

FAQ on POST MSC Matters

1. What does the company need to do in the event of change in its paid up capital, equity and/or shareholding structure?

The company is required to notify MDEC of any change in the paid up capital, equity or shareholding structure of the company, within 1 month from the change, by completing, signing and submitting the Change of Equity (COE) form together with the required ROC/SSM Forms (Form 24, Form 32A and Form 49 or Form Section 51, Section 78, Section 105, Section 58) to clic@mdec.com.my, and copy to enforcement_admin@mdec.com.my. Please refer to question 9 on how to obtain the form.

If minimum paid up capital is one of the conditions of MSC Malaysia Status, the company is required to maintain such minimum paid up capital.

If minimum 60% Malaysian equity is one of the conditions of MSC Malaysia Status, the company is required to maintain such minimum Malaysian equity.

When in doubt, please refer to the conditions as set out in the MSC Malaysia Approval Letter.

Change in equity or shareholding structure may result in the change of local vs foreign ownership of the company, which in turn may result in the change of applicable additional conditions under the MSC Malaysia Status. The company will be notified of any revised additional conditions applicable to the company.

2. What does the company need to do in the event of change of its company name?

The company is required to notify MDEC of any change in the name of the company, within 1 month from the change, by submitting the change online via the VEGA system. If the company does not have access to the VEGA system, the company may complete, sign and submit the Change of Name (CON) form together with the required ROC/SSM Forms (Form 9, Form 13 or Form Section 28) to clic@mdec.com.my, and copy to enforcement_admin@mdec.com.my. Please refer to question 9 on how to obtain the form.

3. What does the company need to do in the event of change in the product/service name stated under the MSC Malaysia qualifying / approved activities in the MSC Malaysia Status Approval Letter?

The company is required to notify MDEC of any change in the name of the product or services stated under the MSC Malaysia qualifying / approved activities in the MSC Malaysia Status Approval Letter, within 1 month from the change, by submitting the change online via the VEGA system. If the company does not have access to the VEGA system, the company may complete, sign and submit the Change of Product/Service Name (Rebranding) form to clic@mdec.com.my, and copy to enforcement_admin@mdec.com.my. Please refer to question 9 on how to obtain the form.

Please take note that the qualifying / approved activities of the MSC Malaysia Status shall remain the same despite the change of name or rebranding.

4. What does the company need to do if it wishes to apply for a change in Tier of MSC Malaysia Status?

If the company's income tax exemption is granted under the **Promotion of Investments Act 1986** or **Income Tax (Exemption)(No. 2) Order 2015 [P.U.(A) 50/2015]**:

- a. the company may change from Tier 1 to Tier 2, or vice versa, at any time;
- b. the company is not allowed to change from Tier 1 to Tier 3 as well as from Tier 2 to Tier 3;
- c. for a Tier 3 company:
 - (i) the company may only upgrade to Tier 1 or Tier 2 after the expiry of the first 5 years of tax exemption, subject to compliance of applicable conditions and approval; or
 - (ii) the company may upgrade to Tier 1 or Tier 2 within 24 months from the MSC Malaysia Status approval date provided that the company has yet to activate the tax exemption.

For the Change of Tier request, the company is required to complete, sign and submit the Change of Tier (COT) form together with the previous and latest signed and stamped Tenancy Agreement, ROC/SSM Forms (Form 24, 32A and 49 or Form Section 51, Section 78, Section 105, Section 58) to clic@mdec.com.my, and copy to enforcement_admin@mdec.com.my. Please refer to question 9 on how to obtain the form.

If the company's income tax exemption is granted under the **Income Tax (Exemption) (No. 10) Order 2018 [P.U.(A) 389/2018]**:

- a. the company may change from Tier 1 to Tier 2, or vice versa, at any time. There is no requirement to notify MDEC or seek approval for any change between Tier 1 and Tier 2;
- b. for a Tier 3 company:
 - (i) the company is not allowed to change Tier in the first 5 years of tax exemption;
 - (ii) the company may upgrade to Tier 1 or Tier 2 after the expiry of the first 5 years of tax exemption, subject to compliance of applicable conditions and approval.

5. How long does it take for the Change of Tier (COT) application to be processed?

Upon receiving the COT application, MDEC will conduct preliminary check for completeness within 5 working days. Once it passes the preliminary check, the application will be assigned to a Business Analyst for further evaluation before tabling to the National Committee on Investment. The evaluation stage will take 20 working days once the application has been verified by MDEC as complete. The COT application will not be approved if the company does not comply with all the conditions of MSC Malaysia Status. The company will be informed by MDEC once the National Committee on Investment has accepted the change and change has been made in the VEGA system.

6. How long does it take for the Change of Name (CON) application to be processed?

Upon receiving the CON application, MDEC will conduct preliminary check for completeness within 5 working days. Once it passes the preliminary check, the application will be assigned to a Business Analyst for further evaluation before tabling to the National Committee on Investment. The evaluation stage will take 20 working days once the application is verified by MDEC as complete. The company will be informed by MDEC once the National Committee on Investment has been notified of the change and change has been made in the VEGA system.

7. How long does it take for the Change of Equity (COE) application to be processed?

Upon receiving the COE application, MDEC will conduct preliminary check for completeness within 5 working days. Once it passes the preliminary check, the application

will be assigned to a Business Analyst for further evaluation. The change will be made in the VEGA system within 10 working days once the application is verified by MDEC as complete. The company will be notified by MDEC once the change is made.

8. How long does it take for the Change of Product/Service Name application to be processed?

Upon receiving the Change of Product/Service Name application, MDEC will conduct preliminary check for completeness within 5 working days. Once it passes the preliminary check, the application will be assigned to a Business Analyst for further evaluation. Change of Product/Service Name will only be approved if the MSC Malaysia qualifying / approved activities remain unchanged. Once approved, the change will be made in the VEGA system within 10 working days. The company will be informed by MDEC once the change is made.

9. How to obtain the Change of Equity (COE) / Change of Name (CON) / Change of Tier (COT) / Change of Product/Service Name (Rebranding) Form?

The company can request the form from the MSC Malaysia Client Contact Centre (CliC) via email clic@mdec.com.my or call +603 8315 3000 or toll free line 1-800-88-8338 or download the form from MDEC's website at <https://mdec.my/>.

10. How can the company request a copy of the company's MSC Malaysia Status Approval Letter, Conditions of Grant or MSC Malaysia Status eCertificate?

The company is to submit a formal request, preferably on the company's letterhead, signed by an authorised signatory of the company. Please email the scanned signed copy of the request to MSC Malaysia Client Contact Centre (CliC) via email clic@mdec.com.my. The company will receive the requested document within 7 working days from the date of receipt of request by MDEC.

11. What does the company need to do if the company's information in VEGA system is incorrect or incomplete?

The company is to inform the incorrect or incomplete information to MSC Malaysia Client Contact Centre (CliC) via email clic@mdec.com.my together with supporting evidence, if applicable. The change will be made in the VEGA system within 12 working days from the date of receipt of request by MDEC. MDEC will inform the company once the change is made and the company may check the VEGA system to confirm the correctness of the change made.

12. What does the company need to do if it wishes to add new activities under its MSC Malaysia Status?

- i) For MSC Malaysia Status companies approved **after 1 January 2019**, the company is to submit request in writing to clic@mdec.com.my. A business analyst will be assigned to guide the company on the relevant application required. The application will be tabled to the National Committee on Investment (NCI) for decision. Please refer to GUIDELINES ON MSC MALAYSIA FINANCIAL INCENTIVES (SERVICES INCENTIVE – INCOME TAX EXEMPTION) (<https://mdec.my/what-we-offer/msc-malaysia/>).

- ii) For MSC Malaysia Status companies approved **before 1 January 2019**, subject to the approval of transition under P.U(A) 389/2018, the company may submit an application to add new activity by writing to clic@mdec.com.my. A business analyst will be assigned to guide the company on the relevant application required. The application will be tabled to the National Committee on Investment (NCI) for decision. Please refer to GUIDELINES ON MSC MALAYSIA FINANCIAL INCENTIVES (GRANDFATHERING AND TRANSITION UNDER SERVICES INCENTIVE) (<https://mdec.my/what-we-offer/msc-malaysia/>).

13. What is the timeline for the company to activate the tax exemption (Income Tax (Exemption) (No. 10) Order 2018 [P.U.(A) 389/2018])?

The company must fulfill the condition on location (if applicable) and commencement of operation within 24 months from the date of award of MSC Malaysia Status, in order to request for activation of tax exemption (i.e. the determination of the commencement date of the exemption period). No extension of time will be granted.

The commencement date of the exemption period shall be the date of first invoice issued (commercialisation date) by the company after the award of MSC Malaysia Status for the MSC Malaysia approved activities or the compliance date (i.e. the date of fulfilment of condition on location), whichever is later.

If the company failed to activate the tax exemption within 24 months from the date of award of MSC Malaysia Status, the approved MSC Malaysia Status and tax exemption will be withdrawn.

14. How to activate the tax exemption (Income Tax (Exemption) (No. 10) Order 2018 [P.U.(A) 389/2018])?

The tax activation form and document checklist are provided to the company together with the MSC Malaysia Approval Letter. If you need a copy of the tax activation form, please submit your request with valid reason to the MSC Malaysia Client Contact Centre (CliC) via email clic@mdec.com.my.

Disclaimer: The companies are advised to refer to the relevant guidelines approved by the Government and the applicable legislations governing the tax incentive. MDEC cannot accept responsibility for any action or decision made in reliance of this FAQs or any liability incurred or loss suffered as a consequence of relying on this FAQs. This FAQs is not intended to address all possible tax issues that may arise and the companies are advised to seek professional advice in respect of the tax issues. MDEC reserves the right to amend or update this FAQs from time to time.