Malaysia provides additional tax incentive for RAPID Complex investment

On 20 June 2014, Malaysia published Income Tax (Exemption (No.2) Order 2014 [P.U.(A) 166] (Order), providing a 50% tax exemption on statutory income derived from a qualifying activity carried out in the Refinery and Petrochemical Integrated Development (RAPID) Complex for five consecutive years of assessment (YAs) immediately following the expiration of the 100% exemption (100% Exemption) that is granted for the period of 15 consecutive YAs.1

The Order applies to a qualifying person who has made an application for a qualifying activity to the Malaysian Investment Development Authority (MIDA) within 90 days prior to the expiration of the 100% Exemption period.

The RAPID Complex

Malaysia’s Petroliam Nasional Berhad (Petronas) is spearheading the development of the RAPID project. This project is designed to build an integrated refinery and petrochemical complex in Pengerang, Johor. This area was identified because of its strategic location and the objective of the project is to further expand and diversify Petronas’ petrochemical business and turn Malaysia into a leading petroleum industry center in the region.

100% exemption

Published on 7 February 2013, this Order provides an income tax exemption on the statutory income derived from a qualifying activity in the RAPID Complex for the 15 consecutive YAs. The Order applies to a qualifying person who has made an application to the MIDA on or after 10 October 2011 and comes into effect from the YA 2011.

Endnote

1. For more details, see EY Global Tax Alert, Malaysia announces new tax incentives, dated 5 March 2013.
For additional information with respect to this Alert, please contact the following:

**Ernst & Young Tax Consultants Sdn Bhd, Kuala Lumpur**
- Yeo Eng Ping +60 3 7495 8214 eng-ping.yeo@my.ey.com
- Anil Kumar Puri +60 3 7495 8413 anil-kumar.puri@my.ey.com
- Sockalingam Murugesan +60 3 7495 8224 sockalingam.murugesan@my.ey.com

**Ernst & Young LLP, Asia Pacific Business Group, New York**
- Chris Finnerty +1 212 773 7479 chris.finnerty@ey.com
- Kaz Parsch +1 212 773 7201 kazuyo.parsch@ey.com
- Bee-Khun Yap +1 212 773 1816 bee-khun.yap@ey.com
About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2014 EYGM Limited.
All Rights Reserved.

EYG No. CM4573

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com