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Bernama - Govt To Review Tax Incentive For Companies Relocating To Malaysia

PRESS CITATIONS | 06 NOVEMBER 2020



KUALA LUMPUR, Nov 6 - To spur economic recovery through investment activities and to create a multiplier effect for the economy, the government has proposed to review the tax incentives for companies which are relocating their operations to Malaysia and making new investments.

Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz said the application period for the tax incentives will be extended for another one year, and the scope of tax incentives will be expanded to companies in selected services sector, including companies adapting Industrial Revolution 4.0 technologies.

"The tax incentive rate for new companies is from zero per cent up to 10 per cent for 10 years.

"For existing companies with new services segment, the income tax rate will be at 10 per cent for up to 10 years," he said while presenting the Budget 2021 in the Parliament today.

Additionally, to boost the establishment of Principal Hubs in Malaysia, the government has proposed for the application period for Principal Hub incentive for companies undertaking qualifying services activities be extended for another two years.

The government also plans to introduce a new tax incentive scheme for global trading centres, with an income tax rate of 10 per cent for a period of five years and renewable for another five years, as a measure to enhance and simplify tax incentive for trading activities previously covered under the Principal Hub incentives.

It will also increase the sales limit for value-added and additional activities carried out in the Free Industrial Zone and licensed manufacturing warehouse from 10 per cent to 40 per cent of the company's annual sales value.

Tengku Zafrul said in addition to the incentive for companies which are relocating their operations to Malaysia, a special income tax rate treatment for non-resident individuals holding key positions in companies investing in new strategic investments will also be introduced.

"This tax incentive is limited to five non-resident individuals employed in each company that has been granted relocation tax incentive under the PENJANA initiative," he said.

-- Bernama

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