



**HSS ADVISORY SDN BHD**  
(722956-M)

**MDEC**<sup>TM</sup>

**MD**  
STATUS COMPANY

# MALAYSIA DIGITAL (MD) STATUS

Prepared by: HSS Advisory Sdn Bhd





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**4,726**

Number of awarded  
MSC Malaysia status  
companies

**2,708**

Number of active MSC  
Malaysia status companies  
(as of Dec 2021)

**RM384B**

Investment recorded as  
of Dec 2020

**RM588B**

Revenue generated as of  
Dec 2020

**RM212B**

Export generated as of  
Dec 2020

**184,030**

Number of jobs created  
as of Dec 2020

Source: <https://mdec.my/>



**REBRANDED**



# ELIGIBILITY CRITERIA

To be qualified to apply for the award of MD Status, a company is required to fulfil the following criteria:

1. Incorporated under the **Companies Act 2016** and **resident in Malaysia**; and
2. Proposing to carry out or is currently carrying out one or more of the **MD activities**.

# MD ACTIVITIES **20**



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

1. Big Data Analytics (BDA);
2. Artificial Intelligence (AI);
3. Financial Technology (Fintech);
4. Internet of Things (IoT);
5. Cybersecurity (technology/ software/ design and support);
6. Data Centre and Cloud;
7. Blockchain;
8. Creative Media Technology;
9. Sharing Economy Platform;
10. User Interface and User Experience (UI/UX);
11. Integrated Circuit (IC) Design and Embedded Software;

# MD ACTIVITIES **20**



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

- 12. 3D printing (Technology/ Software/ Design and Support);
- 13. Robotics (Technology/ Software/ Design and Support);
- 14. Autonomous Technologies;
- 15. Systems/ Network Architecture Design and Support;
- 16. Global Business Service or Knowledge Process Outsourcing;

## **Additional under MD Status:**

- 17. Virtual, Augmented and/ or extended reality;
- 18. Drone Technology;
- 19. Advance Telecommunication Technology; or
- 20. Other Emerging Technologies deemed significant for the digital ecosystem subject to approval by the Approval Committee.

*Note: The activities, upon approval of MD Status, will be known as “MD Approved Activities”*





**Activity**

Commencement of operation and undertaking of the MD Approved Activities in Malaysia

**Knowledge Workers\***

Min **2** full-time employees – Min **RM5,000** average monthly base salary employed for MD Activities.

**CONDITIONS of MD Status –  
Within 12 months from the  
date of award of MD Status.**

**Operating Expenditure\*\***

Annual OE – Min **RM50,000** incurred for the MD Approved Activities.

**Paid up Capital**

Min of **RM1,000**

**\*Knowledge Workers** – An individual who holds one of the following:

- Tertiary qualification from an institution of higher learning (in any field); or
- Diploma in ICT, engineering, technology or specialised certification plus at least 2 years' relevant experience in a field that is a heavy user of technology:  
or
- Professional, executive, management and technical work categories in information technology enabled services eg. Information Technology/ IS Professionals, Finance/ Accounting, Business Administration, Engineering, Medical Legal,

and also includes:

- Foreign workers with knowledge-based skills that are not prevalent in Malaysia and required by MD Status Companies.
- Workers who are utilised for their creative talent to produce value-added creative work for MD Status companies.





**\*\*Operating Expenditure** is defined as the expenses incurred on items consumed in the course of undertaking MD Approved Activities such as:

- Salary
- Other staff related expenses
- Utility
- Connectivity charges
- Rental
- Professional fees (secretarial, auditing, accounting, legal, etc)
- Administrative and Management expenses
- Marketing and Promotional expenses



# BENEFITS OF MD STATUS

## 1. MD Bill of Guarantees (BoGs)

1. Introduction – The Grant of MD Status entitles qualified companies access to a set of incentives, rights and privileges from Malaysia Government as follows:

**BoG 1:** To provide a world-class physical and information infrastructure.

\*\*It is only applicable for MD Status companies located in MD Cybercities/  
Cybercentres.

**BoG 2:** To allow employment of local and foreign knowledge workers.

**BoG 3:** To ensure freedom of ownership by exempting companies with MD Status from local ownership requirements.

**BoG 4:** To give the freedom to source capital globally for MD infrastructure, and the right to borrow funds locally.



# BENEFITS OF MD STATUS

## 1. MD Bill of Guarantees (BoGs)

- ❑ **BoG 5:** To provide competitive financial incentives, namely **income tax exemption** or **investment tax allowance** and **no duties** on the importation of **multimedia equipment\***.

\*The importation of multimedia equipment and components may be exempted from import duties and sales tax. However, the criteria to be met as follows:

- Multimedia/ ICT equipment;
- Equipment is not available locally/ not locally manufactured;
- Equipment is not for trading; and
- Equipment is “directly used” for MD approved activities

To enjoy for exemption, MD Status companies are required to submit an application.

- ❑ **BoG 6:** To become a regional leader in Intellectual Property Protection and Cyberlaws.



# BENEFITS OF MD STATUS

## 1. MD Bill of Guarantees (BoGs)

**BoG 7:** To ensure no censorship of the Internet.

**BoG 8:** To provide globally competitive telecommunications tariffs.

\*\*It is only applicable for MD Status companies located in MD Cybercities/  
Cybercentres.

**BoG 9:** To tender key MD infrastructure contracts to leading companies willing to use Malaysia as their regional hub.

**BoG 10:** To provide a high-powered implementation agency to act as an effective one-stop super shop.



# BENEFITS OF MD STATUS

## 2. Other Benefits

- Access to local and international market and ecosystem;
- Business matching and partnership;
- Grant and funding facilitation; and/ or
- Participation in MD catalytic programmes.

# APPLICATION PROCESS



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2. Evaluation and  
assessment by MDEC and  
approval committee

4. MD Status Digital Certificate Issued



1. Online submission through  
MDEC's website

- New applications are subject to  
non-refundable processing fee,  
which is published on the website

3.

- **Successful applicants** will be notified  
through a decision letter. You are  
required to acknowledge and accept  
the terms of the approval letter.

- Unsuccessful applicants may re-apply  
by submitting a new application.



# POST APPROVAL APPLICATION

## 1. Adding New Activities

- An MD Status Company may apply to add new MD activities under its MD Status.
- The process are similar to submitting a new MD Status application.
- The approval for additional MD Approved Activities will be subject to the same original MD Status conditions.



# POST APPROVAL APPLICATION

## 2. Post Approval Changes

The MD Status company is required to notify MDEC of the following:

- Change in the paid up capital (higher than the minimum condition), equity or shareholding structure of the company;
- Change in the name of company;
- Change in the name of the product or services (re-branding) stated under the MD Approved Activities in the approval letters;
- Change of business operating address, contact person(s) and/ or contact details





# REPORTING AND MONITORING

1. The MD Status company is required to submit **annually** all true, correct and complete information and/ or documents as may be requested by MDEC for the purpose of reporting on the progress of the MD Approved Activities and/ or determining compliance of the applicable conditions through:
  - Self-Declaration Form (SDF); or
  - Other detailed standard forms as specified.
2. All information submitted must be **certified by an independent external auditor** appointed by the company at its own cost, or in such other manner as maybe specified by MDEC.
3. MDEC may from time to time request the Company to provide such information and/ or documents such as SSM documents and annual audited report for the purpose of monitoring the conditions of MD Status.

# REVOCATION OF STATUS

1. The MD Status may be revoked in the event of non-compliance of MD Status conditions.
2. The effective date of revocation of MD Status will be determined by the Approval Committee.
3. All incentives and benefits pursuant to MD BoGs granted under the MD Status will also be withdrawn in accordance with the applicable laws and regulations.



# Disclaimer

**Please take note that the above information is provided gratuitously and without liability. We shall not be responsible or liable for any claims, loss, damages, costs or expenses arising in any way out of or in connection with any person replying upon such information.**



# Source

1. Malaysia Digital Economy Corporation (MDeC), (2022, June 30), Guidelines on Malaysia Digital Status
2. Malaysia Digital Economy Corporation (MDeC), (2022, June 30), The Malaysia Digital (MD) Bill of Guarantees
3. Malaysia Digital Economy Corporation (MDeC), (2022, June 30), Overview of Malaysia Digital (<https://mdec.my/malaysiadigital/>)



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# THE END

For enquiries and clarification, please refer to:

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