

## **GUIDELINES FOR MTC FINANCIAL INCENTIVE FOR PURCHASE OF MACHINERY 2018**

*Malaysian Timber Council is expanding its assistance programme by introducing MTC's financial incentive programme for the purchase of machinery. This programme is to encourage local timber manufacturers in Peninsular Malaysia, particularly small and medium enterprises, to adopt the latest technology in mechanisation/automation.*

### **1. INCENTIVE**

Partial reimbursement of the machine price and freight charges for the purchase of machinery every three (3) years.

### **2. REIMBURSEMENT RATE**

- Non-Bumiputera company: 10% of the machine price and freight charges, up to RM50,000 every three (3) years per company/group of companies.
- Bumiputera company: 15% of the machine price and freight charges, up to RM50,000 every three (3) years per company/group of companies

### **3. COMPANIES' ELIGIBILITY**

- The timber company must fall within the definition of small and medium enterprises (SME) as per the National SME Development Council's definition;
- A member of any one (1) of the six (6) timber associations:
  - Malaysian Furniture Council (MFC);
  - Malaysian Wood Industries Association (MWIA);
  - Malaysian Wood Moulding and Joinery Council (MWMJC);
  - Persatuan Pengusaha Kayu-Kayan & Perabot Bumiputra Malaysia (PEKA) [Association of Malaysian Bumiputra Timber & Furniture Entrepreneurs];
  - The Malaysian Panel-Products Manufacturers' Association (MPMA); and
  - The Timber Exporters' Association of Malaysia (TEAM).
- Must be based in Peninsular Malaysia, installed with wood-based manufacturing facilities, in operation for at least three (3) years and is financially stable;
- Must be involved in sawmilling or production of value added wood-based products;
- Eligible companies are not confined only to manufacturing for export;
- Companies with 50% or more common controlling shareholders may apply. However, the companies within the same group shall have different core businesses;
- For companies that are using/sharing the same site/facility, only one company may apply; and

- Company that has received other grant or subsidy for the procurement of the said machine from other government or government-linked agencies is not eligible for this financial incentive programme.

#### **4. MACHINERY PURCHASED**

- The machinery must be dedicated for sawmilling or value-added timber processing;
- The machine is used directly in the manufacturing processes at the factory floor;
- The company must be able to demonstrate that the machinery purchased enhances productivity such as reducing man hours, reducing number of workers and increasing the volume of output;
- Only new machines are eligible for the financial incentive; and
- Both imported and locally fabricated machines purchased are eligible for the financial incentive.

#### **5. APPLICATION**

- Completed Application Form shall be submitted to MTC, together with supporting documents, after the purchase has been confirmed, **before the installation of machine**.
- Certified true copies of documents to be submitted include:
  - Form 24 and 49, as per Company Act 1965 and Form of Annual Return.
  - Purchase contract, photos of machine and technical specifications.
  - Manufacturing process flow chart explaining major processes, and the relevant position of the purchased machine on the factory floor.
  - Latest 3 years audited accounts
  - Latest 3 months bank statements
  - Latest Employees Provident Fund's statement
- Approval for application is subject to an independent due diligence audit to be carried out by MTC prior to the installation of machine.

#### **6. REIMBURSEMENT**

- An applicant must allow an independent follow up due diligence to be carried out by MTC **after the machine has been installed in the factory and used at least for one (1) month after installation/commissioning**.
- Certified true copies of documents to be submitted for the reimbursement include:
  - A. Purchase from local machine suppliers
    - Supplier's invoice and delivery order for machine
    - Packing list
    - Invoices for transportation charges
    - Payment receipt issued by supplier

- Production record data/letter of commissioning to show that the machine has been installed in the factory and used at least for one (1) month after installation/commissioning.
  - Proof of documents (e.g., “before and after” results) to show that the machine enhances production efficiency such as reducing man hours, reducing number of workers and increasing the volume of output.
- B. Purchase from oversea suppliers
- Supplier’s invoice and delivery order for machine
  - Packing list
  - Bill of Lading
  - Custom Declaration Form (K1)
  - Invoices for ocean freight and port handling charges
  - Production record data/letter of commissioning to show that the machine has been installed in the factory and used at least for one (1) month after installation/commissioning.
  - Proof of documents (e.g., “before and after” results) to show that the machine enhances production efficiency such as reducing man hours, reducing number of workers and increasing the volume of output.
- Submission for reimbursement (with full supporting documents) **must reach MTC within three (3) months after commissioning of machine purchased.**
  - **Late submission for reimbursement after the aforementioned three (3) months period will not be considered by MTC.**
  - Approval for reimbursement is at the sole discretion of MTC.
  - The financial incentive provided is on a **first-come first-served basis**, until the budget allocation is fully utilised.

For further enquiries and information, please contact the following:

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