



# TaXavvy

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## Updated MIDA Guidelines

Malaysian Investment Development Authority (MIDA) has issued the following updated guidelines, dated 3 November 2022:

- Guidelines and Procedures for the Application of Special Tax Incentive under the National Economic Recovery Plan (PENJANA); and
- Guideline on Incentive Application for Manufacturing Project.

### Guidelines and Procedures for the Application of Special Tax Incentive under the National Economic Recovery Plan (PENJANA)

It was announced under Budget 2021 that non-citizen individuals holding key positions (C-Suite) in companies that have been granted the special tax incentives under PENJANA are eligible to enjoy a flat rate tax treatment at 15% for a period of 5 consecutive years, subject to application received by MIDA from 7 November 2020 until 31 December 2021 and the following key conditions:

- The non-citizen individual must receive a basic monthly salary of not less than RM25,000.
- The non-citizen individual must be a Malaysian tax resident for each year of assessment (YA) throughout the flat rate tax treatment period.

Under Budget 2022, the incentive was extended to applications received by MIDA until 31 December 2022. Pursuant to this announcement, the application deadline stated under the guideline has been updated to 31 December 2022.

### Guideline on Incentive Application for Manufacturing Project.

Effective from YA 2019, unabsorbed pioneer losses can only be carried forward for a period of 7 consecutive YAs following the expiry of the pioneer period. The guideline has been updated to incorporate the time limit of carrying forward of pioneer loss.

The updated guidelines are available on MIDA's website [www.mida.gov.my](http://www.mida.gov.my) (Forms and Guidelines > PENJANA Incentives and Grants > Special Tax Incentive under PENJANA) and (Forms and Guidelines > Manufacturing Sector > Application for Incentive and/or Expatriate Posts) respectively.



## Minimum Transfer Pricing Documentation Template

The Inland Revenue Board has published the Minimum Transfer Pricing Documentation Template on its website.

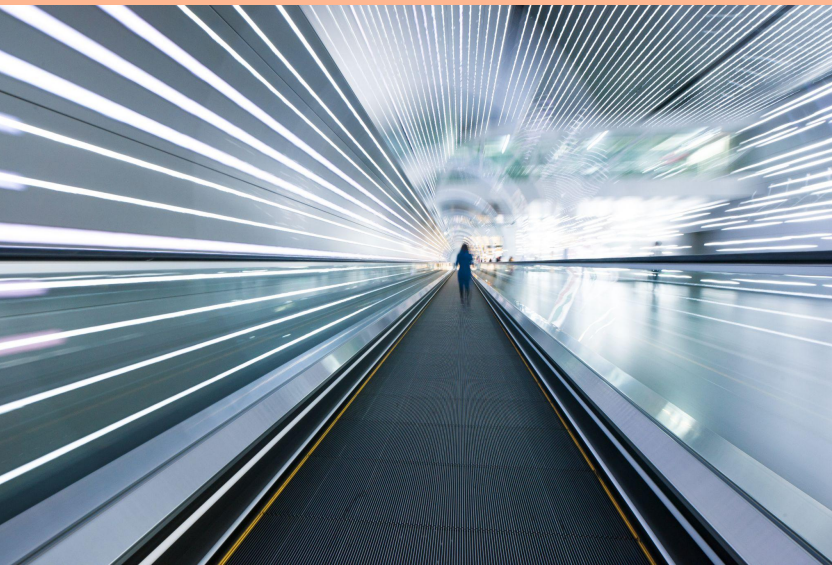
The Transfer Pricing Guidelines 2012 (updated version 2017) issued by the IRB allows taxpayers to opt to prepare limited transfer pricing (TP) documentation if they fall below the prescribed thresholds, which are generally:

- Gross income exceeding RM25 million, and total amount of related party transactions exceeding RM15 million.
- For financial assistance, the threshold is RM50 million.

For the purpose of the limited TP documentation, the IRB has issued the Minimum Transfer Pricing Documentation Template. The template covers the following matters:

- (a) Company information including the characterisation of its business activities
- (b) Group information within and outside of Malaysia
- (c) Particulars of controlled transactions with related companies within and outside of Malaysia
- (d) Pricing policies of each type of controlled transaction

The Minimum Transfer Pricing Documentation Template is available on IRB's website [www.hasil.gov.my](http://www.hasil.gov.my) (International > Transfer Pricing).





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