

# **B23 EAST COAST ECONOMIC REGION (ECER)**

## **Introduction**

The East Coast Economic Region (ECER) covers the states of Kelantan, Terengganu, Pahang and the district of Mersing, Johor. The ECER Master Plan was developed to guide the development of this region over the next 12 years covering the 9th, 10th and 11th Malaysia Plans. The Master Plan aims to transform the region into a major international and local tourism destination, an exporter of resources based and manufactured products, a vibrant trading centre, a logistic and an infrastructure hub. Measures will also be taken under the Master Plan to raise income levels and eradicate poverty by expanding employment prospects through the introduction of high impact, catalytic projects to spur development in the region.

## **Economic clusters**

Five economic clusters have been identified as key focal points for development in the ECER namely:

- (i) Tourism
- (ii) Oil, gas and petrochemical
- (iii) Manufacturing
- (iv) Agriculture
- (v) Education

## **East Coast Economic Region Development Council (ECERDC)**

The ECERDC is a statutory body established under the East Coast Economic Region Development Council Act 2008 (Act 688) which will drive the implementation projects and key programmes identified in the ECER Master Plan.

The ECERDC is empowered to provide for the proper direction, policies and strategies in relation to the development within the ECER as well as coordination between Government entities in the promotion of trade, investment, tourism and development activities within the ECER.

## **Incentives**

On 14 June 2008, Prime Minister Datuk Seri Abdullah Ahmad Badawi announced a package of incentives to promote development and attract more investments in the ECER. In addition to the existing incentives already available for these industries, some special ECER incentives were announced. To qualify for the incentives, companies must commence operations before 31 December 2015.

Industry	Special ECER Incentive
<p><b>Tourism</b> <i>(designated areas only)</i></p>	<p><b>Tourism</b> <i>(owner or owner operator of hotels and resorts)</i></p> <ul style="list-style-type: none"> <li>• Income tax exemption for 10 years or investment tax allowance (ITA) of 100% on qualifying capital expenditure for five years</li> <li>• Withholding tax exemption on royalty and technical fees for 10 years</li> <li>• Stamp duty exemption on land acquired for development</li> </ul> <p><b>Eco-tourism</b> <i>(tourism projects with a minimum of RM5 million investment)</i></p> <ul style="list-style-type: none"> <li>• Income tax exemption for five years or ITA of 100% on qualifying capital expenditure for five years</li> </ul> <p><b>Hallmark events</b></p> <ul style="list-style-type: none"> <li>• Event sponsors are eligible for single deduction up to a maximum of RM1 million for each year of assessment</li> </ul>
<p><b>Petrochemical</b> <i>(designated areas only)</i></p>	<p><b>Companies developing industrial park infrastructure</b></p> <ul style="list-style-type: none"> <li>• Income tax exemption for 10 years from the year the company derives profit or ITA of 100% on qualifying capital expenditure for five years</li> <li>• Industrial building allowance on cost of building/infrastructure/amenities</li> <li>• Double deduction for expenses incurred for promotion of the industrial park overseas</li> <li>• Stamp duty exemption on instruments of acquisition or leasing of property relating to industrial park</li> <li>• Customised incentives given to companies undertaking various activities in the industrial park <i>(based on merit)</i></li> </ul>
<p><b>Manufacturing</b> <i>(designated areas only)</i></p>	<p><b>Companies developing infrastructure of industrial park</b></p> <ul style="list-style-type: none"> <li>• Income tax exemption for five years from the year the company derives profit or ITA of 100% on qualifying capital expenditure for five years</li> <li>• ITA, industrial building allowance and capital allowance on cost of building, infrastructure and amenities</li> <li>• Double deduction for expenses incurred for the promotion of the industrial park overseas</li> <li>• Stamp duty exemption on instruments of acquisition or leasing of property relating to industrial park</li> </ul> <p><b>Rubber forest plantations</b></p> <p><b>(i) Investor investing in the project</b></p> <ul style="list-style-type: none"> <li>• Tax deduction equivalent to the amount of investment made in the subsidiary company undertaking forest plantation</li> </ul> <p><b>(ii) Company undertaking the project</b></p> <ul style="list-style-type: none"> <li>• Income tax exemption for 10 years from the first year the company derives profit</li> <li>• Funding under the Ministry of Plantation Industries and Commodities</li> </ul>

