Investing In The East Coast Economic Region (ECER), MALAYSIA

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QUICK FACTS: ECER MALAYSIA

The East Coast Economic Region (ECER) is an economic corridor established to bring about the socio-economic transformation of the east coast of Peninsular Malaysia. The ECER is Malaysia’s gateway to the ASEAN region and the Far East.

ECER covers the states of Kelantan, Terengganu, Pahang and the district of Mersing in Johor. The **advantages** include:-

a) **Strong support from Federal and State Governments with pro-business and liberal investment policies**;

b) **Advantageous geographical orientation Eastern Gateway of Malaysia to Europe, US and Asia Pacific**;

c) **Strong resources endowment – crude oil, natural gas, tin, timber, palm oil, rubber and others**;

d) **Competitive land prices**;

e) **Industrial park ready with infrastructure**;

f) **Market-oriented economy – exporter of resource based and manufacturing products**;

g) **Multilingual workforce speaking two or three languages, including English and Mandarin**;

h) **Large and established foreign business communities in all business sectors**;

i) **Special incentives and facilitation fund for human capital development for investors in ECER**;

j) **ECER Development Council is the one-stop facilitation centre to assist investors in dealing with Malaysia Government for their investment in ECER**;

k) **Competitive wage rates compared to the more developed regions of Malaysia**.

Source: ecerdc.com.my
NINE industrial parks have been developed, providing investors access to readily available industrial land, feedstock, utilities and transportation network that connects to Malaysia’s export hubs.

**Passir Mas Halal Park (PMHP)**
- **Location**: Passir Mas, Kelantan
- **Land size**: 20 hectares (Phase 1)
  24 hectares (Phase 2)
- **Focus area**: Nutraceuticals/herbs, spices, sauces, agro-based and meat-based products
- **Cluster**: Manufacturing

**Tok Bali Integrated Fisheries Park (TBIFP)**
- **Location**: Tok Bali, Kelantan
- **Land size**: 15 hectares
- **Focus area**: Fisheries hub for downstream marine-based products
- **Cluster**: Agribusiness

**Kertih Biopolymer Park (KBP)**
- **Location**: Kertih, Terengganu
- **Land size**: 136 hectares (Phase 1 and 2)
  66 hectares (Phase 3)
- **Commercial area**: 6 hectares
- **Focus area**: Industry that emphasises on renewable energy and green technology
- **Cluster**: Biocconomy

**Malaysia-China Kuantan Industrial Park (MCKIP 1 & 2)**
- **Location**: Kuantan, Pahang
- **Land size**: 897 hectares
- **Focus area**: High-end and high technology industries such as stainless steel products, electrical and electronics, information communication technology and renewable energy
- **Cluster**: Manufacturing

**MCKIP 3**
- **Location**: Gebeng, Pahang
- **Land size**: 360 hectares
- **Focus area**: General manufacturing and high value added
- **Cluster**: Manufacturing

**Pahang Technology Park (PTP)**
- **Location**: Gambang, Pahang
- **Land size**: 60 hectares (Phase 1)
  401 hectares (Phase 2 and 3)
- **Focus area**: Development of CyberTech City, Science Park for IT and science & technology Industries
- **Cluster**: Manufacturing

**Gambang Halal Park (GHP)**
- **Location**: Gambang, Pahang
- **Land size**: 70 hectares
- **Focus area**: Food-based and non-food based halal products
- **Cluster**: Manufacturing

**Pekan Automotive Park (PAP)**
- **Location**: Pekan, Pahang
- **Land size**: 56 hectares
- **Focus area**: High-value added manufacturing with special focus on producing premium automotive components
- **Cluster**: Manufacturing
STRATEGIC INFRASTRUCTURE AND GAS SUPPLY NETWORK

Existing and planned transportation systems in ECER provide good connectivity and mobility for a more efficient production and supply chain and investment environment.

Legend
- Gas Pipeline (Existing)
- Gas Pipeline (Planned)
- Kulim - Jeli Link
- Machang - Pasir Puteh - Tok Bali Link
- Central Spine Road
- West Coast Highway
- Simpang Pulai - Gua Musang - Kuala Bharu - Kuala Terengganu Link
- ECRL
- Port
- GIIP - Gading Integrated Petrochemical Complex
- KIPC - Kertih Integrated Petrochemical Complex

Source: ecerdc.com.my
**MAIN ELIGIBILITY CRITERIA FOR ALL THE CLUSTERS:**

1. Company incorporated under the Companies Act 1965 or Company Act 2016 and resident in Malaysia;
2. Undertaking a qualifying activity in ECER or has commenced a qualifying activity not more than one (1) year from the date of application made and approval by the Minister;
3. Investors investing in a related company shall own at least 70% equity/paid-up ordinary shares of the company; and
4. Application to be made on or after 13 June 2008 but not later than 31 December 2020.

### ECER INCENTIVE PACKAGE FOR MANUFACTURING CLUSTER

<table>
<thead>
<tr>
<th>Promoted activity</th>
<th>ECER incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Selected manufactured and agro-based products.</td>
<td>1. Tax Exemption:</td>
</tr>
<tr>
<td>2. Selected manufacturing related services.</td>
<td>a. Income tax exemption of 100% for 10 years commencing from the year company derives statutory income; or</td>
</tr>
<tr>
<td></td>
<td>b. Income tax exemption equivalent to 100% of qualifying capital expenditure (Investment tax allowance) for 5 years.</td>
</tr>
<tr>
<td></td>
<td>2. Stamp duty exemption on land or building acquired for development.</td>
</tr>
</tbody>
</table>

### ECER INCENTIVE PACKAGE FOR TOURISM CLUSTER

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<tr>
<th>Promoted activity</th>
<th>ECER incentives</th>
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</thead>
<tbody>
<tr>
<td>Tourism</td>
<td>1. Tax exemption:</td>
</tr>
<tr>
<td>1. Culture and Heritage.</td>
<td>a. Income tax exemption of 100% for 10 years commencing from the year company derives statutory income; or</td>
</tr>
<tr>
<td>2. Island tourism.</td>
<td>b. Income tax exemption equivalent to 100% of qualifying capital expenditure (Investment tax allowance) for 5 years.</td>
</tr>
<tr>
<td>3. Mainland coastal tourism.</td>
<td>2. Stamp duty exemption on land or building acquired for development.</td>
</tr>
<tr>
<td>4. Cross border tourism.</td>
<td>3. Withholding tax exemption on royalty and technical fees up to 31 December 2020 for tourism sector only.</td>
</tr>
<tr>
<td>5. Eco-tourism.</td>
<td>4. Single deduction up to maximum of RM1 million for a year of assessment for sponsors of such Hallmark Event approved by ECER Development Council.</td>
</tr>
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| **Culture and heritage** | 1. Tax exemption  
   a. Income tax exemption of 100% for 10 years commencing from the year company derives statutory income; or  
   b. Income tax exemption equivalent to 100% of qualifying capital expenditure (Investment tax allowance) for 5 years;  
2. Stamp duty exemption on land or building acquired for development.  
3. Withholding tax exemption on royalty and technical fees up to 31 December 2020 for tourism sector only.  
4. Single deduction up to maximum of RM1 million for a year of assessment for sponsors of such Hallmark Event approved by ECERDC. |

### ECER INCENTIVE PACKAGE FOR AGRICULTURE AND AGRICULTURE RELATED SERVICES CLUSTER

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</table>
| **Agriculture** | 1. Tax exemption:  
   a. Income tax exemption of 100% for 10 years commencing from the year company derives statutory income; or  
   b. Income tax exemption equivalent to 100% of qualifying capital expenditure (Investment tax allowance) for 5 years.  
2. Stamp duty exemption on land or building acquired for development.  
3. Deduction to the amount of investment made in the promoted project or activity. |

1. Cultivation of kenaf, vegetable, fruit, herbs, spices or cocoa.  
2. Biomass Plantation including cassava, acacia mangium, leucana leucocephala.  
3. Planting of Hevea brasiliensis.  
4. Floriculture including ornamental flowers.  
5. Aquaculture.  
6. Inland and Deep sea fishing.  
7. Rearing of cattle, buffalo, goat, sheep, ostrich, turkey and quail.
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| **Agriculture – related services** | 1. Tax exemption:  
| 1. Collecting, processing and packaging of agricultural produce.  | a. Income tax exemption of 100% for 10 years commencing from the year company derives statutory income; or  
| 2. Collection and marketing of agricultural produce.  | b. Income tax exemption equivalent to 100% of qualifying capital expenditure (Investment tax allowance) for 5 years.  
| 2. Stamp duty exemption on land or building acquired for development.  | 3. Deduction to the amount of investment made in the promoted project or activity.  |

### ECER INCENTIVE PACKAGE FOR KNOWLEDGE, EDUCATION AND ICT DEVELOPMENT CLUSTER

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</table>
| 1. Education and training.  | 1. Tax exemption:  
| 2. Information, communication and technology.  | a. Income tax exemption of 100% for 10 years commencing from the year company derives statutory income; or  
|  | b. Income tax exemption equivalent to 100% of qualifying capital expenditure (Investment tax allowance) for 5 years.  
| 2. Stamp duty exemption on land or building acquired for development.  | 3. Withholding tax exemption on royalty and technical fees up to 31 December 2020.  |
### ECER INCENTIVE PACKAGE FOR OIL, GAS AND PETROCHEMICAL CLUSTER

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| Selected oil, gas and petrochemical products or activities. | 1. **Tax exemption:**  
   a. Income tax exemption of 100% for 10 years commencing from the year company derives statutory income; or  
   b. Income tax exemption equivalent to 100% of qualifying capital expenditure (Investment tax allowance) for 5 years.  
  2. Stamp duty exemption on land or building acquired for development.                                                                                       |

### ECER INCENTIVE PACKAGE FOR OIL, GAS AND PETROCHEMICAL CLUSTER

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</table>
| 1. **Approved developers** undertaking development in industrial parks or fee zone. | Income tax exemption for 10 years commencing from the year company derives statutory income:-  
   a. disposal of any right over any land or disposal of a building or rights over a building or part of a building; or  
   b. rental of building or part of a building.  
  2. **Approved development manager** providing management, supervisory or marketing services in relation to the development of an industrial park or free zone. | Income tax exemption for 10 years commencing from the year company derives statutory income derived from a qualifying activity.                                                                                       |
| 3. **Approved park managers** providing park management services including maintenance, marketing and rental of common facilities and utilities services in the industrial park or free zone. |                                                                                                                                                                                                              |
| 4. Qualifying person who sponsors a hallmark event.    | A deduction equivalent to the amount not exceeding RM1 million for each year of assessment in respect of cash contribution or contribution-in-kind.                                                             |
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