



MINISTRY OF  
INVESTMENT, TRADE AND INDUSTRY

**MIDA**  
MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY



# FREQUENTLY ASKED QUESTION ABOUT NEW INCENTIVE FRAMEWORK – NIF

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## PART A: INTRODUCTION OF THE NEW INCENTIVE FRAMEWORK (NIF)

### Question 1: What is the New Incentive Framework (NIF)?

#### Answer

The New Incentive Framework (NIF) is a Government initiative to reform Malaysia's investment incentive regime towards a **more targeted and outcome-based approach** primarily guided by two cornerstone national strategies: **The National Investment Aspirations (NIA) and the New Industrial Master Plan (NIMP) 2030**, ensuring that incentives granted deliver measurable economic and strategic outcomes.

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### Question 2: When will the NIF be implemented?

#### Answer

The NIF is scheduled for phased implementation.

The implementation for **manufacturing sector** will take effect from **1 March 2026** followed by **the services sector in Quarter 2 of 2026**. The actual date of implementation for services sector will be announced separately.

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### Question 3: What is the main key difference between the existing incentive framework and the NIF?

#### Answer

The eligibility and incentive quantum under the existing incentive framework are primarily determined by statutory promoted lists of activities and products in the Promotion of Investments Act (PIA) 1986 together with its predefined incentive conditions.

The New Incentive Framework (NIF) represents a fundamental shift by removing the promoted list mechanism and **adopting a tiered, outcome-based assessment approach**. The incentive eligibility and quantum are determined based on **defined tiering criteria and the investment's performance** against national strategic outcomes as measured through the NIA Scorecard.

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#### Question 4: Which sectors are eligible to apply for incentives under the NIF?

##### Answer

Companies undertaking manufacturing activities within the following fifteen (**15**) **subsectors** are eligible to apply, subject to fulfilling the incentive eligibility and criteria:

1. Electrical and Electronics (E&E)
2. Chemical and Chemical Products
3. Pharmaceuticals
4. Medical Devices
5. Aerospace
6. Machinery and Equipment (M&E)
7. Automotive
8. Petroleum Products and Petrochemicals
9. Oleochemicals and their derivatives
10. Food Production and Processing
11. Wood, Paper and Furniture
12. Textile, Apparel and Footwear
13. Strategic minerals-based products
14. Rubber-based Products
15. Metal

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#### Question 5: What types of incentives are available under the NIF?

##### Answer

The NIF offers two primary incentives, which are mutually exclusive. Company to select one of the following incentives for their qualifying project:

1. **Special Tax Rate:** A reduce corporate income tax rate on a company's taxable income;  
or
2. **Investment Tax Allowance (ITA):** A capital expenditure-based incentive that allows company to offset a percentage of its qualifying capital expenditure against its statutory income.

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