

**GUIDELINES AND PROCEDURES FOR APPLICATION FOR PIONEER
STATUS/INVESTMENT TAX ALLOWANCE UNDER THE PROMOTION OF
INVESTMENT ACT, 1986
FOR THE ESTABLISHMENT OF FOREST PLANTATION**

1. Guidelines

- a) The following categories of companies are eligible to apply Pioneer Status or the Investment Tax Allowance under the Promotion of Investment Act, 1986.
 - (i) Companies intending to establish new forest plantations;
 - (ii) Existing companies with forest plantations which have not been harvested yet;
 - (iii) Existing forest plantation companies intending to establish new areas of forest plantations;
 - (iv) Companies taking over existing forest plantations provided harvested has not commenced.

- b) The Pioneer Status is in the form of 100% exemption from income tax for a period of 10 years, given in two stages as follows:-
 - (i) for a period of 5 years from 'Production Day';
 - (ii) for an additional period of 5 years after the expiry of the initial 5 years of tax relief.

- c) The Investment Tax Allowance is given at the rate of 100% of qualifying capital expenditure incurred within 5 years from the date first qualifying expenditure is incurred.

- d) Companies intending to undertake integrated activities can either establish one entity to undertake the integrated operation or two separate entities, one for plantation and one for manufacturing.

- e) The company which undertakes forest plantation may also apply for expatriate post(s). However, the company should endeavour to train Malaysians in the same fields.

2. Procedure for Application

- (a) Application for these incentives should be made upon approval of the Forest Plantation Development and Management Plan using FP 1-1 Form by the respective Technical Committees in the Forestry Departments Peninsular Malaysia/Sabah/Sarawak. A copy of FP 1-1 Form is attached with FP/JA Form which is available from MIDA Headquarters and regional offices. Application for approval of this Plan should be submitted to the following:-

(i) For projects in Peninsular Malaysia

The Secretariat
Technical Committee
Forestry Department Peninsular Malaysia
Headquarters
Jalan Sultan Salahuddin
50660 Kuala Lumpur

Tel : 03-2988244
Fax : 03-2925657

(ii) For projects in Sabah

The Secretariat
Technical Committee
Forestry Department Sabah
P.O. Box 311
90007 Sandakan
Sabah

Tel : 089-660811
Fax : 089-669170

(iii) For projects in Sarawak

The Secretariat
Technical Committee
Forestry Department Sarawak Headquarters
Bangunan Wisma Sumber Alam
Jalan Stadium, Petra Jaya
93660 Kuching
Sarawak

Tel : 082-442180
Fax : 082-441377

- (b) Upon approval of FP 1-1 Form by the relevant Technical Committees, companies can apply for the above incentives. Application should be made in the FP/JA Form and should be submitted in five (5) copies to:-

The Director General
Malaysian Industrial Development Authority (MIDA)
5th Floor, Block 4, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur
P.O. Box 10618
50720 Kuala Lumpur
Malaysia

- (c) Companies approved with the Pioneer Status or the Investment Tax Allowance are required to submit Annual Operations Plans to the respective Technical Committees in prescribed format. These formats can be obtained from the respective Forestry Department of Peninsular Malaysia/Sabah/Sarawak.

- (d) For enquiries and clarification, please refer to:-

MIDA's Website : <http://www.mida.gov.my>
Tel. No. : (603) 2267 3633
Fax No. : (603) 2274 7970 / 2273 4204
E-mail : investmalaysia@mida.gov.my

**APPLICATION FOR INCENTIVE UNDER THE PROMOTION OF INVESTMENT ACT, 1986
TO ESTABLISH FOREST PLANTATION PROJECT**

Type of application (Please tick (✓) where relevant]

(a) *Incentive*

(i) Pioneer Status

or

(ii) Investment Tax Allowance

and / or

(b) *Expatriate Posts*

Type of forest plantation

Mono species forest plantation

Multiple species forest plantation

Rubber wood plantation

Forestry species and cash crops cultivation

Proposed forest plantation species :

A. PARTICULARS OF APPLICANT/COMPANY

1. (i) Name of applicant/company and correspondence address :

.....
.....
.....

Telephone : Fax : Contact person :

Designation :

2. (i) Name of company which will undertake the project :

.....

(ii) Date of incorporation :

(iii) Company registration no. :

(iv) Income tax reference no. :

(v) Income tax branch office :

(vi) Address of registered office :

.....
.....
.....

Telephone : Fax :

3. Proposed plantation location ;:

.....
.....
.....

4. *Company undertaking the project*
[Tick (✓) whichever is relevant]

- Company establishing new plantation*
- Existing company with plantation which has not been harvested*
- Existing company establishing new areas as plantation**
- Company taking over existing plantation provided harvesting has not commenced yet*

* *(The company must form a new entity to establish the new plantation)*

5. *Particulars of directors*

<i>Name and residential address</i>	<i>Nationality</i>	<i>% share held in the company</i>

B. PROJECT COST

If this project is to be implemented in phases, indicate investment costs and the timing for each phase.

1. Fixed asset	RM
a. Land (specify area)	.....
b. Clearing and preparation of land	.....
c. Farm building (specify built-up area)	.....
.....	
d. Planting of crops	.....
e. Infrastructure development such as irrigation, drainage system, access roads, bridges, ponds and other structures	.....
f. Plant and machinery	.....
g. Other equipment	.....
<i>Total fixed assets</i>	.....
2. Pre-operational expenditure	.....
3. Working capital	.....
<i>Total</i>	.....

Note : If the land, factory building, plant and machinery are rented/leased, indicate the annual cost of rental/lease.

C. FINANCING

	RM	%
1. <i>Authorised capital</i>	
2. <i>Paid-up capital</i>		
(a) <i>Malaysian individuals</i>		
<i>Bumiputera</i>
<i>Non Bumiputera</i>
(b) <i>Companies incorporated in Malaysia</i>
.....
.....
(c) <i>Foreign individual/company</i> <i>(Specify name and country)</i>		
.....
.....
Total (a), (b) and (c)	<u>100%</u>

* For 2 (b) provide equity structure as follows:-

<i>Name of company:.....</i>		<i>Name of company:.....</i>	
<i>Bumiputera</i>	.....%	<i>Bumiputera</i>%
<i>Non Bumiputera</i>	.....%	<i>Non Bumiputera</i>%
<i>Foreign</i>	.....%	<i>Foreign</i>%

3. <i>Loan</i>	RM
<i>Domestic</i>	.....
<i>Foreign</i>	.....
Total	.....

4 Other sources

.....

Total

.....

Total 2, 3 and 4

=====

D. FOREST PLANTATION DEVELOPMENT AND MANAGEMENT PLAN (FPDMP)

Please submit a copy of the approval letter of the Forest Plantation Development And Management Plan (FPDMP) from the relevant Secretariats of the Technical Committees.

E. DETAILS OF EXPATRIATE POSTS

Please complete this section if the applicant is applying for expatriate posts. Please exclude the expatriate posts that have been directly applied for to the Immigration Department or any other department.

1. New/additional posts applied for

Designation*	Type of post (key/term post)	Number	Duration (years)

Note:

* Please list according to priority

For each expatriate post applied for, please submit the following details:

- (a) Job function
- (b) Minimum academic/professional qualification required

- (c) Minimum period of experience required
- (d) Justification for request
- (e) Proposed training scheme for Malaysian personnel to fill the relevant posts

2. Existing/approved posts (if any)

Designation	Name and nationality	Duration approved	Date post filled	Expiry date

For each existing/approved expatriate post, please submit the following details:

- (a) Name of Malaysian who has taken over/will take over the post
 - (b) If the post has not been/will not be Malaysianised, state reasons and the company's plan on the post.
3. Please attach the organisational structure of the company indicating the positions of the expatriate posts.

F. DECLARATION

I, _____, the Managing Director of

(i) hereby declare that to the best of my knowledge, the particulars furnished in this application are true.

(ii)* have engaged/is planning to engage the services of the following consultant for my application :

Company Name : _____

Address : _____

Contact Person : _____

Designation : _____

Telephone no. : _____

Fax no. : _____

E-mail : _____

I take full responsibility for all information submitted by the consultant(s).

_____ Date

_____ (Signature)

*Please complete this section if the company has engaged/is planning to engage the services of consultant(s) to act on behalf of the company. Please provide information on a separate sheet of paper if space is insufficient

**FORMAT
FOREST PLANTATION DEVELOPMENT AND MANAGEMENT PLAN**

SUMMARY OF PLAN

Provide a short summary of the plan, covering:

- Policies, goals and objectives
- Location and extent of forest plantation
- Choice of species, growth rate, timber properties and end-uses
- Plantation management and silvicultural systems
- Rotation and estimated yield and produce composition
- Industrial processing set-up
- Infrastructure
- Manpower requirements
- Financial statement and economic analysis
- Research and development, and
- Plan period and revision

FOREST PLANTION DEVELOPMENT AND MANAGEMENT PLAN

I. INTRODUCTION

1.1 Background

Describe the background of the organization, its activities, industrial and processing set-up and past experience in plantation management, etc.

1.2 Strategy and goals

Outline the perspective plan of the company incorporating policies, strategies, long term goals, priorities and basic approach to resource management, utilization and industrial development.

1.3 Objectives

Define the objectives to be pursued in the plan.

II. BASIC DATA

2.0 PROJECT DATA

2.1 Name, location and extent

Describe the name, location and extent of the project area. (Lot number, Mukim and any reference from Land office). Enclose map showing general location and nearest township.

Note the communications and distance from mills and towns or villages.

Describe current vegetative cover:- whether it is forested, idle land, rubber plantation or any other crop cover.

2.2 Legal status

Refer to the legal position:- whether Forest Reserve, Stateland, Alienated Land, Government Reserve, etc.

3.0 GENERAL DESCRIPTIONS OF THE ENVIRONMENT

3.1 Physiography

Describe the terrain conditions, summarizing the general configuration of the land, range of altitudes and drainage patterns. Enclose map showing territorial extent, boundaries, drainage patterns and physiographic etc.

3.2 Geology and soils

Give a description of the geological and soil types found in the area. Semi-detailed soil survey map to be included if available.

3.3 Infrastructure and communications

Describe accessibility in general and existing transportation network.

Include other infrastructure such as nursery, site offices and quarters, bridges, etc.

3.4 Other influences

Discuss, if any, the presence of shifting cultivation, encroachment, mining, etc.

III. FOUNDATION AND IMPLEMENTATION OF THE PLAN

4.0 BASIC CONSIDERATIONS

4.1 Choice of species

Indicate species chosen and justification. Basic information include growth and yield estimation, silvicultural requirements, supply of planting materials, wood properties, marketing potential and prices, etc.

4.2 Production and marketing

Provide estimates of yield and assumptions used. Indicate composition of produce and end-products from thinnings to final harvest. (Use Appendix A).

4.3 Project Cost

Estimate budget and allocation for land cost, plantation establishment, nursery facilities, maintenance, infrastructure (including buildings, roads, bridges, irrigation and drainage system), harvesting, administration, protection, transport, etc. (Fill in Appendix B).

Indicate sources of funding and financing.

4.4 Financial considerations

Provide estimates of cost and financial return such as IRR, B/C Ratio, NPV and other financial analyses. Indicate the assumptions used in the calculation. Include cash-flow table and other profit-and-loss analysis projections. (See Appendix C for example, other forms of table is acceptable).

4.5 Environmental Impact Assessment (EIA)

EIA report as in accordance with the requirements of the Environmental Quality Act, 1974 is not required at this stage but approval of the Plan will be subjected to requirements of this said Act.

5.0 PLANTATION ESTABLISHMENT AND MANAGEMENT

5.1 Plantation establishment

Briefly describe the system of land preparation whether mechanical or manual etc; road construction and other operations specific to site condition.

Indicate yearly plantation establishment targets with the help of operation schedule for the whole plan period. (Same as in Appendix A).

5.2 Preparation of Planting Stock

Describe the production of planting stock, including seed procurement, nursery practices etc. Provide nursery guidelines and planting manual.

5.3 Plantation Management

Describe plantation management system, rotation, its basis or rationale and criteria for its application to project area.

5.4 Silviculture

Describe the silvicultural regimes, schedule of treatment, fertilization, pest and disease control, and fire protection. Enclose guidelines on silvicultural operations and principles.

5.5 Harvesting

Describe harvesting operation and schedule, type and composition of produce, transportation to mills, etc. Provide estimated yearly output from thinning operations as well as final harvest.

5.6 Infrastructure and equipment

Indicate plans for infrastructure development including road-networks, offices, workers' quarters, etc. Provide schedule of infrastructural development.

6.0 SOURCE OF TECHNICAL KNOW-HOW

Indicate requirements for technical expertise. Provide details including name and experience of the company providing technical know-how.

7.0 ADMINISTRATION

7.1 Organisation

Describe generally the organization structure for the project.

7.2 Manpower

Provide manpower requirements according to employment category.

8.0 RESEARCH AND DEVELOPMENT

Indicate plans for research and development programmes.

Appendix A

PLANTATION ESTABLISHMENT AND EXPECTED VALUE

Year	Plantation Establishment (ha)	Output (m ³)				Total (m ³)
		A	B	C	D	

A, B, C = Thinnings

D = Final Harvest

Appendix B

Project Cost

Estimated Total Cost

(RM)

- (i) Land cost (specify area)
 - Purchase price
 - Premium
 - Rent

- (ii) Land Preparation
- (iii) Planting of crops (including planting materials)
- (iv) Field maintenance
- (v) Roads and bridges
- (vi) Buildings
- (vii) Drainage and irrigation
- (viii) Plant and machinery
- (ix) Agrochemicals and fertilizer
- (x) Nursery facilities
- (xi) Management
- (xii) Other equipment
- (xiii) Overhead
- (xiv) Working capital

Total :

Note:

- (a) If the land, buildings and machinery are to be rented or leased, indicate the annual cost of rental/lease.

- (b) If this project is to be implemented in phases, indicate investment costs and the timing for each phase.

Estimation of Cost and Revenue for the Whole Plan Period

	Total (RM)	Year					
		1	2	3	4	5
1. Revenue							
1.1 Block 1							
1.2 Block 2							
Total Revenue							
2. Cost							
2.1 Management							
2.2 Forest/Land Premium							
2.3 Quit Rent							
2.4 Establishment							
2.5 Silvicultural Treatment							
2.6 Agrochemicals							
2.7 Vehicles and Equipment							
2.8 Infrastructure (Roads and Buildings)							
2.9 Fuels							
2.10 Harvesting Cost							
2.11 Others							
Total Cost							
3. Difference/Balance							