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## UPDATES ON PENJANA INCENTIVES FOR THE MANUFACTURING SECTOR

We are pleased to provide you with an update on the following incentives for the manufacturing sector. These incentives are provided under the Malaysia's Short-Term Economic Recovery Plan 2020, the National Economic Recovery Plan (PENJANA).

### 1. SPECIAL REINVESTMENT ALLOWANCE

The Government has introduced Special Reinvestment Allowance (RA) for manufacturing and selected agricultural activities at the rate of 60% on the qualifying capital expenditure for reinvestments made within three years of assessment, that is, 2020 – 2022. This package is for companies that have already exhausted their RA period.

All applications must be submitted to the Inland Revenue Board (IRB), Malaysia.

### 2. ENHANCEMENT OF DOMESTIC INVESTMENT STRATEGIC FUND

The Domestic Investment Strategic Fund (DISF) was established in 2012 to accelerate the shift of Malaysian-owned companies with the equity of 60% Malaysian to be more competitive internationally, move-up the company's value chain and enable the company to be active participants in the global ecosystem.

Under the Enhancement:

- i. Previously approved projects and companies can be considered for a second round of DISF grants provided that the previous recipient company has utilised and claimed at least 50% of the approved grant amount.
- ii. The criteria of Malaysian owned companies have been changed from 60% to 51%.
- iii. The eligible sectors have been expanded to include industries of National importance and products/activities in the Promoted List of Small Scale Companies under PIA, 1986.
- iv. The grant will cover:
  - R&D
  - Training
  - Modernisation/upgrading of facilities and equipment
  - Licencing/purchasing of new/high technology
  - International standards certification
- v. The Enhancement package is applicable from 1 June to 31 December 2020.

### **3. INDUSTRY4WRD INCENTIVES**

In the 2019 National Budget, the Government had announced an allocation of RM200m for Industry4WRD incentives in 2019 and 2020.

#### **3.1 INDUSTRY4WRD READINESS ASSESSMENT**

A comprehensive programme to help companies assess their capabilities to adopt i4.0 technologies and processors.

The Industry4WRD RA determines companies state of readiness to adopt i4.0, identifies gaps and areas of improvement for i4.0 as well as opportunities for productivity and growth development strategies to perform outcome-based intervention projects.

The Industry 4WRD RA is fully funded for qualified SMEs up to RM27,000.

Interested companies can register online via [www.miti.gov/industry4wrld](http://www.miti.gov/industry4wrld).

#### **3.2 INDUSTRY4WRD INTERVENTION FUND**

The Industry4WRD Intervention Fund is a financial support for Malaysian SMEs in the manufacturing and related services sectors to embrace i4.0 based on the recommendation of Industry4WRD Readiness Assessment (RA) Report.

The fund is a matching fund based on 70:30 basis on eligible and approved expenditure, up to a maximum grant of RM500,000.

The Application Form, Template Technical Proposal, Guidelines & Process Workflow are available at <https://www.mida.gov.my/home/industry4wrld-incentives/posts/>

#### **3.3 INDUSTRY 4WRD DOMESTIC INVESTMENT STRATEGIC FUND**

The incentive was introduced in November 2019 to assist companies that have undergone the Industry4WRD RA to migrate into i4.0.

The Industry4WRD Domestic Investment Strategic Fund (DISF) provides a matching grant on 60:40 basis. The grant is eligible for companies that have undergone the Industry4WRD RA and with Malaysian equity ownership of at least 60%.

The effective date of application is from the date of approval of the Industry4WRD RA until 31 December 2021.

The Application Form and Guidelines for DISF and Industry 4WRD DISF are available at <https://www.mida.gov.my/home/forms-&-guidelines-for-manufacturing-sector/posts/>

Yours sincerely,

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