

APPENDIX 1: SPECIFIC INCENTIVES AND FUNDS FOR THE TOURISM SECTOR IN MALAYSIA

1. Tour operators who bring in at least 500 foreign tourists in the assessed year through group inclusive tours certified by the Ministry of Tourism are also exempted from tax on income earned from the business of operating tours. The tour operators need to be licensed under the Tourism Industry Act 1992;
2. Double deduction for expenditure incurred by hotels and tour operators for overseas promotion is another incentive provided for this industry;
3. Double tax deduction is also allowed for expenses incurred in training of hotel staff and tour operators to upgrade their skills levels, as approved by the Tourism Ministry;
4. Organizers of international trade exhibitions/conferences in Malaysia are also eligible for tax exemption on income earned from organizing international exhibitions that are approved by MATRADE and the organizers of the international exhibition have to bring in at least 500 foreign trade visitors per event;
5. Apart from preferred tourist goods that are exempted from import duties, import duty exemptions are also granted to branded ready-made clothes and leather goods with an import value of not less than RM200 per unit;
6. Service tax exemption is granted to two-star hotels and those of a lower category that have at least 20 rooms except for hotels in Penang, Johor Baru and Kuala Lumpur that should have at least 50 rooms;
7. Two special funds, namely the Special Fund for Tourism and Infrastructure, were launched in 2002 in order to stimulate private investment, and the upgrading of tourism products.