



FOR IMMEDIATE RELEASE

Launch of Incentive for Merger and Acquisition of Small and Medium Service Providers

KUALA LUMPUR, 14 February – Y.B. Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry today launched the new Incentive for Merger and Acquisition (M&A) of Small and Medium Service Providers at SME Corporation Malaysia. In conjunction with the launch, SME Corp. Malaysia organised the 'SME Professional Services Day' which was participated by relevant SMEs and industry associations. The highlight of the half-day session was the briefing on details of the M&A incentive including the application process. The participants were also briefed on other relevant incentives available for the services sector; process pertaining to mergers and acquisition; as well as the on-going liberalisation of the services sector.

The Incentive for Merger and Acquisition of Small and Medium Service Providers was first announced by YAB Prime Minister as part of the package of incentives to enhance the competitiveness of the domestic services sector. While Malaysia has a pool of capable professional skills, many of the service providers are currently fragmented and dominated by small firms. Hence, the incentive is to promote mergers and acquisitions among SMEs with the aim to enhance their capacity and capability so that they are able to compete in a liberalised market environment.

The M&A incentive is open for application until July 2015. Successful applicants will enjoy a flat tax rate of 20% on all taxable income earned by the merged companies for a period of five (5) years. In addition, merger and acquisition documents will also be exempted from stamp duty. To benefit from the incentive, applicants must be 100% Malaysian owned and must be SMEs as per the new definition, i.e., annual sales turnover not exceeding RM20 million or full-time employees not exceeding 75 workers. SMEs in the professional services (specialised medical and dental practices as well as accounting, taxation, architectural and engineering services), courier services, private technical and vocational secondary education services and skills training services are eligible to apply for this incentive.

All applications are to be submitted to SME Corp. Malaysia which serves as the one-stop centre for processing, verification and endorsement of the incentive. The forms can be downloaded from SME Corp. Malaysia's website at www.smecorp.gov.my.

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SME Corp. Malaysia

SME Corp. Malaysia is a Central Coordinating Agency that formulates overall policies and strategies for SMEs and coordinates the implementation of SME Development Programmes across all related Ministries and Agencies. It acts as the central point of reference for research and data dissemination on SMEs, as well as, provides advisory services for SMEs in Malaysia. SME Corp. Malaysia also assumes the role of the Secretariat to the National SME Development Council (NSDC) which is chaired by YAB Prime Minister of Malaysia.