

ANNEX 1

CRITERIA FOR AWARDING INVESTMENT TAX ALLOWANCE (ITA)

MANUFACTURING SECTOR

Criteria	Basis	%ITA	Maximum
a) Export	50% - <80% 80% - 100%	15% 30%	30%
b) (i) Value - Added*	Minimum 25%	20%	20%
(ii) Local - Content*	Minimum 50%	20%	20%
c) Employment	Employ at least 100 full-time paid Malaysian workers	25%	25%
d) Location	Location in 'promoted industrial areas' as gazetted under section 32(4) of the Promotion of Investments Act, 1986	5%	5%

* Definition of:

- Value added - Defined as gross sales less raw material costs
- Local content - Defined as cost of Malaysian raw materials and/or parts and components manufactured in Malaysia, excluding wages, salaries, water, electricity and other domestic inputs, as a percentage of total cost of raw materials and/or parts and components