



moving towards



Why?



Enhance
Global
Competitiveness



Strengthen
growth and
productivity
of
manufacturing industry



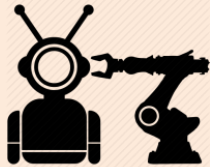
Create new
generation
jobs and
reduce
dependency
on **foreign**
labours



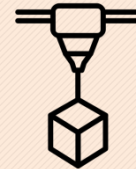
Sustaining
high levels
of
Foreign and
Domestic
Investments

Targeting advanced technology

Industry 4.0 Technology Drivers



Autonomous
robots



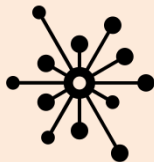
Additive
manufacturing



Augmented
Reality



Internet
of Things



Big data
and
analytics



Artificial
Intelligence



Cloud
computing



Simulation



System
integration



Cyber
Security

Policy initiatives



National Policy on Industry 4.0 (MOSTI)



Industry 4.0 Policy Framework for the Manufacturing Sector (MITI)



Study on Future of Manufacturing: Industry 3+2 (MIDA)



Human Capital Studies (MIDA)



A blueprint created to address productivity challenges



Establishment of Digital Free Zone to stimulate internet based innovation



National Internet of Things (IoT) Strategic Roadmap



Malaysia Digital Economy 2017

With clear objectives



Attract stakeholders

- Adoption of industry 4.0
- SME inclusion
- Preferred manufacturing location

Create the right ecosystem

- Talent supply & skill levels
- Collaboration platforms
- Digital infrastructure
- Funding support
- Data availability & sharing
- Innovation

Transform industry capabilities

- Labour productivity
- Cost efficiency
- Share of high-skilled jobs
- Technology & innovation capabilities
- Local technology development

Incentives we offer currently



Automation



ICT Equipment & Software



I 4.0/Smart Manufacturing



Incentives for Automation

Tax Incentives



For the production of:

1. **Robotics and factory automation equipment**
2. **Specialised production M&E for specific industry**
 - **Pioneer Status (PS)** with tax exemption of up to 100% of statutory income for a period of up to 10 years; OR
 - **Investment Tax Allowance (ITA)** of up to 100% on qualifying capital expenditure incurred within a period of 5 years.

Soft Loan



- **Soft Loan Scheme for Automation & Modernisation (SLSAM)**
- Purpose:
 - modernise and automate manufacturing process
 - upgrade production capability and capacity
 - minimize dependence on labor-intensive activities and foreign labour
 - diversify into higher value added activities
 - rationalize and streamline operations including through merger and acquisitions



Automation Capital Allowance



The Automation Capital Allowance [Accelerated Capital Allowance (ACA) of 100% + Automation Equipment Allowance (AE) of 100%] was introduced to encourage swift **adoption of automation** among manufacturing companies in undertaking innovative and productive activities.

It is divided into two (2) categories, namely;

- For **high labour-intensive industries** (rubber products, plastics, wood, furniture and textiles), an **Automation CA of 200%** will be provided on the first **RM4 million expenditure incurred within YA 2015 to 2020**;
- For **other industries**, an **Automation CA of 200%** will be provided on the first **RM2 million expenditure incurred within YA 2015 to 2020**.





Incentives for ICT Equipment & Software



Accelerated Capital Allowance



To assist companies to **remain competitive** in the **digital era** and **adopt latest technology**, companies are allowed to claim **capital expenses** on **qualifying expenditure** as follows:

	Qualifying Expenditure	Capital Allowance Rates
1	Expenditure incurred on the purchase of ICT equipment and computer software packages.	Initial Allowance: 20% Annual Allowance: 20%
2	Expenditure incurred on the development of customized software comprising of consultation fee, licensing fee and incidental fee related to software development.	

1: From year of assessment 2017

2: From year of assessment 2018



BUDGET 2018



Incentives for transformation to Industry 4.0

Industry 4.0 Capital Allowance



The following incentive is provided to encourage **the transformation to Industry 4.0** which involves the adoption of **key technology drivers (Big Data Analytics, Autonomous Robots, Simulation, IoT, Cyber Security, System Integration, Cloud Computing, Additive Manufacturing, Augmented Reality and Artificial Intelligence)**:

- **Accelerated Capital Allowance (ACA) of 100% and Automation Equipment Allowance (AE) of 100%** on the first RM10 million qualifying capital expenditure incurred within **YA 2018-2020**
- Fully claimable within **2 years of assessment**.



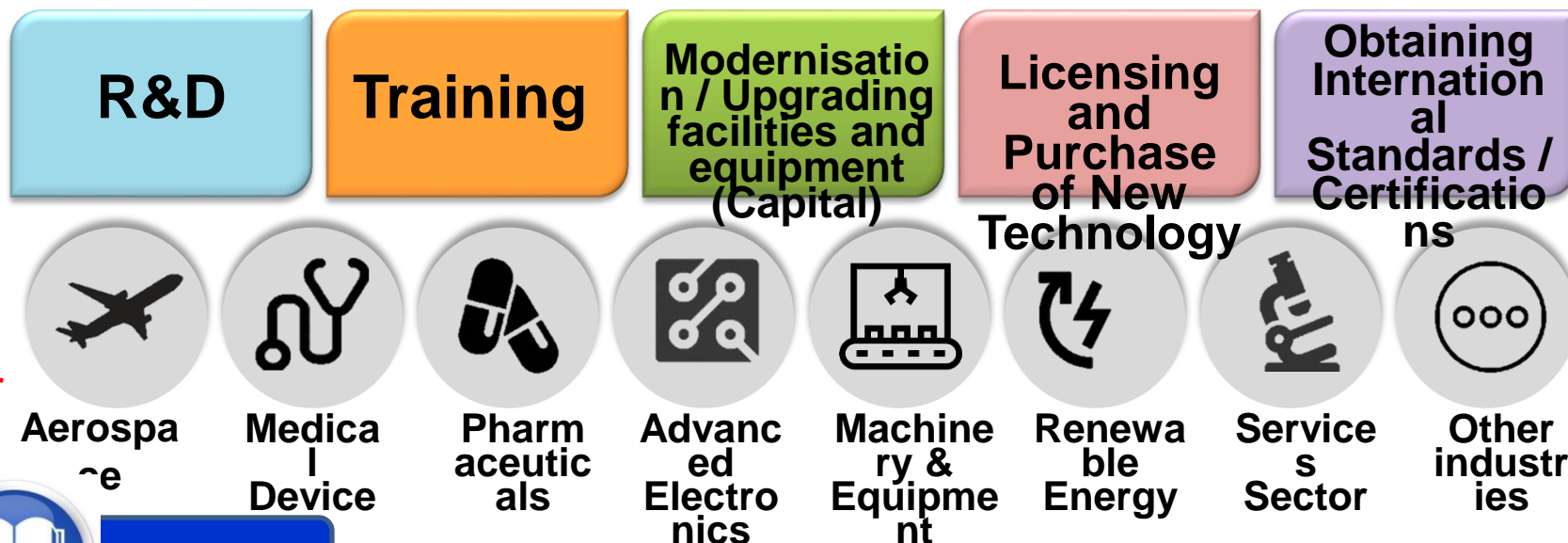
BUDGET 2018



Domestic Investment Strategic Fund (DISF)



Matching Grants for Malaysian owned companies (60% Malaysian equity) to cater for expenditures incurred for the following:



BUDGET 2018

Matching grant of **RM245 million** under the Domestic Investment Strategic Fund (DISF) to **upscale Smart Manufacturing facilities.**



Incentives for Digitalisation

Digital Transformation Acceleration Programme (DTAP)



Leveraging on the Domestic Investment Strategic Fund (DISF), DTAP was established by MDEC & MIDA to assist companies to **leverage on digital transformation lab's expertise and assistance** in exploiting opportunities in the **digital space**, while adopting **emerging digital technologies**.

Emerging digital technology not limited to:

- Data Analytics,
- Internet of Things (IOT),
- Artificial Intelligence (AI),
- Mobile Internet,
- Cloud Technology,
- Increase productivity
- Reduce dependency on foreign labour
- New sources of growth
- 3D Printing,
- Advanced Robotics,
- Blockchain,
- Cryptocurrency, and
- Machine Learning

DTAP will assist **pilot phase** in providing **outcome-based matching grant** up to a maximum amount of **RM500,000**. Pilot phase targets 60 companies within three years.



Thank You