Malaysia

Malaysia's Investment Incentives

All companies, whether local or foreign, require a company license to operate in Malaysia. The Industrial Co-ordination Act 1975 (ICA) requires manufacturing companies with paid-up capital of MYR 2.5 million and above or engaging 75 or more full-time employees to obtain a manufacturing license from the Ministry of International Trade and Industry (MITI). Applications for manufacturing licenses are to be submitted to the Malaysian Development Authority (MIDA) which is an agency under MITI in charge of the promotion and coordination of industrial development in Malaysia. Manufacturing licenses do not need renewal. However, if companies wish to expand or diversify production, they still have to notify and seek approval from MIDA.

Malaysia offers a wide range of investment incentives, both direct and indirect, for companies seeking to invest in new projects or expand existing ones. The direct tax incentives grant partial or total exemption from income tax payment for a specified period, while indirect tax incentives are in the form of exemptions from import duty, sales tax, and excise tax. These incentives are provided for in the Promotion of Investment Acts 1986, Income Tax Act 1967, Customs Act 1967, Sales Tax Act 1972, Excise Act 1976, and Free Zones Act 1990.

General Investment Incentives

Malaysia offers companies a wide variety of general investment incentives covering various sectors. Eligible activities and products are listed out as appendix I. Unless otherwise specified, these incentives are available to foreign invested projects. The incentives for manufacturing companies can be summarized as follows:

1. *Pioneer Status*

The major tax incentives for companies investing in the manufacturing sector are the Pioneer Status (PS) and the Investment Tax Allowance (ITA). Eligibility for PS and ITA is based on certain criteria such as the level of value added, technology used and industrial linkages (Please refer to the next section for ITA criteria). A company that is granted PS status will enjoy different degree of tax exemption depending on the types of promoted activities as follows:

Promoted Companies

In general, companies with PS status regardless of location and type of industries will be granted tax exemption on 70 percent of the statutory income [1] for five years. The exemption period starts from companies' production day which is defined as the day the production level reaches 30 percent of its capacity. The balance 30 percent of that statutory income will be taxed at the prevailing company tax rate. Unabsorbed capital allowances and accumulated losses incurred during the period can be carried forward and deducted from the post pioneer income of the company.

Promoted Companies in Promoted Areas

[1] Statutory Income is derived after deducting revenue expenditure and capital allowances from the gross income.

To encourage investments in promoted areas namely Sabah, Sarawak, the States of Perlis[2], the Federal Territory of Labuan[3], the designated Eastern Corridor of Peninsular Malays[4], applications received from companies located in these areas will enjoy a 100 percent tax exemption on their statutory of income during their five-year exemption period. To be eligible for this incentive, companies must submit application for PS status to MIDA before December 31, 2010.

2. Investment Tax Allowance

Promoted Companies

The Investment Tax Allowance (ITA) is an alternative to the PS and is designed to cater for projects which have large capital investments and long gestation periods. Companies with ITA status are entitled to a tax deduction equivalent to 60 percent of qualifying capital expenditure incurred within five years from the date of approval. These expenditures include factory, plant, machinery, or other equipment used for the approved project.

Companies may use the allowance to offset up to 70 percent of their statutory income for each year of assessment. They can also carry forward any unutilized allowance to subsequent years until fully utilized. The remaining 30 percent of its statutory income will be taxed at the prevailing company tax rate. To discourage companies from taking advantage of loss-making companies, the Malaysia 2006 budget prohibits companies from carrying forward accumulated losses and unabsorbed capital allowances in a case where there is a change of more than 50 percent in the shareholding's structure. Notably, dividends paid to shareholders out of tax-exempt income are tax free.

Promoted Companies in Promoted Areas

Companies located in the promoted areas namely the States of Perlis, Sabah, Sarawak, and the Eastern Corridor of Peninsular Malaysia will be granted an allowance of 100 percent on the qualifying capital expenditure incurred within a period of five years. Companies can use the allowance to offset up to 100 percent of their statutory income for each year of assessment. To be eligible for this incentive, companies must submit applications for ITA status to MIDA before December 31, 2010.

Generally, MIDA does not grant PS or ITA status to companies that previously enjoyed these incentives for similar products or activities. Exceptions are made for certain promoted sectors and areas including research and development (R&D) and projects in the less developed areas of Malaysia. In addition, MIDA may award more favorable tax exemptions on a case-by-case basis to strategic projects of national importance. To date, these incentives include up to 100 percent exemption and extension of tax exemption period by another five years.

3. Reinvestment Allowance

In general, Reinvestment Allowance (RA) is given to companies that reinvest for the purposes of expansion, automation, modernization, or diversification of their existing businesses into any related businesses within the same industry. The allowance is on condition that such companies have operated for at least three years. The RA is provided at the rate of 60 percent on the qualifying capital expenditure incurred. The allowance can

---

[2] Malaysia declared the State of Perlis as one of the promoted areas with effect from September 2, 2006. Companies undertaking promoted activities or promoted products in this state will be eligible for incentives given to such areas.

[3] Incentives are only applicable to the hotel and tourism industry.

[4] The Eastern Corridor of Peninsular Malaysia covers the States of Kelantan, Terengganu, and Pahang, and the district of Mersing in the State of Jorhor.

be offset against 70 percent of statutory income for the year of assessment. Companies can carry forward any unutilized allowances to subsequent years until fully utilized.

Specifically, companies can offset the RA against 100 percent of the statutory income for the year of assessment if:

- Reinvestment projects are located in the promoted areas; **or**

- Companies attain a productivity level exceeding that prescribed by the Ministry of Finance.

Notably, the RA period is 15 years from the year of the first reinvestment was made. Companies can only claim the RA upon the completion of the qualifying project. They cannot dispose assets acquired for the RA for five years. Meanwhile, companies with PS or ITA status which intend to reinvest during the tax exemption period, can forego their PS or ITA status and be eligible for RA. Applications for RA must be sent to the Inland Revenue Board (IRB), while applications for the cancellation of PS or ITA must be sent to MIDA.

4. Accelerated Capital Allowance

After the 15-year period of eligibility for RA, companies that reinvest in the manufacture of promoted products are eligible to apply for Accelerated Capital Allowances (ACA). The ACA provides a special allowance, where the capital expenditure must be used within three years. The special allowance comprises an initial allowance of 40 percent and an annual allowance of 20 percent.

In addition, the Malaysian 2009 stimulus package announced in March 2009 made available ACA to all businesses on expenses incurred on plants and machinery during the period of March 10, 2009 and December 31, 2010. These ACA must be claimed within two years.

5. Tax Exemption on the Value of Increased Exports

To promote exports, manufacturing companies regardless of domestic or foreign are given the following incentives:

- A tax exemption on statutory income equivalent to 10 percent of the value of increased exports on condition that the exported products attain at least 30 percent value-added; **or**

- A tax exemption on statutory income equivalent to 15 percent of the value of increased exports on condition that the exported products attain at least 50 percent value-added.

Additional incentives are made available for locally-owned manufacturing companies with Malaysian equity of at least 60 percent as follows:

- A tax exemption on statutory income equivalent to 30 percent of the value of increased exports, on condition that such companies achieve a significant increase in exports;

- A tax exemption on statutory income equivalent to 50 percent of the value of increased exports, on condition that such companies involve and enter in new markets;

- A full tax exemption on statutory income of the value of increased exports, on condition that such companies attain the highest increase in export in its category.

To be eligible for tax exemption, applications should be submitted to IRB.

6. Incentives for Relocating Manufacturing Activities to Promoted Areas

To encourage companies to establish factories in the promoted areas, existing companies, which relocate their manufacturing activities to the promoted areas, are eligible for the following incentives:

- PS status with income tax exemption of 100 percent of statutory income for a period of five years. Companies can carry forward unabsorbed capital allowances and accumulated losses incurred during the period and deduct them from the post pioneer income period; **or**

- ITA status of 100 percent on the qualifying capital expenditure incurred within a period of five years. Companies can use the allowance to offset up to 100 percent of their statutory income for each year of assessment. They can also carry forward any unutilized allowances to subsequent years until fully utilized.

Interested companies must submit their applications to MIDA.

7. Incentives for high Technology Companies

MIDA defines a high technology company as a company engaged in the production of promoted products in areas of new and emerging technologies. Interested companies must meet the following criteria:

- The percentage of local R&D to gross sales should be at least one percent per annum. MIDA has given three years for the companies to comply with this requirement starting from the date of commencement of business.

- Scientific and technical employees must obtain degrees or diplomas with a minimum five years experience in related field and account for at least 7 percent of total number of employees.

Companies which meet the criteria set forth will be eligible for:

- PS status with income tax exemption of 100 percent of the statutory income for a period of five years. Companies can carry forward unabsorbed capital allowances and accumulated losses incurred during the period and deduct them from the post pioneer income period; **or**

- ITA status of 60 percent on the qualifying capital expenditure incurred within a period of five years. Companies can use the allowance to offset up to 100 percent of their statutory income for each year of assessment. They can also carry forward any unutilized allowances to subsequent years until fully utilized.

Interested companies must submit their applications to MIDA.

6. Incentives for Strategic Projects

MIDA defines strategic projects as products and activities of national importance. These activities generally involve heavy capital investments with long gestation periods, use high level of technology, generate extensive linkages, and most importantly have significant impact on the national economy. Such projects will be eligible for:

- PS status with income tax exemption of 100 percent of the statutory income for a period of ten years. Companies can carry forward unabsorbed capital allowances and accumulated losses incurred during the period and deduct them from the post pioneer income period; **or**

- ITA status of 100 percent on the qualifying capital expenditure incurred within a period of five years. Companies can use the allowance to offset up to 100 percent of their statutory income for each year of assessment. They can also carry forward any unutilized allowances to subsequent years until fully utilized.

Interested companies must submit their applications to MIDA.

7. Incentives for Small and Medium Sized Enterprises (SMEs)

SME companies with a paid-up capital of MYR 2.5 million and below are eligible for a reduced corporate income tax of 20 percent on chargeable incomes of up to MYR 500,000. The tax rate on the remaining chargeable income is maintained at 26 percent. In addition, SME companies incorporated in Malaysia with shareholders' funds of up to MYR 500,000 and at least 60 percent Malaysian equity will qualify for the following incentives:

- PS status with income tax exemption of 100 percent of the statutory income for a period of five years. Companies can carry forward unabsorbed capital allowances and accumulated losses incurred during the period and deduct them from the post pioneer income period; **or**

- ITA status of 60 percent (100 percent for promoted areas) on the qualifying capital expenditure incurred within a period of five years. Companies can use the allowance to offset up to 100 percent of their statutory income for each year of assessment. They can also carry forward any unutilized allowances to subsequent years until fully utilized.

However, to qualify for the incentive, SME companies must participate in promoted activities and meet either of the following criteria:

- The value-added must be at least 15 percent; **or**

- The projects must contribute to socio-economic development of the rural population.

Interested companies must submit their applications to MIDA.

8. Industrial Linkage Program

To enhance industrial linkages in Malaysia, large companies are allowed to deduct expenditure incurred in training of employees, product development and testing, and factory auditing to ensure the quality of vendors' products from the computation of income tax. Meanwhile, vendors, including SME companies, which involve in the production of promoted activities listed in the Industrial Linkage Program (ILP), are eligible for the following incentives:

- PS status with income tax exemption of 100 percent of the statutory income for a period of five years. Companies can carry forward unabsorbed capital allowances and accumulated losses incurred during the period and deduct them from the post pioneer income period; **or**

- ITA status of 60 percent (100 percent for promoted areas) on the qualifying capital expenditure incurred within a period of five years. Companies can use the allowance to offset up to 100 percent of their statutory income for each year of assessment. They can also carry forward any unutilized allowances to subsequent years until fully utilized.

In addition, vendors who manufacture products in the approved ILP and are able to achieve world class standards in terms of price, quality, and capacity, will be eligible for the following incentives:

- PS status with income tax exemption of 100 percent of the statutory income for a period of ten years. Companies can carry forward unabsorbed capital allowances and accumulated losses incurred during the period and deduct them from the post pioneer income period; **or**

- ITA status of 100 percent on the qualifying capital expenditure incurred within a period of five years. Companies can use the allowance to offset up to 100 percent of their statutory income for each year of assessment. They can also carry forward any unutilized allowances to subsequent years until fully utilized.

These incentives will be available for companies submit applications to MIDA before December 31, 2010.

9. Free Industrial Zones

Malaysia has a total of 16 free industrial zones (FIZs) located at Pasir Gudang, Tanjung Pelepas, Batu Berendam I, Batu Berendam II, Tanjung Kling, Telok Panglima Garang, Pulau Indah (PKFZ), Sungai Way I, Sungai Way II, Ulu Kelang, Jelapang II, Kinta, Bayan Lepas I,II, III, Bayan Lepas IV, Seberang Perai, and Sama Jaya. Companies can be located within FIZs only when at least 80 percent of production is meant for exports. Their raw materials and components can be imported. However, the government encourages FIZ companies to use local raw materials and components.

Companies located in the FIZs zone will enjoy duty free import of raw materials, component parts, and machinery and equipment required directly in the manufacturing process as well as minimal customs formalities in exporting their finished products. However, these products (except for motor vehicles) must be sold abroad, otherwise the following import duties will apply if sold in the domestic market:

- For consumer and intermediate products that are not produced locally, FIZs products will be subject to import duties equivalent to the AFTA Common Effective Preferential Tariff (CEPT) rates.

- For consumer and intermediate goods that are produced locally, FIZs products will be subject to an import duty of three percent.

- For intermediate goods such as raw materials, components, machinery and equipment for the manufacturing sector, local manufacturers can apply for full import duty exemption when purchasing such products.

10. Tariff Related Incentives

Import Duty Exemption on Raw Materials and Components

Full import duty exemption is given to raw materials and components, regardless of whether the finished products are meant for the export or domestic market. However, conditions for the import duty exemption are different. Where the finished products are for the export market, full exemption from import duty on raw materials and components is given on condition that such raw materials and components are not produced locally or where they are produced locally, are not the same in terms of quality and price. Meanwhile, where the finished products are for the domestic market, MIDA will consider whether or not to grant full exemption from import duty on raw materials and components if such materials are not produced locally. MIDA will also consider full exemption if the finished products made from dutiable raw materials and components are not subject to any import duty.

Applications should be submitted to MIDA for consideration.

Drawback on Import Duty, Sales Tax, and Excise Duty

In pursuant to Section 99 of the Customs Act 1957, Section 29 of the Sales Tax Act 1972, and Section 19 of the Excise Tax 1976, manufacturers are allowed to claim a drawback on import duty, sales tax, and excise tax that have been paid if the parts, raw materials, or packaging material are used in the production of goods for export within one year. Notably, the government imposes excise duties on a selected range of goods manufactured in Malaysia including motor vehicles.

Sector Specific Investment Incentives

1. Incentives for the Machinery and equipment Industry (HS 84)

In addition to the general incentives granted to promoted activities listed in Appendix I, the Malaysian government introduced additional incentives to the machinery and equipment sector as follows:

Incentives for the Production of Specialized Machinery and Equipment

Companies involving activities in the production of specialized machinery and equipments namely, machine tools, plastic injection machines, plastic extrusion machinery, material handling equipment, packaging machinery, robotics and factory automation equipment, specialized/process machinery or equipment for specific industries, and parts and components of the mentioned machinery and equipment, are eligible for:

- PS status with income tax exemption of 100 percent of the statutory income for a period of ten years. Companies can carry forward unabsorbed capital allowances and accumulated losses incurred during the period and deduct them from the post pioneer income period; **or**

- ITA status of 100 percent on the qualifying capital expenditure incurred within a period of five years. Companies can use the allowance to offset up to 100 percent of their statutory income for each year of assessment. They can also carry forward any unutilized allowances to subsequent years until fully utilized.

Interested companies must submit applications to MIDA.

Import Duty and Sales Tax Exemptions on Machinery and Equipment

Generally, the Malaysian government does not impose import duty on machinery and equipments used directly in the manufacturing process and not produced locally. These products are mostly subject to zero import tariffs. However, in case where the imported machinery and equipments are subject to tariffs but are not available domestically, companies can seek for import duty and sales tax exemption. For locally purchased machinery and equipment, full exemption is given on sales tax.

Applications should be submitted to MIDA.

2. Incentives for Electronics Industry (HS 85)

The Malaysian government does not grant specific incentives for manufacturers in the electronics industry. Electronics products listed in Appendix I are eligible for general investment incentives listed in the previous section.

3. Incentives for Automotive Industry (HS 87)

In addition to the general incentives granted to promoted activities listed in Appendix I, the Malaysian government introduced additional incentives to the automotive sector as follows:

Incentives for Automotive Component Modules or Systems

Companies that involve design, R&D, and production of qualifying automotive component modules or systems are eligible for:

- PS status with income tax exemption of 100 percent of the statutory income for a period of five years. Companies can carry forward unabsorbed capital allowances and accumulated losses incurred during the period and deduct them from the post pioneer income period; **or**

- ITA status of 60 percent (100 percent for promoted areas) on the qualifying capital expenditure incurred within a period of five years. Companies can use the allowance to offset up to 100 percent of their statutory income for each year of assessment. They can also carry forward any unutilized allowances to subsequent years until fully utilized.

The qualifying modules and systems are front corner modules, rear corner modules, instrument panel modules, struts and absorbers and spring assembly modules, bumper modules, front cross member modules, function integrated door modules, fuel tank modules, seat modules, pedal modules, door trim modules, floor console modules, tire and wheel modules, brake systems, wiper systems, exhaust systems, audio systems, heather ventilation, air-conditioning systems, air bag systems, power and signal distribution systems, alarm systems, seat belt systems, exterior lighting systems, body in white modules, engine management systems, safety systems, telematics, navigational systems, engine fuel injection systems, vehicle intelligence systems.

Import Duty and Excise Tax Exemption on Hybrid Cars

In general, the importation of completed built-up (CBU) cars below 2000 cubic centimeters (cc) is subject to import duty, excise tax, and sale tax ranging from 10 to 80 percent. However, to promote Malaysia as a regional hub for hybrid cars, manufacturers of hybrid cars are given 100 percent exemption on import duty and 50 percent exemption of excise duty on new CBU hybrid cars subject to the following criteria and conditions:

- Hybrid cars should comply with the United Nations definition-- "*A vehicle with at least two different energy convertors and two different energy storage systems (gasoline and electric) on-board the vehicle for the purpose of vehicle propulsion"*;

- Only CBU hybrid passenger cars with engine capacity not more than 2000 cc;

- Engine specification of at least Euro 3 Technology;

- Hybrid cars certified by the Road Transport Department.

- Emission of carbon monoxide of less than 2.3 gram per kilometer.

To be eligible for the above incentives, interested car makers must submit their applications to Ministry of Finance (MOF) from August 30, 2009 to December 31, 2010.

National Automotive Policy Review

In line with the Malaysian government's commitment to liberalization, MITI Minister Mustapa Mohamed announced on October 28, 2009, the conclusions of the long awaited NAP review to improve the long-term competitiveness of the Malaysian automotive industry. The NAP review sets out the broad objectives and measures for the automotive sector as well as provides guidance and direction to all industry participations on the future development of the automotive sector. Among others, the revised NAP addresses new policies and measures including additional incentives. It is the first revision to the NAP since its introduction on March 22, 2006.

The relevant measures in the revised NAP with respect to investment incentives are as follows:

- Manufacturing License: The MITI decided to re-introduce the issuance of manufacturing license (ML) for selected strategic automotive segments, namely:

  - Luxury passenger vehicles with an engine capacity of 1,800 cubic centimeters (cc) and above with the minimum price of MYR 150,000;

  - Hybrid and electric vehicles;

  - Pick-up trucks;

  - Commercial vehicles; and

  - Motorcycles with an engine capacity of 200 cc and above.

The MITI does not impose any equity conditions on the new ML. However, it maintains the current policies of freezing ML issuance for (i) reconditioning and reassembling activities and (ii) contract assembly to encourage the utilization of existing excess capacity. Previously, the MITI froze issuing new MLs for all automotive segments due to excess capacity in the domestic market. Vehicle assemblers were only allowed to produce excess capacity to third-party contract assemblers, who produce models that do not directly compete with those produced by national car manufacturers.

- Tax and Duty Incentives to Promote Value Added Exports: The NAP review introduces higher tax exemptions for exported products with a significant portion of value-added content produced in Malaysia. This reflects the government's objective to promote the exports of automotive products. The new measures include:

  - An increase in tax exemptions on statutory income from 10 percent to 30 percent of the value of increased exports for manufacturers who produce goods attaining at least 30 percent value added.

  - An increase in tax exemptions on statutory income from 15 percent to 50 percent of the value of increased exports for manufacturers who produce goods attaining at least 50 percent value added.

- Additional Incentives for Manufacture of High Value-Added Parts: To enhance the production of high value-added automotive parts, the government will provide additional tax incentives to promote technological capital development in the following auto parts segments: transmission systems, brake systems, airbag systems, and steering systems. Manufacturers of automotive parts and components under these segments will be eligible for:

  - PS status of 100 percent tax deduction for ten years; **or**

  - ITA status with 100 percent Investment for five years.

  The government may extend the exemption period for PS and ITA depending on the type of promoted activities.

- Additional Incentives to Promote Hybrid and Electrical Vehicle Industry: In line with the government's sustainable energy policy, the NAP review addresses the need to develop and promote hybrid and electric vehicle industry. It introduces comprehensive tax incentives, duty exemptions, as well as customized training and research and development (R&D) grants to ensure the maximization of return on investment. The new measures target:

  - Investment in the assembly or manufacture of hybrid and electric vehicles, which will be eligible for:
    - 100 percent PS or ITA for a period of ten years;
    - Customized training and R&D grants; and
    - 50 percent exemption on excise duty for locally assembled vehicles or provision of grant under the Industrial Adjustment Fund (IAF).

  - Investment in the manufacture of selected automotive components for the production of hybrid and electric vehicles such as electric motors, electric batteries, battery management system, inverters, electric air conditioning, and air compressors will be eligible for 100 percent PS for ten years or 100 percent ITA for five years. The MITI may grant additional incentives based on proposed activities.

Appendix I: List of Promoted Businesses

The following is a list of promoted activities and products pertaining to HS 84, 85, and 87, which are eligible for consideration of PS and ITA status under the Promotion of Investments Act 1986.

HS 84: Manufacture of Machinery and Machinery Components

- Specialized/process machinery or equipment associated with specific industry including:
  - Agricultural machinery or equipment
  - Mining or mineral extraction/processing machinery or equipment
  - Construction machinery or equipment
  - Waste water/sewage treatment equipment
  - Industrial sewing machines
- Supporting services machinery or equipment including power generating machinery or equipment
- Material handling machinery or equipment including elevators or escalators
- Hand tools or power tools
- Machinery and industrial parts/components including:
  - Printing rolls or embossing rolls
  - Dicing blades, accessories for silicon wafers or ceramic substrates
  - Offset printing plates
  - Industrial seals or seal materials
- Machine tools (metalworking, woodworking and others) including welding/soldering equipment
- Packaging machinery
- Machinery or equipment for the services sector including:
  - Fire fighting equipment
  - Hand labelers
- Reconditioning of heavy machinery and equipment
  - Automobile air conditioning compressors
- Servicing and upgrading or reconditioning of machinery and equipment

HS 85: Manufacture of Electrical and Electronic products and Components thereof

- Digital television receivers
- Color television receiver parts:
    - Cathode ray tubes
    - Electron guns
    - Polished glass panels or glass funnels of color picture tubes
- Digital audio video recorders/players and parts:
    - Digital audio video recorders/players
    - Digital tape mechanisms
    - Digital disc mechanisms
    - Optical pick-up units
    - Magnetic heads
- Computers, parts, and peripherals:
    - Computers (excluding detached peripherals not manufactured in-house)
    - Monitors
    - Computer printers and printer mechanism
    - Printer heads
    - Computer scanners
    - Drive units
    - Head gimbal assemblies
    - Head carriage assemblies
    - Headstack assemblies
    - Computer magnetic heads
    - Data storage media
    - Voice coil motors
    - Actuators
    - Electronic games equipment including photo detector joysticks
    - Disk substrates or disk blanks
    - Re-manufacturing of computer drives
- Electronic components:

- Quartz crystals
- Motors
- Printed circuit boards (excluding rigid single sided circuit boards)
- Cables or wires for electronic devices including flat cables
- Hermetic seals
- Electrical/electronic components molded with magnets
- Heat shrinkable cable joints and terminations
- Thermistors
- Connectors with or without wires and cables
- Bonding wires
- Lead-frames
- Magnet or ferrite cores
- Display-electroluminescent, plasma, or liquid crystal
- Membrane switches
- Surface mount components
- Optical fibers or optical fiber products
- SMT chip holders on lead frames
- Solar cells
- Magnetron
- Fabrication of light elmiiting diodes (LED)
- Precision bond pads

• Recorded and unrecorded media:
  - Compact discs
  - Magnetic webs or pancakes
• Electronic machines and equipment/devices:
  - Teller machines
  - Office equipment
  - Alarm equipments/systems or devices
  - Ultrasonic cleansers
  - Computing scales

- Cash registers
- Demagnetizers
- Industrial controllers
- Computer aided design (CAD), computer aided manufacturing (CAM) or computer aided engineering (CAE) equipment
- Robots or robotics
- Multimedia integrated controller

- Wafer fabrication:
  - Semiconductor wafer fabrication
  - Reclaimed silicon wafers
  - Wafer or die level preparation
- Electrical products:
  - Uninterruptible power supplies
  - Batteries excluding manganese dioxide, dry cells, and lead acid batteries
  - Solar panels
  - Energy saving lighting and/or display
  - High intensity discharge (HID) lamps and parts thereof
- Telecommunication:
  - Telecommunication equipment including multi feature mobile phones but excluding fixed line telephone sets
  - Antennae for communication equipment
  - Voice/pattern/vision recognition or synthesis equipment
  - Data terminal displays
  - Global positioning systems
  - Electronic navigational aid
  - Electronic tracking aid
- Software development and production
- Discharge tubes and products thereof
- Air sterilizer
- Transformers or coils
- Automatic gate mechanisms

- Consumer electronic products; parts, sub-assemblies or accessories thereof
- Industrial electronic products; parts, sub-assemblies and accessories thereof
- Electrical household appliances and parts thereof
- Electrical industrial equipment or parts thereof

HS 87: Manufacture of auto and parts thereof

- Bicycles
- Bicycles parts:
    - ➢ Drive set (chain wheel and crank)
    - ➢ Brake set
    - ➢ Spend change set
    - ➢ Hub
- Specialty cars
- Engines
- Engine parts:
    - ➢ Cylinder block, cylinder head, rocker cover, flywheel or pulley
    - ➢ Crank shaft, connecting rod, cam shaft, rocker, rocker shaft, engine valve, sprocket, piston pin or piston intake manifold or exhaust
    - ➢ Intake manifold or exhaust
    - ➢ Oil pan, oil pump, oil pump gear shaft, fuel pump, water pump, or oil seal
    - ➢ Timing belt, timing chain, carburetor, ignition coil or distributor
    - ➢ Fuel injection mechanism (injector, pump, tubing, valves, regulator, sensors, electronic control modules)
    - ➢ High tension cables
    - ➢ Engine bracket
    - ➢ Magneto
    - ➢ Capacitor discharge unit
- Transmissions
- Transmission parts:
    - ➢ Transmission shift lever or fork
    - ➢ Transmission control linkages
    - ➢ Speedometer pinion

- Clutch
- Torque convertor
- Drive shaft

- Axle, wheel, wheel hub or knuckle
- Disc brake, drum brake, brake cylinder, brake master cylinder, brake booster, anti-lock braking mechanism, clutch master cylinder or clutch operating cylinder.
- Steering wheel, steering column, steering gear box, power steering pump, steering linkages, tie rod or constant velocity joints, rack tubes of hydraulic/electric power steering and feed pipes for hydraulic power steering.
- Stabilizer bar, suspension arms, or suspension arm shaft and member
- Body panels, chassis frame, fuel tank, window regulator, locks, and keys or hinges
- Head lights, indicating/signaling lights, meters, gauges, switches, or horns.
- Weather strips, control cables, speedometer cables, metallic tubings or hoses
- Catalytic converter
- Vehicle safety air bag
- Navigational system
- Automotive electronic module/component or sensor
- Seat mechanism including seat adjuster or locking mechanism or seat recliner
- System integrator:
    - Front corner module
    - Rear corner module
    - Instrument panel module
    - Strut and absorbers and spring assembly module
    - Bumper assembly
    - Front cross member module
    - Function integrated door module
    - Fuel tank module
    - Seat assembly
    - Pedal assembly
    - Door trim assembly
    - Floor console assembly

- Tire and wheel assembly
- Brake system
- Wiper system
- Exhaust system
- Audio system
- Heat Ventilation Air-conditioning System (HVAC)
- Airbag system
- Power and signal distribution system
- Alarm system
- Seat belt system
- Exterior lighting system
- Body in white assembly

* Gear
* Cooling equipment, air-inlet equipment or exhaust equipment, compressor and expansion valve for automotive air-conditioning