



Incentive for Merger and Acquisition of Small and Medium Service Providers

**Merger, Acquisition and Affiliation of Accounting
Firms: A Market Update**

Government announced Incentive for M&A for small and medium service providers

Incentives

Launched in
14 February 2014

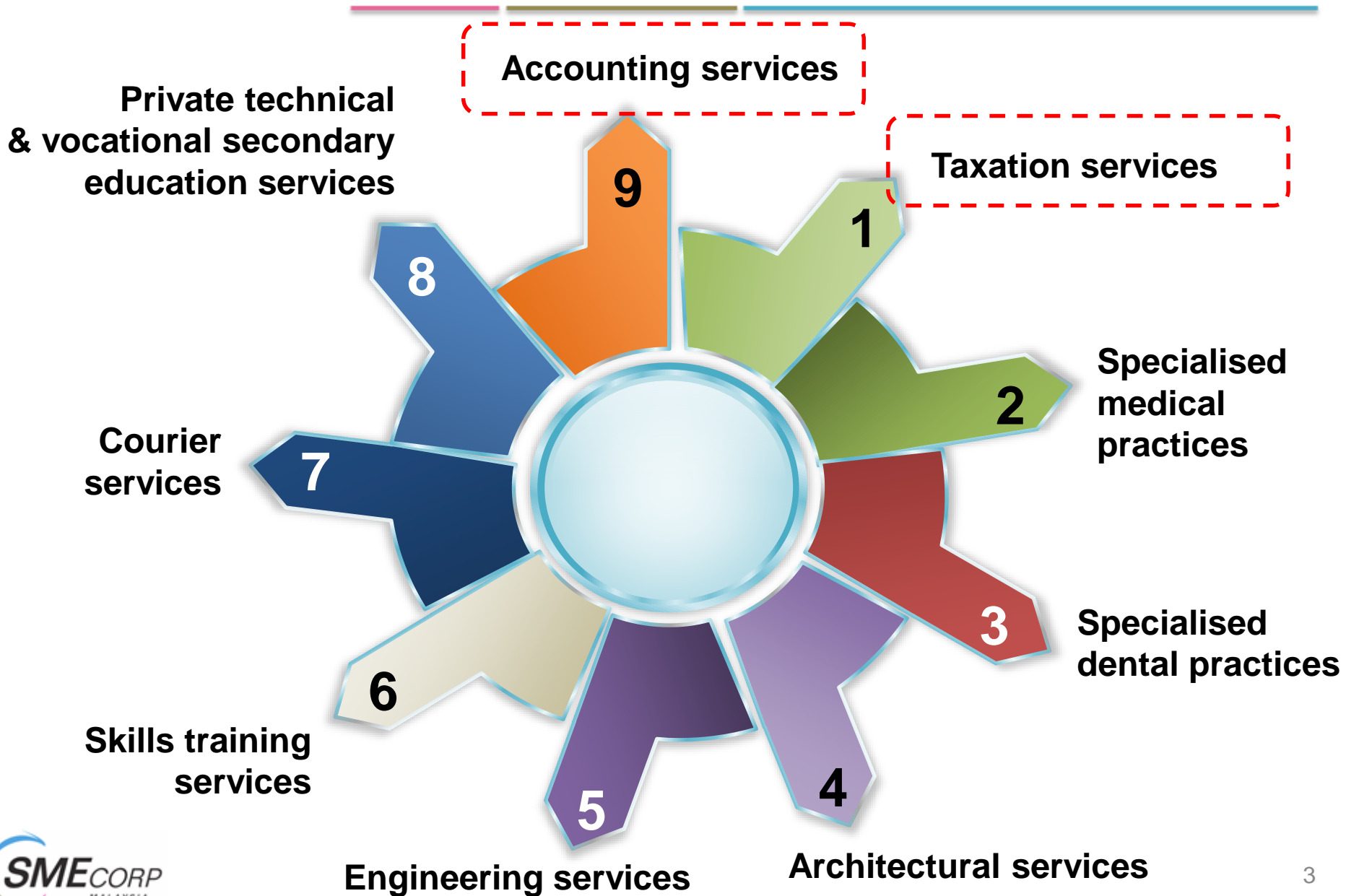
Tax rate of **20%** on all **taxable income** for a period of **5 years** (effective from date of merger)

1

Stamp duty exemption on merger document

2

Eligible services of the Incentive for M&A



Eligibility criteria of the Incentive for M&A

1

Fulfil the SME definition

New SME Definition endorsed (effective 1 Jan 2014)

Effective 1 Jan 2014	Annual Sales	No. of employees
Manufacturing	≤ RM50mil	≤ 200
<u>Services sector & others</u>	≤ RM20mil	≤ 75

OR

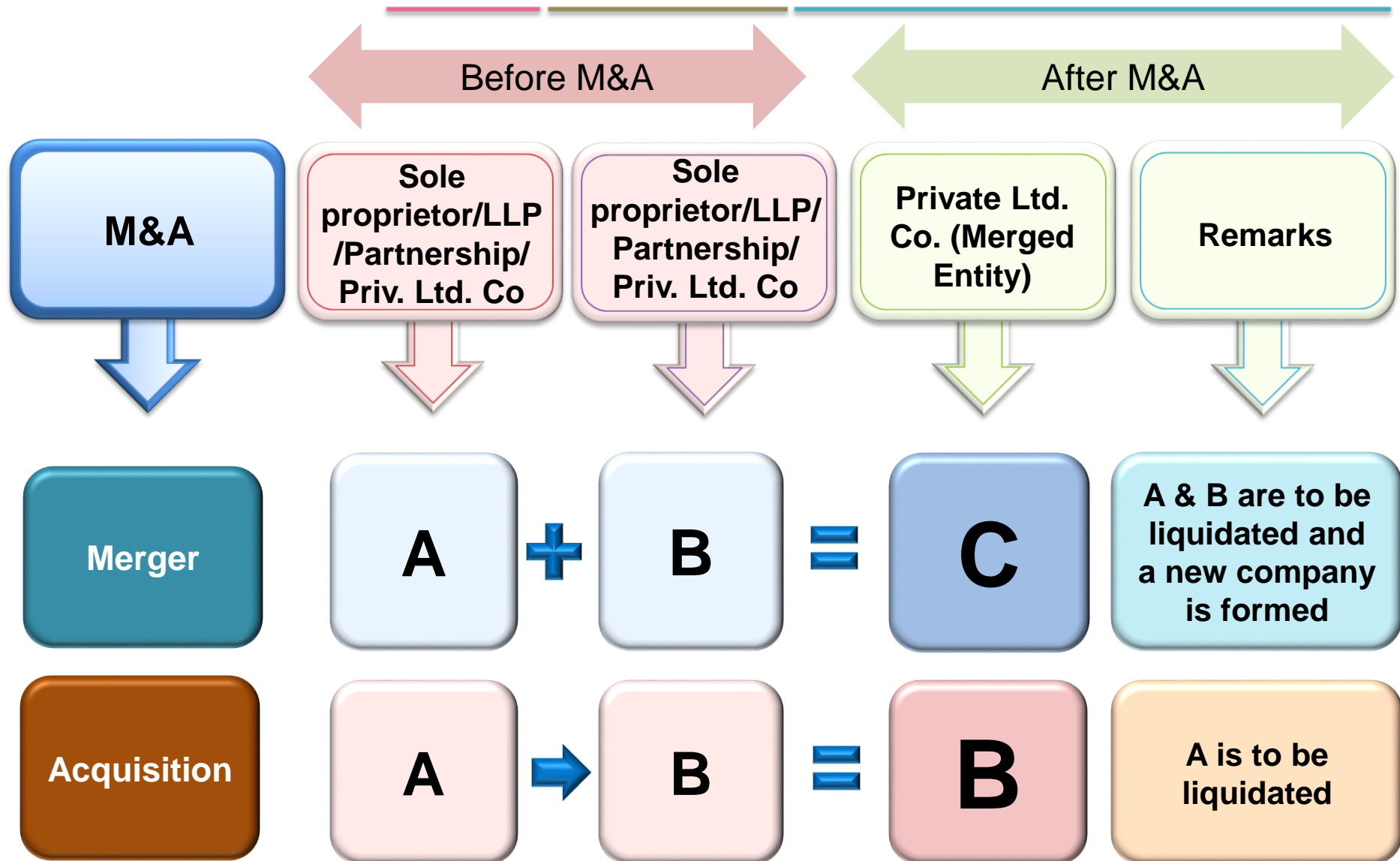
2

100% Malaysian owned



Existing SMEs which are either sole proprietors, partnerships, LLP and private limited companies registered with SSM

Two types of M&A eligible for the incentive



Existing and new business structure

Sub-Sectors	Existing Business structure	Newly merged structure to qualify for the incentive	
		New Registration	Registration Requirements
Accounting services	Sole Proprietorship/ Partnership/ LLP/ Private Limited Company	Private Limited Company Only	SSM, MIA
Taxation services			SSM, MIA, CTIM

SMP must registered with SSM before applying for the incentive

SME Corp, one stop agency for M&A incentive

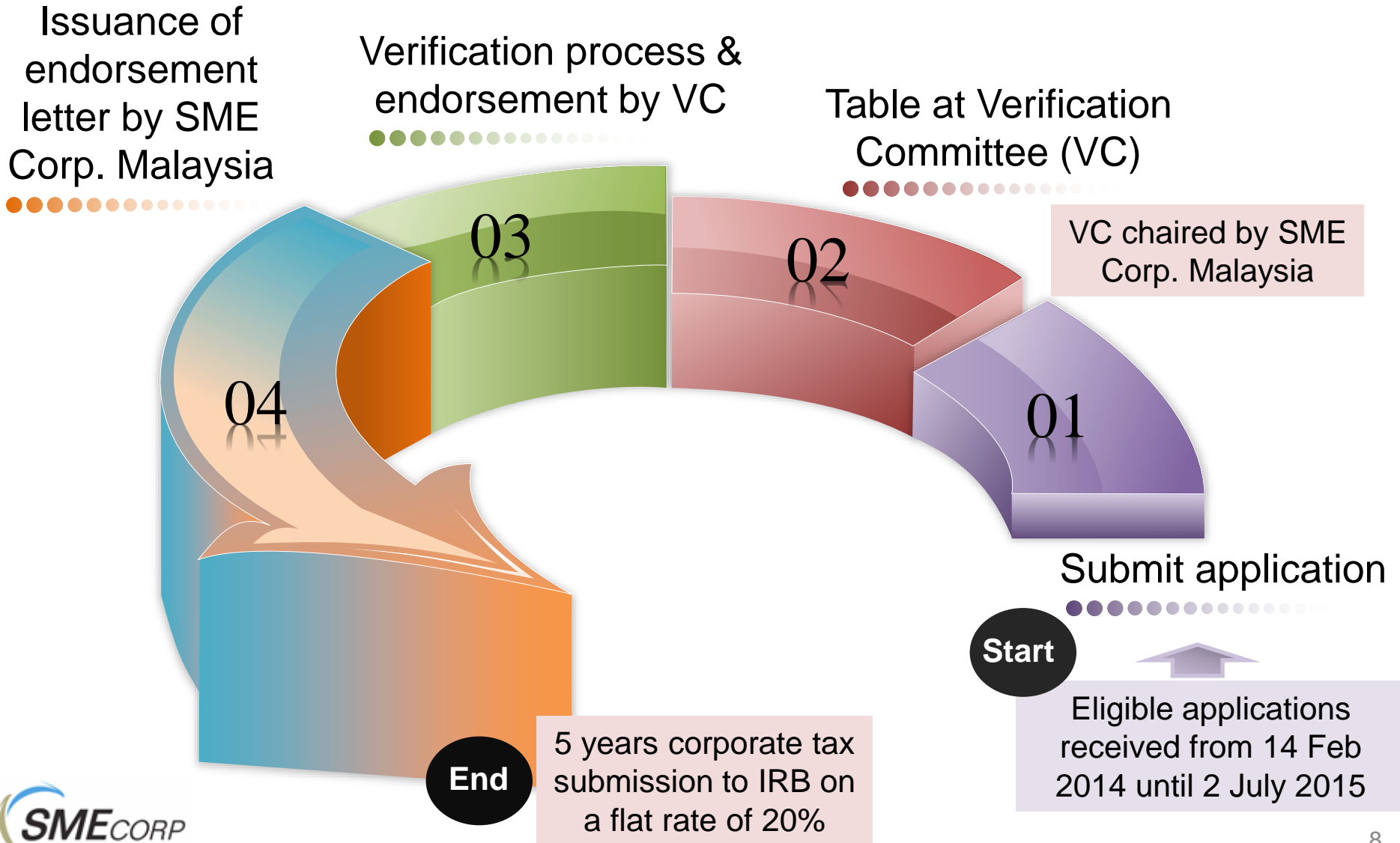


The incentive under Income Tax Act 1967 and Stamp Act 1949 is applicable to the M&A taken until 2 July 2015



Applications to be submitted to One Referral Centre of SME Corp. Malaysia

Incentive application process flow and mechanism



Thank you