation Technology
- Chemical & Advanced Materials
- Food Technology & Resource Based Industries
- Life Sciences & Medical Technology

- Oil & Gas, Maritime & Logistics Services
- Green Technology
- Healthcare, Education & Hospitality
- Business Services & Regional Operations
- Advanced Technology and Sustainability

Industry  
Talent  
Management  
& Expatriates

MIDA State  
Offices

Tariff

Licensing &  
Incentive  
Compliance

Post-  
Investment

Manufacturing

Services

## Invest Malaysia Facilitation Centre (IMFC)

 <b>MS. MAHERAN ZAHARI</b> Tel: +603 8887 4220 E-mail: <a href="mailto:maheran@kln.gov.my">maheran@kln.gov.my</a>	 <b>MS. AISHAHTON SAFINAZ</b> Tel: +603 2267 3502 E-mail: <a href="mailto:aishahton.mohr@mida.gov.my">aishahton.mohr@mida.gov.my</a> <a href="mailto:aishahton@mohr.gov.my">aishahton@mohr.gov.my</a>
 <b>MS. NOR MARDZIAH OSMAN</b> Tel: +603 2267 3564 E-mail: <a href="mailto:mardziah.kastam@mida.gov.my">mardziah.kastam@mida.gov.my</a> <a href="mailto:mardziah.osman@customs.gov.my">mardziah.osman@customs.gov.my</a>	 <b>MR. POOUBALAN MANICKAM</b> Tel: +603 2267 3528 E-mail: <a href="mailto:imigresen@mida.gov.my">imigresen@mida.gov.my</a> <a href="mailto:poobalan@imi.gov.my">poobalan@imi.gov.my</a>
 <b>MS. YUSLITA YUSUF</b> Tel: +603 2263 2525 / +603 8313 8888 ext: 21733 E-mail: <a href="mailto:imfc.lhdn@mida.gov.my">imfc.lhdn@mida.gov.my</a> <a href="mailto:yuslita@hasil.gov.my">yuslita@hasil.gov.my</a>	 <b>MS. SYAHNIZA MD SHAH</b> Tel: +603 2267 3768 E-mail: <a href="mailto:syahniza.skmm@mida.gov.my">syahniza.skmm@mida.gov.my</a> <a href="mailto:syahniza.mdshah@mcmc.gov.my">syahniza.mdshah@mcmc.gov.my</a>
 <b>MR. HAZAREZUWAN BAHARUDIN</b> Tel: +603 2263 2525 / +603 8313 8888 ext: 21743 E-mail: <a href="mailto:imfc.lhdn@mida.gov.my">imfc.lhdn@mida.gov.my</a> <a href="mailto:hazarezuwan@hasil.gov.my">hazarezuwan@hasil.gov.my</a>	 <b>MS. IZETI ZULKIFLI</b> Tel: +6019 649 9757 E-mail: <a href="mailto:izeti.zulkifli@tm.com.my">izeti.zulkifli@tm.com.my</a>
 <b>MR. IR. MOHD. FAIRUZ ABDUL KADIR</b> Tel: +603 2263 2500 E-mail: <a href="mailto:mohdfairuz.tnb@mida.gov.my">mohdfairuz.tnb@mida.gov.my</a> <a href="mailto:mfairuzak@tnb.com.my">mfairuzak@tnb.com.my</a>	 <b>MS. NUR IQLIMA AFIFAH MOHD NOOR</b> Tel: +603 2267 3504 / +603 8091 5000 E-mail: <a href="mailto:perkeso@mida.gov.my">perkeso@mida.gov.my</a> <a href="mailto:afifah.noor@perkeso.gov.my">afifah.noor@perkeso.gov.my</a>
 <b>MR. KHAIRUL MIZAN SHAGUL HAMID</b> Tel: 03-8315 3100 E-mail: <a href="mailto:khairul.mizan@mdec.com.my">khairul.mizan@mdec.com.my</a>	 <b>MR. QU A JEN MIN</b> Tel: +603-8091 0309 E-mail: <a href="mailto:planmalaysia@mida.gov.my">planmalaysia@mida.gov.my</a> <a href="mailto:quajm@planmalaysia.gov.my">quajm@planmalaysia.gov.my</a>

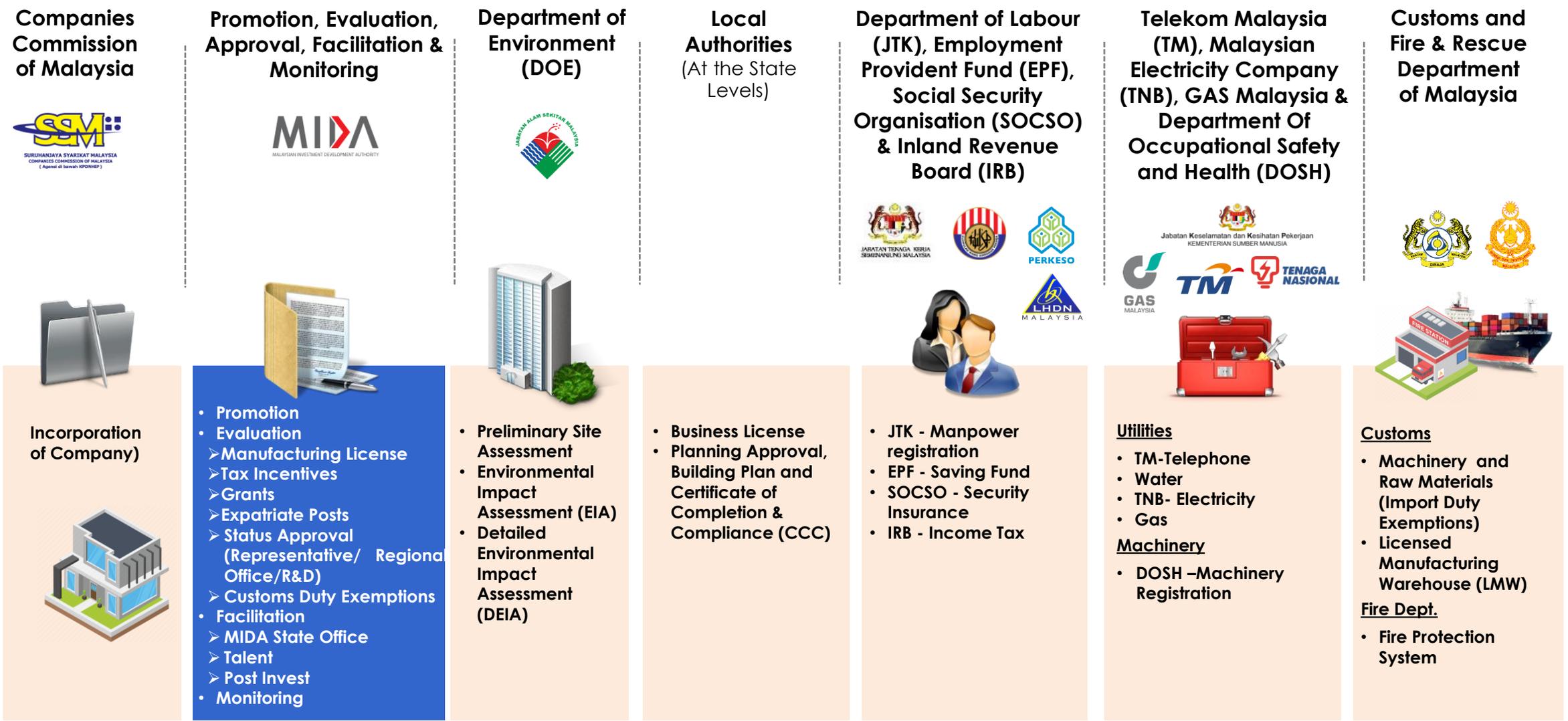


# INVESTORS JOURNEY

Malaysia : Your Profit Centre in Asia



## Setting-up of Project - How MIDA Fit In



MIDA HQ & GLOBAL

MIDA STATE

# MIDA CHICAGO

Malaysia : Your Profit Centre in Asia 

## Malaysian Government Agency



## MINISTRY OF INVESTMENT, TRADE AND INDUSTRY



A **Malaysian Government Agency** based in **Chicago** under the Ministry of Investment, Trade and Industry

## Investment Promotion and Facilitation



MIDA Chicago undertakes **investment promotion and facilitation** activities for US companies in our areas of coverage who are interested to explore Malaysia as an investment destination and source of growth in ASEAN Region.

## Areas of Coverage



**Midwest and Southwest** of the US, including Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Ohio, Tennessee, Wisconsin, Nebraska, South Dakota, North Dakota, Alabama, Arkansas, Louisiana, Mississippi, Oklahoma, Texas, and New Mexico

# Successful Companies Facilitated by MIDA Chicago

Malaysia : Your Profit Centre in Asia



**Strong  
Economic  
Fundamentals**

**Strategic  
Locations**

**Talented  
Human Capital  
and matured  
infrastructure**

**Advanced  
Ecosystems**

**Strong  
Engineering  
Supporting**

**Business  
Friendly**

**Readiness for  
Frontier Tech**

**Gateway to  
ASEAN and  
Beyond**



# MIDA CHICAGO

Details

LinkedIN

LinkedIN

Details

MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY



*Malaysia: Your Profit Centre in Asia*



**JAIBALAN HARIRAJAN**  
Director  
MIDA Chicago

E [jaibalan@mida.gov.my](mailto:jaibalan@mida.gov.my)  
[www.mida.gov.my](http://www.mida.gov.my)



**Jaibalan Harirajan**  
Director  
MIDA Chicago, US...



**Muhammad Haikal Samsudin**  
As Deputy Director at  
Malaysian Investment Develo...



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY



*Malaysia: Your Profit Centre in Asia*



**MUHAMMAD HAIKAL SAMSDUDIN**  
Deputy Director  
MIDA Chicago

E [haikal@mida.gov.my](mailto:haikal@mida.gov.my)  
[www.mida.gov.my](http://www.mida.gov.my)



T +1.312.787.4532  
C +1.312.483.6417  
F +1.312.787.4769

MIDA Chicago  
John Hancock Center, Suite 1810  
875 North Michigan Avenue  
Chicago, Illinois 60611  
United States of America



@officialMIDA

John Hancock Center, Suite 1810  
875 North Michigan Avenue  
Chicago IL 60611, USA  
Tel: (1312) 787 4532  
[chicago@mida.gov.my](mailto:chicago@mida.gov.my)  
[jaibalan@mida.gov.my](mailto:jaibalan@mida.gov.my)  
[haikal@mida.gov.my](mailto:haikal@mida.gov.my)

# THANK YOU



**DEZAN SHIRA & ASSOCIATES**

Your Partner for Growth in Asia

# Setting Up Operations in Malaysia



# GLOBAL OFFICES

- Dezan Shira & Associates Offices
- Dezan Shira Asian Alliance Members



## ASIA

### CHINA

**Beijing**  
beijing@dezshira.com

**Hangzhou**  
hangzhou@dezshira.com

**Shenzhen**  
shenzhen@dezshira.com

**Dalian**  
dalian@dezshira.com

**Ningbo**  
ningbo@dezshira.com

**Haikou**  
hainan@dezshira.com

**Guangzhou**  
guangzhou@dezshira.com

**Suzhou**  
suzhou@dezshira.com

**Tianjin**  
tianjin@dezshira.com

**Qingdao**  
qingdao@dezshira.com

**Shanghai**  
shanghai@dezshira.com

**Zhongshan**  
zhongshan@dezshira.com

### VIETNAM

**Hanoi**  
hanoi@dezshira.com

**Ho Chi Minh City**  
hcmc@dezshira.com

**Danang**  
danang@dezshira.com

### INDIA

**Delhi**  
delhi@dezshira.com

**Mumbai**  
mumbai@dezshira.com

**Bengaluru**  
bengaluru@dezshira.com

### INDONESIA

**Jakarta**  
indonesia@dezshira.com

**HONG KONG SAR**  
hongkong@dezshira.com

**MONGOLIA**  
mongolia@dezshira.com

### SINGAPORE

singapore@dezshira.com

### DUBAI UAE

dubai@dezshira.com

### ASIAN ALLIANCE

**Australia**  
australia@dezshira.com

**Laos**  
laos@dezshira.com

**The Philippines**  
philippines@dezshira.com

**Turkiye**  
turkiye@dezshira.com

**Bangladesh**  
bangladesh@dezshira.com

**Malaysia**  
malaysia@dezshira.com

**South Korea**  
southkorea@dezshira.com

**Cambodia**  
cambodia@dezshira.com

**Myanmar**  
myanmar@dezshira.com

**Sri Lanka**  
srilanka@dezshira.com

**Japan**  
japan@dezshira.com

**Nepal**  
nepal@dezshira.com

**Thailand**  
thailand@dezshira.com

### EUROPE

**Germany**  
Munich  
germandesk@dezshira.com

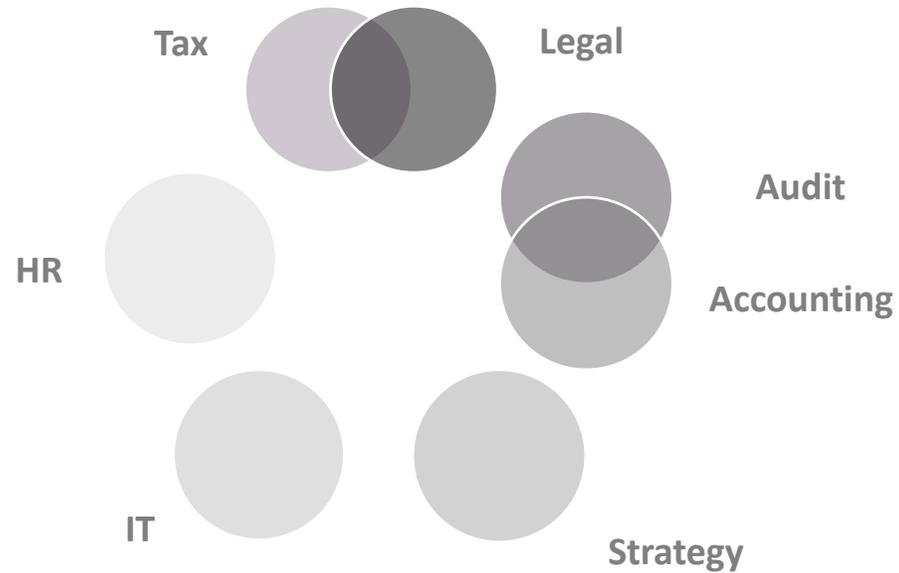
**Italy**  
Milan and Udine  
italiandesk@dezshira.com

### NORTH AMERICA

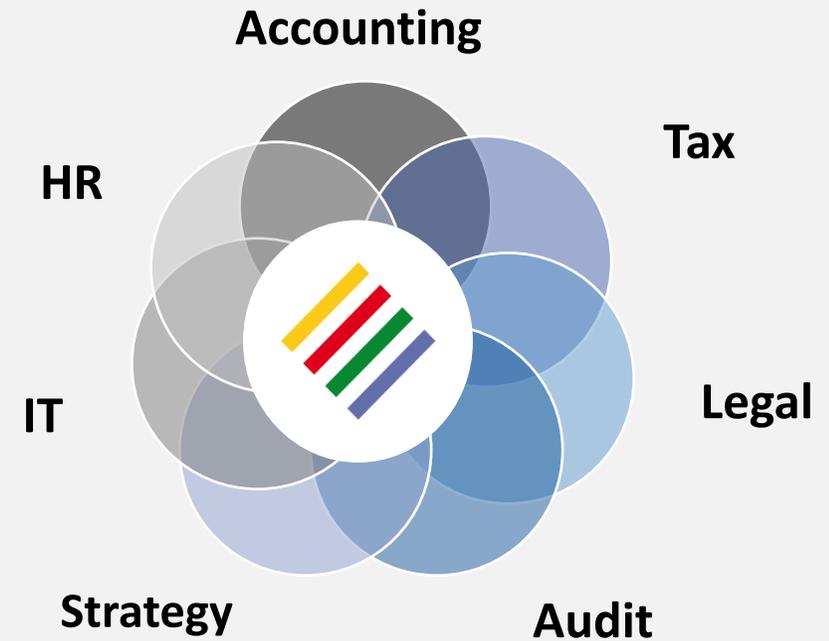
**United States**  
Boston and Washington, D.C.  
usa@dezshira.com

# Our Services *integrated solutions*

## Traditional Model



## Dezan Shira & Associates' Integrated Pan-Asia Model



# Investor Resources



[www.asiabriefing.com](http://www.asiabriefing.com)

Asia Briefing, a subsidiary of Dezan Shira & Associates, publishes business magazines and guides for China, India, Vietnam, Singapore and other key nations in emerging Asia.



[www.dezshira.com/library](http://www.dezshira.com/library)

Asiapedia is a collection of these resources based on the experiences we made on the ground.



All publications are available at DSA's online bookstore at [www.asiabriefing.com/store](http://www.asiabriefing.com/store)



**DEZAN SHIRA & ASSOCIATES**

Your Partner for Growth in Asia

- 1. Setting Up Operations**
- 2. Choosing a Location**
- 3. Identifying Incentives**



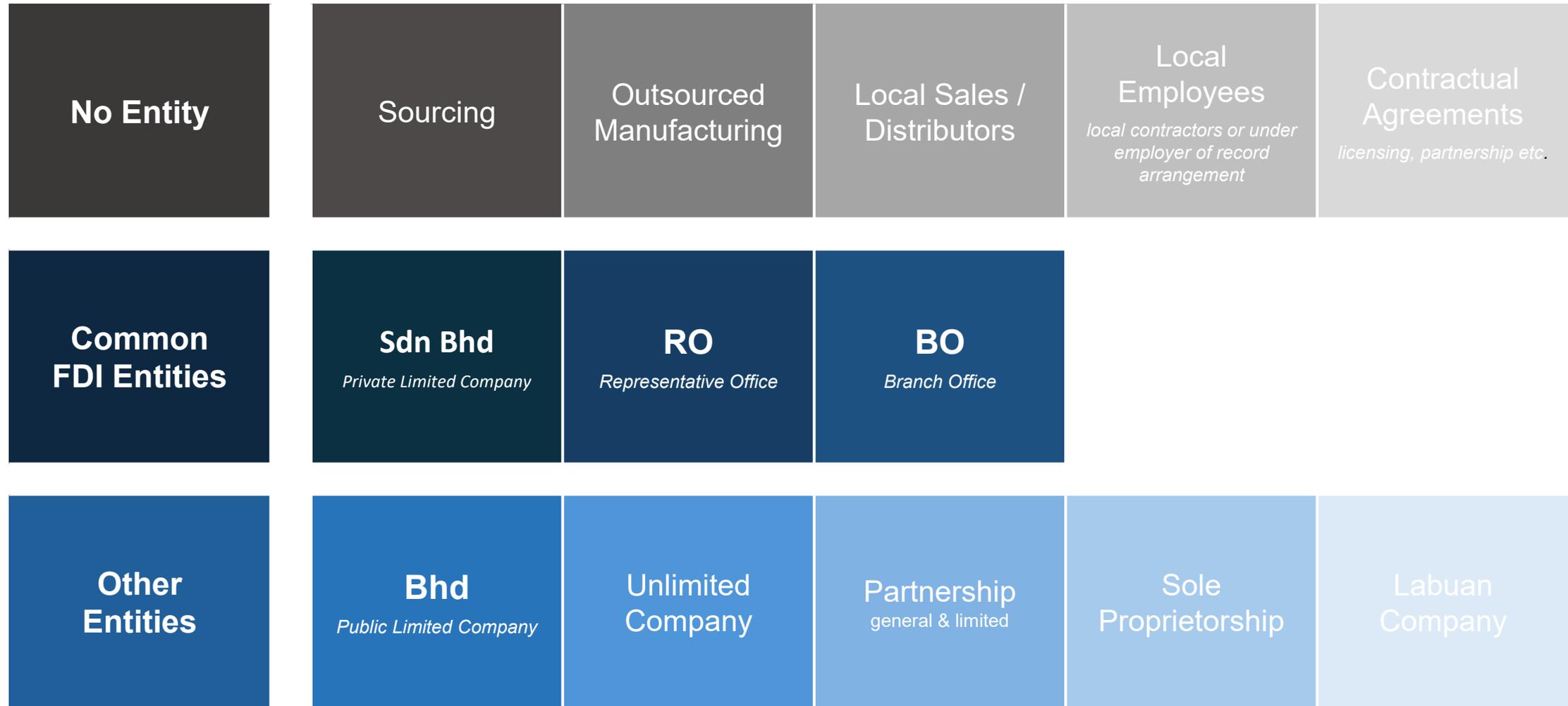
**DEZAN SHIRA & ASSOCIATES**

Your Partner for Growth in Asia

# Setting Up Operations



# Operational Models *select models*



# Common FDI Entities *overview*

## Sdn Bhd

*Private Limited Company*

- Most common entity – suitable for local trading, services, manufacturing, and retail with RM income
- Can conduct a full range of business activities and access incentives
- Local sales, retail, manufacturing, services, and activities needing RM income

## BO

*Branch Office*

- Extension of foreign parent company - can engage in profit-making activities, taxed only on Malaysian income
- Cost-effective for exploring Malaysian market while keeping foreign parent control
- Foreign companies wanting to operate in Malaysia while retaining parent control

## RO

*Representative Office*

- Temporary vehicle – for market research, promotion, sourcing, and liaison; no revenue allowed
- Lowest-risk entry option to test market without full incorporation
- Market testing, promotion, and non-revenue liaison activities

# Common FDI Entities *overview*

	<b>Sdn Bhd</b> <i>Private Limited Company</i>	<b>BO</b> <i>Branch Office</i>	<b>RO</b> <i>Representative Office</i>
<b>Legal Status</b>	Separate Legal Entity <i>limited liabilities for shareholders</i>	Not Separate Legal Entity <i>liabilities extend to foreign parent company</i>	Not a Legal Entity <i>activities are on behalf of the parent</i>
<b>Local Director</b>	Required	Required	Not Required
<b>Registration time</b>	5-10 working days	Within 30 days	1-2 months
<b>Visa / Work Permit</b>	Eligible to Sponsor	Limited Sponsorship Eligibility <i>work permits tied to parent; limited flexibility</i>	Limited Sponsorship Eligibility <i>managerial / technical positions only</i>
<b>Paid-Up Capital</b>	Required	Not Required	Not Required
<b>Corporate Tax Rate</b>	24%	3% on trading with substance 0% on holding with substance 24% if substance not met	N/A
<b>Audit &amp; Compliance</b>	Annual audits required (unaudited filings eligible when criteria met)	Subject to local compliance and filing requirements	No audit requirement (non-revenue)

# Tax Compliance *common taxes applicable to private limited company*

## Corporate Income Tax

- Profits tax
- 24% for foreign owned companies
- From 15% for local residency companies (min 80% Malaysian shareholding)

## Sales & Service Tax

- Turnover tax
- Sales Tax 5 – 10%
  - Applicable to manufacturing companies & imported goods
- Service Tax 6 – 8%
  - Varies by business nature
  - Threshold applicable

## Withholding Taxes

- Only applies to outbound payments from Malaysia to non-resident companies or individuals outside of Malaysia
- Rates
  - Dividends = 0%
  - Royalties = 10%
  - Interest = 15%
- US does not have a double taxation agreement with Malaysia

# Payroll Compliance *withholdings & deductions*

*social insurance*

			
<b>Personal Tax Submission (PCB / MTD)</b>	<b>Employees Provident Fund (EPF)</b>	<b>Social Security Organization (SOCSO)</b>	<b>Employment Insurance System (EIS)</b>
<ul style="list-style-type: none"><li>➤ Monthly tax deductions on basic salary, overtime, commission and bonuses</li></ul>	<ul style="list-style-type: none"><li>➤ Retirement scheme</li></ul>	<ul style="list-style-type: none"><li>➤ Worker insurance</li></ul>	<ul style="list-style-type: none"><li>➤ Social contribution</li></ul>
<p><i>up to</i> <b>30%</b></p>	<p><i>employer's contribution minimum</i> <b>12-13%</b></p>	<p><i>employer's contribution</i> <b>0.75%</b></p>	<p><i>employer's contribution</i> <b>0.2%</b></p>

# Compliance Calendar *Private Limited Company (Sdn Bhd)*

Forms	Frequency	Description
Annual Return	Annual	To report company <b>non-financial</b> information & beneficial ownership declaration
Financial Report Submission	Annual	To report company <b>financial</b> information
Corporate Tax (Form C)	Annual	To prepare along with financial report
Tax Estimate (CP204)	Annual	Provision of tax amount
Employer's Tax Filing (Form E)	Annual	Submission of payroll summary
License Renewal	Annual	Generally required to renew every year, depending on nature
SST Submission	Bi-Monthly	Sales and services tax
E Invoice Submission	Monthly	Digital invoicing and reporting



**DEZAN SHIRA & ASSOCIATES**

Your Partner for Growth in Asia

# Choosing a Location

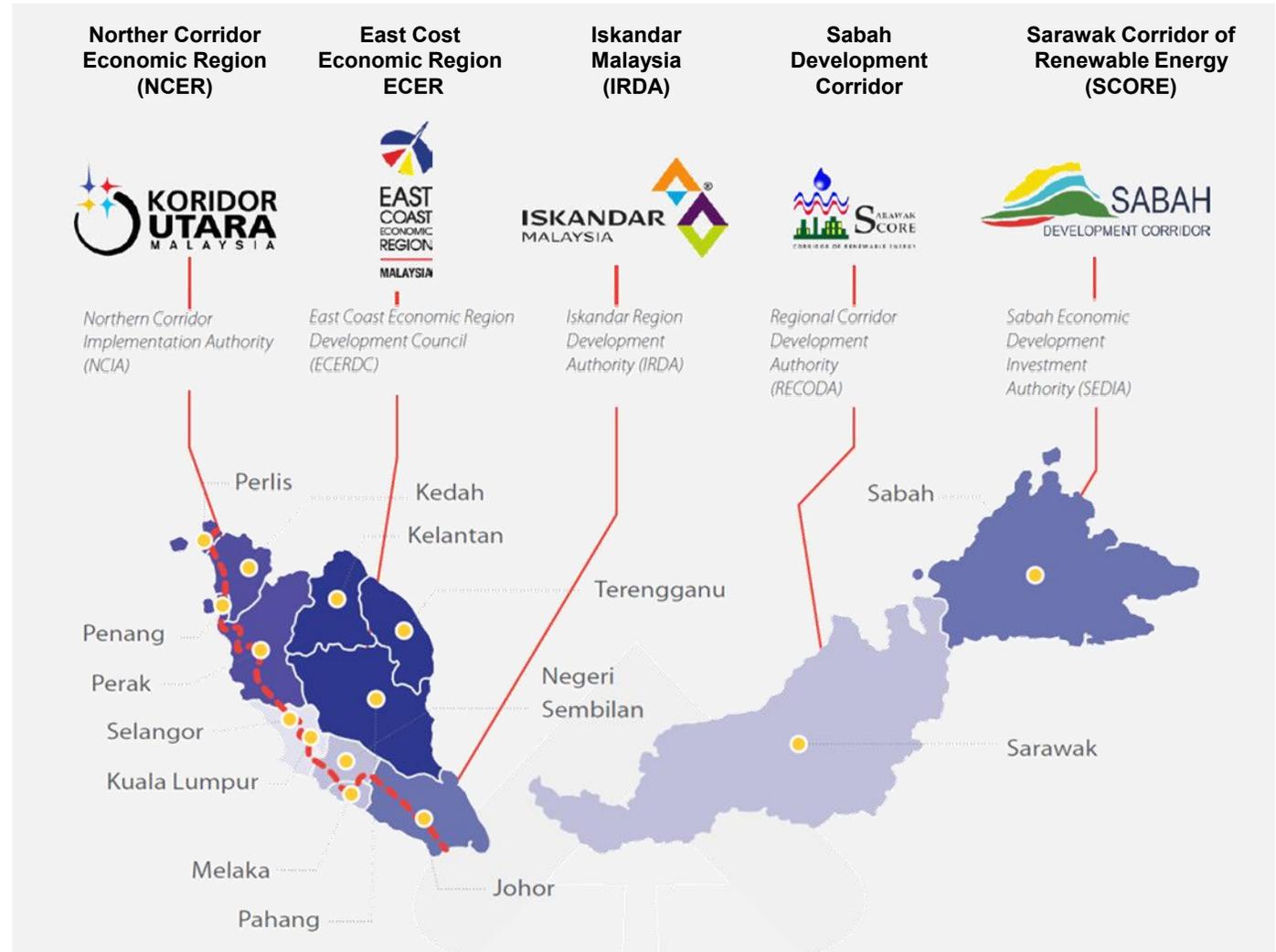


# Economic Corridors *overview*

## Top Destinations for FDI *(2024, city-by-city)*

City	Corridor	FDI % of total
Selangor	-	26.7%
Kuala Lumpur	-	24.2%
Johor	IRDA	12.8%
Kedah	NCER	12.1%
Penang	NCER	8.5%

 [Incentives in Malaysia's Special Economic Zones: A Guide for Businesses](#)



Corridor	Priority Sectors	Incentives
<b>Northern Corridor Economic Region (NCER)</b>	<p>High Value Manufacturing Modern Agriculture</p> <p>Advanced Services</p>	<ul style="list-style-type: none"> <li>➤ NCER Tax Incentives (NTAX@NCER)</li> <li>➤ NCER Talent Enhancement Programme (NTEP)</li> <li>➤ NCER Technology Innovation Centre (NTIC)</li> <li>➤ Dana Usahawan NCER (DU@NCER)</li> </ul>
<b>East Coast Economic Region (ECER)</b>	<p>Manufacturing Oil, Gas, and Petrochemicals Tourism</p> <p>Agribusiness Human Capital Development Logistics and Services</p>	<ul style="list-style-type: none"> <li>➤ Pioneer Status (PS)</li> <li>➤ Investment Tax Allowance (ITA)</li> </ul>
<b>Iskandar Malaysia (IRDA)</b>	<p>Electrical &amp; Electronics (E&amp;E) Petrochemicals Food &amp; Agro-processing Logistics</p> <p>Tourism Creative Industries Healthcare Education Services Financial &amp; Business Services</p>	<ul style="list-style-type: none"> <li>➤ Iskandar Malaysia Incentive Support Package</li> <li>➤ Strategic Fiscal Incentive</li> </ul>
<b>Sabah Development Corridor</b>	<p>Tourism Manufacturing</p> <p>Agriculture Logistics</p>	<ul style="list-style-type: none"> <li>➤ Strategic Fiscal Incentive for Activities in Promoted Areas</li> <li>➤ Stamp Duty Exemption for Land Development</li> <li>➤ Import Duty Exemption for Machinery</li> </ul>
<b>Sarawak Corridor of Renewable Energy (SCORE)</b>	<p>Tourism Agriculture Natural Resources</p> <p>Biotechnology Digital Technology</p>	<ul style="list-style-type: none"> <li>➤ Strategic Fiscal Incentive for Activities in Promoted Areas</li> <li>➤ Stamp Duty Exemption for Land Development</li> <li>➤ Import Duty Exemption for Machinery</li> </ul>

# Economic Corridor Incentive Programs *select corridors and incentives*

Corridor	Priority Sectors	Incentive
<b>Northern Corridor Economic Region (NCER)</b>	<p>Manufacturing Agriculture and Bio-industries Tourism Logistics Medical Science</p>	<ul style="list-style-type: none"> <li>➤ Income tax exemption of up to 100% for up to 15 years</li> <li>➤ Income tax allowance of up to 100% for a period of 10 years</li> <li>➤ 50% reduction in stamp duty on the lease of land</li> <li>➤ Import duty exemptions on the import of raw materials, machinery, spare parts, and equipment</li> </ul>
<b>Iskandar Malaysia</b>	<p>Healthcare Services Creative Industries Electrical and Electronics Petrochemical and Oleochemicals Logistics Financial and Business Services Education Tourism Food and Agro-Processing</p>	<ul style="list-style-type: none"> <li>➤ 100% tax exemption of up to 10 years on statutory income</li> <li>➤ 200% tax deduction of up to 10 years on investment activities</li> </ul>

# Special Location Types *overview*



**Free Trade Zones**



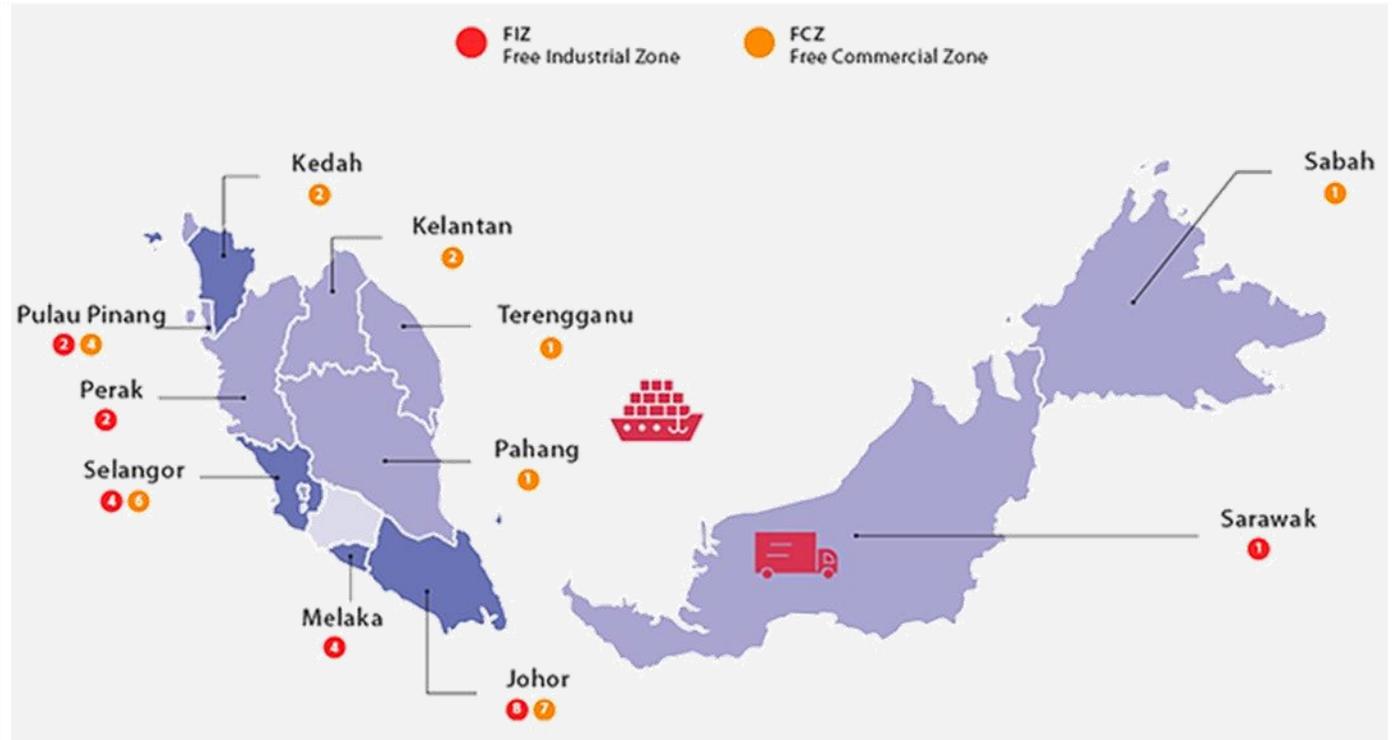
**Industrial Parks**



**Special Economic Zones**

# Free Trade Zones *overview*

Category	Description	Total
Free Industrial Zones (FIZs)	Designated areas for manufacturing and export-oriented industries	21
Free Commercial Zones (FCZs)	Designated areas for commercial, trading, and logistics activities	24
<b>Total Free Trade Zones</b>	<b>Combined total of FIZs and FCZs across Malaysia</b>	<b>45</b>



# Free Trade Zones *compared*

Free Industrial Zone	
Primary Focus	Manufacturing and industrial production for export
Export Requirement	Minimum 80% of output must be exported (reducible to 60% upon Ministry approval)
Tariff Treatment	Goods are duty-free and exempt from excise duties when entering; goods exported from Malaysia face standard import tariffs and sales tax
Eligible Industries	Electronics, automotive components, precision engineering, chemicals, pharmaceuticals
Notable Examples	Bayan Lepas FIZ (Penang), Prai FIZ (Penang), Pasir Gudang FIZ (Johor)

Free Commercial Zone	
Primary Focus	Trade, commerce, and logistics operations
Strategic Location	Proximity to ports and transportation hubs
Tariff Treatment	Similar to FIZs; goods enter duty-free and are subject to standard tariffs when moved to domestic Malaysia
Eligible Activities	Warehousing, re-export trading, distribution, transshipment, packaging and labelling
Notable Examples	Port Klang Free Zone (Selangor), Batu Berendam FTZ (Melaka), Sungai Way Free Trade Industrial Zone (Selangor)

# Special Economic Zones & Industrial Park *compared*

	Industrial Park	Special Economic Zones (SEZ)
Purpose / Use	Primarily for industrial / manufacturing / warehousing / export-oriented production	Broader: manufacturing, services, high-tech, logistics, trade, sometimes mixed-use (services, commercial, possibly residential/real estate)
Infrastructure	Basic industrial infrastructure: land parcels, utilities, transport/port or rail access, shared facilities in some parks	Advanced infrastructure + customized support: logistics corridors, ports/airports, digital/IT infrastructure, possibly enhanced connectivity and multi-modal transport depending on SEZ design
Regulatory / Legal Regime	Standard national laws & regulations apply (tax, customs, labor, etc.), rarely special legal regimes	Special regime: duty-free or customs flexibility, tax incentives, streamlined licensing/permits, often one-stop investment facilitation
Incentives (Fiscal / Non-fiscal)	Incentives may exist but are typically general (if any). Industrial estates are not guaranteed special fiscal/regulatory benefits	SEZs are explicitly designed to attract investment: fiscal incentives (tax breaks, duty exemptions), regulatory benefits (customs, labor flexibility), and investor facilitation (fast-track approvals, integrated support)
Target Investors / Industries	Factories, manufacturing firms (local or foreign), export-oriented businesses, possibly SMEs	Broader spectrum: high-value manufacturing, advanced tech, services, global-services hubs, logistics, trade, sometimes R&D, data centers — sectors with potential for high growth or export-oriented output
Management / Governance	Typically managed as land/industrial park by a developer or state agency; governance like a normal industrial estate	Usually managed under a dedicated administrative framework; single-entity or coordinated authority supervising incentives, compliance, customs — often with one-stop investor centers

# Special Economic Zones *example Iskandar Malaysia / Johor-Singapore SEZ (JS-SEZ)*

## JS-SEZ Flagship Areas

- A** Johor Bahru Waterfront
- B** Iskandar Puteri
- C** Tanjung Pelepas
- D** Tanjung Langsat – Kong Kong
- E** Senai – Skudai
- F** Kulai - Sedenak
- G** Desaru – Penawar
- H** Pengerang Integrated Petroleum Complex (PIPC)
- I** Forest City Special Financial Zone



*Malaysia Unveils Tax Incentives for Johor Singapore SEZ*

# Choosing a Location *common factors*



**Suppliers &  
Customers**



**Industrial  
Clusters**



**Infrastructure**



**Labor**



**Programs &  
Incentives**

# Choosing a Location *best fit modelling for certain manufacturing sectors*

Manufacturing Sector	Recommended state	Rationale
Electronics & Semiconductors	Penang	➤ Bayan Lepas ecosystem, established supply chains, 100,000+ skilled workforce, global OEM presence
Automotive & Components	Selangor / Penang	➤ Infrastructure maturity, port access, NCER support
Precision Engineering	Penang / Selangor	➤ Skilled labor, specialist suppliers, FIZ/FTZ access
Chemical Processing	Johor (ECER/JS-SEZ)	➤ Energy cost advantages, feedstock proximity, JS-SEZ tax incentives (5% CIT)
Palm oil & Agro-processing	Johor / Sabah / Sarawak	➤ Raw material proximity, established infrastructure, preferential tax treatment
Renewable Energy Equipment	Sarawak (SCORE)	➤ Energy cost advantages, preferential tax treatment (100% Pioneer Status for 5–10 years)
Aerospace & Advanced Manufacturing	Johor (JS-SEZ)	➤ Emerging cluster formation, 5% CIT incentive, skilled labor development
Medical Devices & Pharmaceuticals	Selangor / Johor (JS-SEZ)	➤ Regulatory environment maturity, talent availability, healthcare infrastructure



**DEZAN SHIRA & ASSOCIATES**

Your Partner for Growth in Asia

# Identifying Incentives



# Tax Incentives *select investment incentives*

	Pioneer Status	Investment Tax Allowance
Optimal For	High-margin, early-profitability projects	Capital-intensive, gradual ramp-up projects
Tax Benefit	70% income exemption for 5-10 years	60-100% allowance on capex over 5 years
Cash Flow Impact	Immediate tax savings from operations	Tied to capital expenditure timing
Loss Treatment	7-year carry-forward post-incentive	Indefinite carry-forward of unutilized allowance
Flexibility	Fixed exemption period	Adjustable based on investment pace

# Tax Incentives *select sector incentives*

Incentive Program	Target Sector	Key Tax Incentives	Duration	Additional Benefits / Notes	Applicable to
<b>BioNexus Status</b>	Biotechnology and Life Sciences	<ul style="list-style-type: none"> <li>➤ 100% tax exemption on IP income</li> <li>➤ 70 % exemption on non-IP income</li> <li>➤ Alternative option: 100 % Investment Tax Allowance (ITA) on qualifying capital expenditure</li> <li>➤ After exemption: 20 % tax rate for 10 years</li> </ul>	<p>10 years <i>new companies</i></p> <p>5 years <i>expansion projects</i></p>	Encourages R&D, innovation, and biotech commercialization	Qualifying biotechnology and life sciences companies
<b>MSC Malaysia / Malaysia Digital Status</b>	Digital and Technology Sector	<ul style="list-style-type: none"> <li>➤ New Investments: 0 % tax on IP income, 5–10 % on non-IP income (up to 10 years)</li> <li>➤ Alternative: 60–100 % ITA for 5 years</li> <li>➤ Expansion Projects: 15 % reduced tax rate or 30–60 % ITA for 5 years</li> </ul>	<p>Up to 10 years <i>for income tax exemption</i></p> <p>5 years <i>for ITA</i></p>	Rebranded as Malaysia Digital Status; supports digital transformation and promoted tech activities	Technology and digital service companies (e.g. software, cloud, AI, data, etc.)

# Tax Incentives *best fit modelling for business activities*

Objective / Business Type	Most Suitable Incentive Program	Rationale
<b>R&amp;D-Heavy, Biotech-Focused Ventures</b>	BioNexus Status	<ul style="list-style-type: none"> <li>➤ Offers 100% tax exemption on IP income</li> <li>➤ Strong R&amp;D incentives for biotech and life sciences.</li> </ul>
<b>Digital Technology, Software, or AI-Driven Companies</b>	MSC Malaysia / Malaysia Digital Status	<ul style="list-style-type: none"> <li>➤ Provides full exemption on IP income and</li> <li>➤ Flexible ITA options for digital innovation.</li> </ul>
<b>Regional or Global Headquarters / Service Management Hubs</b>	Principal Hub 3.0 *	<ul style="list-style-type: none"> <li>➤ Offers 0–5% tax rate for up to 10 years, ideal for multinational service coordination centers.</li> </ul>
<b>Financial Services, Investment Firms, or Real Estate Developers in TRX</b>	TRX Incentives *	<ul style="list-style-type: none"> <li>➤ Tailored for financial institutions and property developers within Malaysia's premier financial district.</li> </ul>

*\* Details of incentive program not mentioned in previous slides*

# Investing in Malaysia Information Portal *from our ASEAN Briefing publications*

Why Malaysia ▾ Where to Invest ▾ Sector Insights ▾ Setting Up a Business ▾ Tax & Accounting ▾ HR & Payroll ▾ Investor Tools ▾ News ▾ Events ▾

## INVESTING IN MALAYSIA

This guide provides vital economic, geographic, and regulatory insights and guidance that business investors, managers, or expats need to understand Malaysia, and chart their path to a healthy business. Find spotlight and explainer articles, news updates and factsheets, useful tools, as well as webinars and videos featuring on-the-ground advisors that contribute to the Doing Business in Malaysia knowledge.

*Powered by ASEAN Briefing, the experts at Dezan Shira & Associates, and their partners.*

[access here](#)



*Digital Business Card*

# Kyle Freeman

Partner, International Business Advisory

[kyle.freeman@dezshira.com](mailto:kyle.freeman@dezshira.com)



**Scan this QR code**

For the latest investor updates, resources and news.

To contact our experts and learn how we can support you.