

**VENTURE CAPITAL TAX INCENTIVES GUIDELINES
SUMMARY OF AMENDMENTS ISSUED ON 28 JUNE 2022**

The following table provides a summary of key amendments made to the *Venture Capital Tax Incentives Guidelines* effective on 28 June 2022.

General Amendments	
1.	New and enhanced requirements in relation to tax exemption incentive for Venture Capital Company (VCC) in <i>Chapter 4</i> including: <ul style="list-style-type: none">(a) Exemption period reduced from 10 years of assessment to 5 years of assessment;(b) VCC exemption period to commence from the first year of assessment in which the VCC obtains certification;(c) New qualifying conditions to obtain certification; and(d) VCC to receive its first certification from the SC no later than 31 December 2026.
2.	Introduction of incentives and requirements in relation to: <ul style="list-style-type: none">(a) Tax exemption incentive for Venture Capital Management Company (VCMC) with exemption period from the year of assessment (YA) 2018 until YA 2026 in <i>Chapter 4</i>; and(b) Tax deduction incentive for investments in a qualified VCC with exemption period from YA 2018 until YA 2026 in <i>Chapter 5</i>.
3.	New and enhanced requirements in relation to tax deduction incentive for Direct Investments in a Qualified Venture Company in <i>Chapter 6</i> including: <ul style="list-style-type: none">(a) New qualifying conditions for tax deduction incentive and to obtain certification, including minimum holding period of investment of three years and deletion of the requirement for disposal;(b) Application for certification must be made to the SC within 2 years after meeting the qualifying conditions; and(c) Exemption period from YA 2018 until YA 2026.
4.	Editorial enhancements <ul style="list-style-type: none">(a) Removal of defined terms no longer in use; and(b) Renumbering and rearrangements of current and new requirements in the Guidelines and other editorial amendments.

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No.	Amendments to Specific Paragraphs		
	Prior to 28 June 2022	Revised on 28 June 2022	Remarks
A.	Amendments related to tax exemption incentive for VCC		
1.	Paragraph 3.02(b)	Paragraph 4.01(b)	Exemption period is reduced from 10 years of assessment to 5 years of assessment.
2.	Paragraph 3.02(c)	Paragraph 4.01(b)	Commencement of VCC exemption period amended to first year of assessment in which the VCC obtains certification from the SC.
3.	Paragraph 3.03	Paragraph 4.02(b)	Amended for clarity to reflect the new tax order.
4.	Paragraph 4.01(B)(a)(i)	Paragraph 4.07	Amended to include new qualifying conditions to reflect the new tax order including minimum investment threshold of its invested funds in qualified venture companies being reduced from 70% to 50%.
5.	Paragraph 4.01(B)(a)(ii)	Paragraph 4.09	Amended in relation to certification by the SC for clarity on the cut-off date for applications and to reflect the new tax order including the requirement for VCC to receive its first certification from the SC no later than 31 December 2026.
B.	Introduction of tax exemption incentive for VCMC		
1.	-	Paragraph 4.03 Paragraph 4.04 Paragraph 4.05 Paragraph 4.06 Paragraph 4.08 Paragraphs 4.09 and 4.10	Insertion of new requirements inserted in relation to new tax exemption incentive for VCMC.

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C.	Amendments related to tax deduction incentive for Investments in a Qualified VCC		
1.	-	Paragraphs 5.01 – 5.04 Paragraphs 5.05 – 5.06 Paragraph 5.07	Insertion of new requirements in relation to new tax deduction incentive available to companies or individuals investing in qualified VCCs, up to RM20 million annually.
D.	Amendments related to tax deduction incentive for Direct Investments in a Qualified Venture Company		
1.	-	Paragraph 6.04	Insertion in relation to the timing on when deduction is claimable for clarity.
2.	Paragraph 4.01(C)(a)	Paragraph 6.05	Amended to reflect the new qualifying conditions to obtain certification from the SC including to reflect the new requirement that investment must be held for a period of three years, and deletion of the requirement for disposal.
3.	-	Paragraph 6.06 Paragraph 6.07	Amended in relation to certification by the SC for clarity and included new requirement on timeline to apply for certification.