

**GUIDELINES AND PROCEDURES FOR THE APPLICATION OF PENERANG INTEGRATED PETROLEUM COMPLEX (PIPC) TAX INCENTIVE PACKAGE FOR INDUSTRIAL PARK DEVELOPER**

**1. BACKGROUND**

- 1.1 Pengerang Integrated Petroleum Complex (PIPC) is planned as a downstream oil and gas hub accommodating oil refineries, oil storage facilities and petrochemical product manufacturing plants. The PIPC spans across 22,904 acres (equivalent to 9,269 hectares or 92.7 sq. km) of land. The detailed Concept Masterplan/area coverage is as per Appendix I.
- 1.2 The Government through the Budget 2024 had introduced a Tax Incentive Package for Industrial Park Developer in Pengerang Integrated Petroleum Complex (PIPC).
- 1.3 The tax incentive industrial park of PIPC is to aimed to attract developers to develop a “plug and play” industrial park in PIPC. The industrial park will contribute to solidifying PIPC's position as a Chemical and Petrochemical hub.

**2. TYPE OF INCENTIVE**

**A. Special Tax Rate**

Special tax rate of 10% for a company on the disposal or rental/lease of land or buildings for qualifying projects for a period of 10 years.

**B. Stamp Duty**

Stamp duty exemption on the instrument executed for transfer of land or building, or rental/lease of land or buildings, in relation to the development of qualifying project/activity.

**3. ELIGIBLE APPLICANT**

- 3.1 The company must be incorporated under the Companies Act 2016 and resident in Malaysia.
- 3.2 The company must register as an industrial park developer with Johor Petroleum Development Corporation (JPDC).

3.3 The company will undertake the development of land, building or plant for sale or rental/lease in PIPC Industrial Park.

#### **4. QUALIFYING PROJECT**

The company must develop a 'plug and play' concept industrial park for chemical and petrochemical projects or any related support services activities (e.g. warehouse, maintenance, logistic, utilities, waste management and etc.) where basic infrastructure amenities such as electricity, water, internet and sewage treatment shall be provided in the industrial park.

#### **5. ELIGIBILITY CRITERIA**

5.1 The company must be the developer of the industrial park and qualify as described in paragraph 3 and 4.

5.2 The company must submit a copy of acknowledgement letter from JPDC to undertake the development project in PIPC but has not started the aforesaid development.

5.3 The company is not permitted to apply this incentive for any business carried out outside of the PIPC area.

5.4 The company must not have been granted and enjoyed any other tax incentives under the Promotion Investment Act 1986 or the Income Tax Act 1967 for the same activity.

5.5 Companies within the same group undertaking the same activity as their holding companies / related companies are eligible for the incentive and will be subjected to the following conditions:

a) This project shall be implemented in a separate location from activities carried out by the holding company or related companies.

b) The establishment of this project will not result in a reduction in the investment of the holding company or related companies.

c) The project shall not be transferred from any of its related companies.

d) All employees shall be different persons from those in any of its related companies.

5.6 Income derived from the business of an approved developer is to be treated as a separate and distinct source of the activity. The company must keep separate accounts for the income derived from each activity of the approved business activity and other activities (if any).

- 5.7 The company must receive any right / right over part or the whole of land in the approved area of PIPC development project from the land owner or state government to undertake development as approved by the Majlis Perbandaran Pengerang.
- 5.8 The company shall adopt Environmental, Social, and Governance (ESG) elements e.g. set energy consumption, implementing ethical supply chain management, ethical treatment of suppliers, and adherence to fair labor practices as a key area in its sustainability commitment.
- 5.9 For projects involving architectural and/or engineering services, companies (including appointed contractor companies) are required to use the services of or collaborate with Architectural Consultancy Practice and/or Engineering Consultancy Practice which are regulated by the Board of Architects Malaysia and Board of Engineers Malaysia.

## **6. TAX TREATMENT**

- 6.1 The determination of the **incentive effective date** will be **based on the year of assessment company commences the operation** of the activity(ies). The date of commencement operation refers to the date of first agreement on the disposal or rental/lease of land or building for qualifying projects.
- 6.2 The subsequent income from disposal or rental/lease of qualifying projects will be subject to the same effective date.
- 6.3 An approved company **must comply with**
  - 6.3.1 **the provisions of the Income Tax (Property Development) Regulations 2007 [P.U.(A) 277/2007]; and**
  - 6.3.2 **any stipulated conditions** throughout the incentive period.

## **7. MECHANISM**

- 7.1 The PIPC Tax Incentive Package is to be provided through **subsidiary Legislation under the Income Tax Act, 1967 under Section 65B, Subsection 6(1A), Paragraph 6(1)(m), Schedule 1 Part XVII, Income Tax Act 1967.**
- 7.2 The stamp duty exemption to be provided through subsidiary legislation under the Stamp Act 1949.

## **8. EFFECTIVE DATE OF APPLICATION**

- 8.1 Applications for the PIPC Tax Incentive Package from **14 October 2023 until 31 December 2028** are eligible to be considered for this incentive.

## **9. APPLICATION SUBMISSION**

- 9.1 The application with the necessary supporting documents required by the Ministry of Finance must be submitted directly to:

**Tax Division (TAX)**

Ministry of Finance Malaysia (MoF)  
Level 6, Centre Block  
No. 5 Persiaran Perdana Presint 2  
Federal Government Administrative Centre  
62592 Wilayah Persekutuan Putrajaya

- 9.2 The company must submit the application to MOF before the commencement of operation to develop the industrial park.

Pengerang Integrated Petroleum Complex (PIPC) Masterplan

