

Free Zone Act 1990, Customs Act 1967

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International Procurement Centre (IPC)

Tax incentives given to IPC is in the form of exemption of import duties to bring in raw materials, components and finished products into the Free Zone or Licensed Manufacturing Warehouses. The exemption is given under section 11 Free Zones Act 1990 and section 14 Customs Act 1967. IPC is also given non-tax incentives as follows:

1. expatriate posts will be approved based on requirement of IPC;
2. open one or more foreign currency accounts with any licensed commercial bank to retain their export proceeds without any limit imposed;
3. enter into foreign exchange forward contracts with any licensed commercial bank to sell forward export proceeds based on projected sales; and
4. exempted from the requirements of the Ministry of Domestic Trade and Consumer Affairs Guidelines on foreign equity ownership on wholesale and retail trade.

The term IPC refers to a locally incorporated company whether local or foreign owned which carries on a business in Malaysia to undertake procurement and sales of raw materials, components and finished products to its group of related and unrelated companies in Malaysia or abroad. This would include procurement and sales from local sources or from third country.

In order to qualify for the whole package of incentives offered, the IPC must be an 'approved IPC status company'. To qualify as an 'approved IPC status company' it must satisfy the following conditions:

1. locally incorporated under the Company's Act 1965 with a minimum paid-up capital of RM0.5 million;
2. a minimum total operating expenditure of RM1.5 million per year;
3. a minimum annual business turnover (sales) of RM100 million; and
4. goods to be handled directly through Malaysian ports and airports.