

## **Announcement on The Official Launch of Malaysia Digital (MD) Tax Incentive**

Dear Esteemed Clients,

We are delighted to announce the official launch of the Malaysia Digital (MD) Tax Incentive, as unveiled today on 31<sup>st</sup> May 2024. This outcome-based tax incentive is offered to eligible MD companies proposing to undertake qualifying activities by leveraging any of the following promoted tech enablers:

- Artificial Intelligence (AI) and/or Big Data Analytics (BDA)
- Internet of Things (IoT)
- Cybersecurity
- Cloud
- Blockchain
- Drone Technology
- Creative Media Technology including Extended Reality (XR) and/or Mixed Reality (MR)
- Integrated Circuit (IC) Design with Embedded Software
- Robotics and/or Automation
- Advanced Network Connectivity and/or Telecommunication Technology.

The MD Tax Incentive offers the following options:

### **1. New Investment Incentive**

- Reduced Tax Rate (RTR):** 0% RTR on qualifying intellectual property (IP) income and 10% or 5% RTR on qualifying non-IP income for up to 10 years; or
- Investment Tax Allowance (ITA):** 60% or 100% of qualifying capital expenditure against up to 100% statutory income for up to 5 years.

### **2. Expansion Incentive**

- Reduced Tax Rate (RTR):** 15% RTR on qualifying IP and non-IP incomes for up to 5 years; or
- Investment Tax Allowance (ITA):** 30% or 60% of qualifying capital expenditure against up to 100% statutory income for up to 5 years.

Eligible companies may submit their applications via the [MD Platform](#). Detailed information, including guidelines and FAQ can be accessed [HERE](#).

For further inquiries or assistance, please contact our dedicated team at [clic@mdec.com.my](mailto:clic@mdec.com.my).

**ISSUED BY MALAYSIA DIGITAL ECONOMY CORPORATION (MDEC) SDN. BHD.  
31 MAY 2024**