

PROMOTION OF INVESTMENTS (EXCLUSION OF INCOME FOR MSC STATUS COMPANY) REGULATIONS 2018

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REGULATION 1 CITATION AND COMMENCEMENT

1(1) These regulations may be cited as the **Promotion of Investments (Exclusion of Income for MSC Status Company) Regulations 2018**.

1(2) Paragraph 3(1)(a) is deemed to have come into operation on 1 July 2018.

REGULATION 2 APPLICATION

2(1) These Regulations shall apply to an MSC status company which has been granted pioneer status under the Act on or before 30 June 2018.

2(2) For the purposes of these Regulations, an **"MSC status company"** means a company which has been awarded with, subject to the conditions of the award, Multimedia Super Corridor status by the Government of Malaysia.

REGULATION 3 EXCLUSION OF INTELLECTUAL PROPERTY INCOME

3(1) In ascertaining the income of an MSC status company for the purpose of tax relief—

- (a) for the period on or after 1 July 2018 but before 1 July 2021, royalty and other income derived from a new intellectual property right, but not from an existing intellectual property right, of which the MSC status company is the owner or licensee, shall be disregarded; and
- (b) for the period on or after 1 July 2021, royalty and other income derived from all intellectual property rights of which the MSC status company is the owner or licensee shall be disregarded.

3(2) For the purpose of subregulation (1)—

- (a) royalty or other income is derived from an intellectual property right if it is receivable as consideration for the commercial exploitation of that right;
- (b) **"intellectual property right"**, means a right arising from any patent, utility innovation and discovery, copyright, trade mark and service mark, industrial design, layout-design of integrated circuit, secret processes or formulae and know-how, geographical indication and the grant of protection of a plant variety or other like rights, whether or not registered or registrable;
- (c) **"existing intellectual property right"** means an intellectual property right in relation to the pioneer business of an MSC status company, of which the MSC status company became the owner or licensee before 1 July 2018, and is not a new intellectual property right;
- (d) **"new intellectual property right"** means an intellectual property right in relation to the pioneer business of an MSC status company—
 - (i) of which the MSC status company became the owner or licensee on or after 1 July 2018; or
 - (ii) of which the MSC status company became the owner or licensee after 16 October 2017 but before 1 July 2018 as a result of an acquisition by that MSC status company, directly or indirectly, from a related company.

REGULATION 4 EXCLUSION OF NON-INTELLECTUAL PROPERTY INCOME

4(1) In ascertaining the income of an MSC status company for the purpose of tax relief—

(a) for a n MSC status company which has been granted pioneer status on or before 16 October 2017—

(i) non-intellectual property income derived after 30 June 2021 shall be disregarded; and

(ii) non-intellectual property income derived after 31 December 2018 from any promoted activity approved after 16 October 2017 as the pioneer business of the MSC status company shall be disregarded; and

(b) for an MSC status company which has been granted pioneer status after 16 October 2017, non-intellectual property income derived after 31 December 2018 shall be disregarded.

4(2) For the purpose of subregulation (1), “**non-intellectual property income**” means income derived from the pioneer business of the MSC status company which is not an income derived from the intellectual property rights as defined in paragraph 3(2)(b).