

On 4th July 2022, the Government launched Malaysia Digital (MD), a national strategic initiative to succeed the Malaysia Super Corridor (MSC) Malaysia which was launched back in 1996. Predicated on flexibility, agility and relevance, MD is set to boost the nation's digital economy and to attract more high-value digital investments. Like MSC before it, Malaysia Digital Economy Corporation (MDEC) awards MD Status to eligible companies to enjoy relevant incentives under the national initiative.

The difference between **MSC Status** and **MD Status** is the flexibility in terms of location and tax incentives which allow for lower barriers of entry.

MSC Status

LOCATION Location-based: Must be located within MSC Malaysia Cybercities/Cybercentres or outside the Cybercities/Cybercentres (with lower incentive)

TAX INCENTIVE Compulsory to comply with pre-determined tax incentive criteria

MD Status

LOCATION Non-location based: Can be located in any location for MD approved activities

TAX INCENTIVE Optional to comply with pre-determined tax incentive criteria.

Source: MDEC

WHAT'S NEW?

With the option to comply with pre-determined tax incentive criteria, the MD Status accreditation has lower minimum entry requirements:

- Undertake MD approved activities
- Minimum paid-up capital of RM1,000
- At least two full-time knowledge workers with minimum average monthly base salary of RM5,000
- Grace period of 12 months is given to MD Status companies to comply with the conditions, with continuous compliance required thereafter.



MD Status comes with great benefits and incentives

- 1 Competitive & ready infrastructure and services for businesses available at designated locations [BoG* 1 & 8];
- 2 Foreign knowledge worker quota and passes [BoG 2];
- 3 Freedom of ownership by exempting local ownership requirements [BoG 3];
- 4 Flexibility to source capital & funds globally [BoG 4];
- 5 Tax incentives (income tax exemption or investment tax allowance) [BoG 5];
- 6 Multimedia/ICT equipment import duty and sales tax exemption [BoG 5];
- 7 IP protection and Cyberlaws [BoG 6];
- 8 No internet censorship [BoG 7];
- 9 Key infrastructure contacts by Government [BoG 9];
- 10 High powered implementation agency [BoG 10];
- 11 Access to local and international market and ecosystem
- 12 Business matching & partnership
- 13 Grant and funding facilitation
- 14 Participation in MD catalytic programme

Source: MDEC

*BoG - Bill of Guarantees

MD APPROVED ACTIVITIES

Research, development and commercialization of solution and/or provision of services in relation to any of the following technologies or areas:

- ✓ Big Data Analytics (BDA)
- ✓ Artificial Intelligence (AI)
- ✓ Financial Technology (Fintech)
- ✓ Internet of Things (IoT)
- ✓ Data centre and cloud
- ✓ Blockchain
- ✓ Creative media technology
- ✓ Sharing economy platform
- ✓ Integrated circuit (IC) design and embedded software
- ✓ 3D printing
- ✓ Robotics
- ✓ Autonomous technologies
- ✓ Global business services/knowledge process outsourcing
- ✓ Virtual, augmented and/or extended reality
- ✓ Drone technology
- ✓ Advanced telecommunication technology

Source: MDEC

TWO MD CATALYTIC (PEMANGKIN) PROGRAMMES DE RANTAU & DIGITAL TRADE

Aim to drive greater participation from industry players, accelerate digital adoption among young entrepreneurs and companies, supporting local tech companies to become global champions, and to attract new investments.

DE RANTAU

to boost digital adoption and establish Malaysia as the preferred Digital Nomad Hub

provides opportunities for sharing of knowledge and experience with local communities

DIGITAL TRADE

to promote e-commerce and digital adoption

facilitate cross-border trade and support data exchange

interoperability as well as credibility of cross-sector and industry transactions

Overall, the conditions for MD Status application are less rigid as compared to MSC Status. With the freedom of ownership, this is expected to encourage international players to expand and domicile in Malaysia, setting up their centres of excellence in the country and ultimately, attracting more direct and foreign digital investments into Malaysia.

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