

Announcement on the New Incentive Framework (NIF) in Malaysia

Following the [media statement](#) issued by the Ministry of Investment, Trade and Industry (MITI) on 29 January 2026 regarding the implementation of the New Incentive Framework (NIF), the Government of Malaysia will roll out the framework beginning 1 March 2026 for the manufacturing sector, with the **services sector to follow in the second quarter of the year**.

Malaysia Digital Economy Corporation (MDEC) would like to reassure all Malaysia Digital (MD) companies that **existing MD Tax Incentives remain unchanged and fully intact until 31 December 2027**. All MD Tax Incentive approvals granted under the current framework will continue to be honoured in accordance with their approved terms and conditions. MD companies may continue to submit applications for MD Tax Incentives under the current framework up to 31 December 2027, with no impact on existing incentives or approved benefits.

Looking ahead, the adoption of the NIF for **new MD Tax Incentive applications**, covering both new investments and expansion activities, is **targeted to take effect from 1 January 2028**. This transition reflects a broader evolution in Malaysia's investment incentive approach, moving towards an outcome-based framework, while ensuring continuity for existing MD companies.

The NIF introduces a tiered, outcome-driven assessment aligned with the National Investment Aspirations (NIA) and the New Industrial Master Plan (NIMP) 2030. In line with national priorities, incentives under the NIF are evaluated using the NIA Scorecard, which assesses investments across key strategic pillars including economic value creation, local talent development, technology transfer, domestic supply chain strengthening, and sustainability outcomes. Based on these assessment, eligible companies may be considered for either a Special Tax Rate (STR) or an Investment Tax Allowance (ITA), subject to meeting the relevant assessment criteria.

The NIF is part of a broader incentive reform effort led by the Taskforce on Incentive Review (TFIR) under the Ministry of Finance (MOF), with MDEC serving as a permanent representative of the Taskforce alongside MITI, the Malaysian Investment Development Authority (MIDA), the Inland Revenue Board (IRB), Bank Negara Malaysia (BNM), and the Bioeconomy Corporation.

Further details on the eligibility criteria and application processes for MD companies under the NIF will be shared closer to the 2028 implementation timeline. MDEC remains committed to supporting MD companies throughout this transition and will continue to provide timely updates and guidance.

For further inquiries or assistance, please contact our dedicated team at cllc@mdec.com.my

ISSUED BY

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