



Incentives for Automotive Parts and Components Manufacturers

Incentives for Automotive Component Modules or Systems

New and existing companies that undertake design, R&D and production of qualifying automotive component modules or systems are eligible for:

i. Pioneer Status with income tax exemption of 100% of the statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or

ii. Investment Tax Allowance of 60% (100% for promoted areas) on the qualifying capital expenditure incurred within five years from the date the first capital expenditure is incurred. The allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

The qualifying modules or systems are

• front corner modules	• fuel tank modules
• rear corner modules	• seat modules
• instrument panel modules	• pedal modules
• struts and absorbers and spring assembly modules	• door trim modules
• front cross member modules	• tyre and wheel modules
• function integrated door modules	• floor console modules
• brake systems	• air bag systems



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<ul style="list-style-type: none"> • wiper systems 	<ul style="list-style-type: none"> • exterior lighting systems
<ul style="list-style-type: none"> • exhaust systems 	<ul style="list-style-type: none"> • seat belt systems
<ul style="list-style-type: none"> • audio systems 	<ul style="list-style-type: none"> • alarm systems
<ul style="list-style-type: none"> • heater ventilation air-conditioning systems 	<ul style="list-style-type: none"> • bumper modules
<ul style="list-style-type: none"> • engine management systems 	<ul style="list-style-type: none"> • body in white modules
<ul style="list-style-type: none"> • safety systems, telematics 	<ul style="list-style-type: none"> • navigational systems
<ul style="list-style-type: none"> • and vehicle intelligence systems 	<ul style="list-style-type: none"> • engine fuel injection systems
<ul style="list-style-type: none"> • power and signal distribution systems 	

Application procedure

Application and inquiries are to be directed to MIDA.

For more information, please contact

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Second Stimulus Package – Soft Loan Scheme for Automotive Development (SLSAD)

Under the Second Stimulus Package, a total of RM125 million has been allocated to improve the competitiveness of Malaysia’s automotive parts and components manufacturers who registered with the Malaysian Automotive Component Parts Manufacturer (MACPMA), PROTON Components and Parts Manufacturers’ Association and PERODUA Vendors Club.

Eligible activities under this scheme include:

- Rationalisation of parts and components manufacturers;
- Acquisition of Tools, Development and Production;
- Productivity Improvement and
- Export Enhancement Programmes.
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A few financing criteria under this scheme were revised to assist the entrepreneurs reduce their business cost and strengthen the country’s automotive components sector in facing the increased competition as a result of market liberalisation. Among the revised criteria are:

Criteria	Revision
Percentage of Financing	Up to 90% of eligible expenses
Repayment tenure	Up to 7 years including grace period up to 2 years
Interest rate	2% per annum based on annual balance for SMEs 3% per annum based on annual balance for non-SMEs

Inquiries can be channeled to MIDF offices nationwide from April 2009.



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MIDF OFFICES

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SABAH BRANCH

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