

INVESTMENT OPPORTUNITIES IN GREEN TECHNOLOGY INDUSTRY

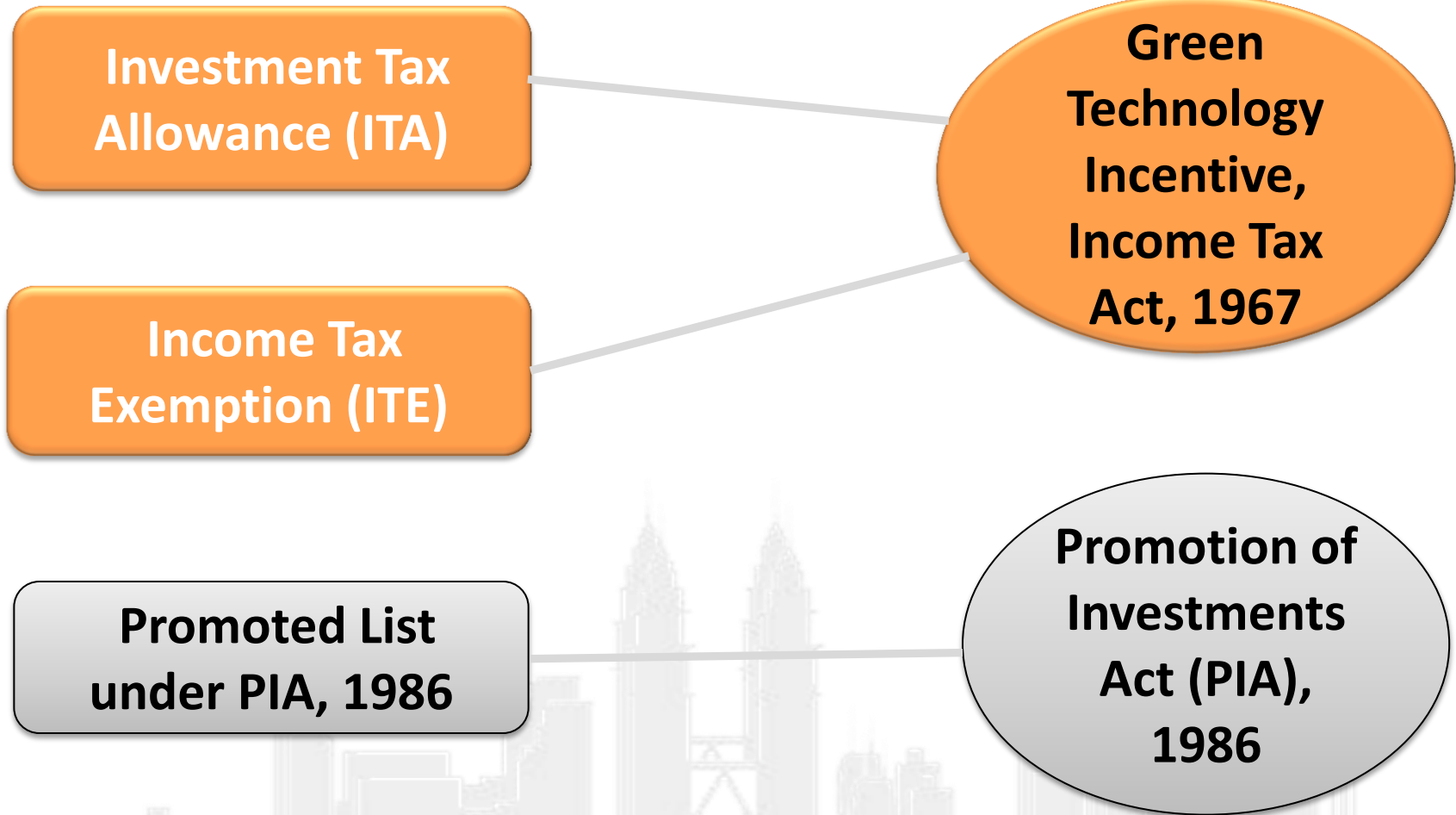


Presented By: Green Technology Division, MIDA



TAX INCENTIVES IN GREEN TECHNOLOGY INDUSTRY

Tax Incentives for Green Activities





INVESTMENT TAX ALLOWANCE

Investment Tax Allowance (ITA)

Eligible Company

- ✿ A company which **undertakes investment in a specific project** that promotes sustainability and green environment


Incentive



- ✿ Investment Tax Allowance (ITA) **of 100%** of qualifying capital expenditure (QCE) incurred **from the date of application received by MIDA until 31 December 2020.**
- ✿ The ITA can be utilised to offset against **70%** of statutory income


Promoted Projects – ITA


Industry	Project
Renewable Energy (RE)	Generation of energy such as electricity, steam, heat and chilled water using RE sources like solar*, biomass, biogas, mini-hydro and geothermal *Excluding solar FiT project
Energy Efficiency (EE)	Investment in energy efficient equipment or technologies e.g energy efficient motor, variable speed drive, chiller, cogen etc.
Green Building	Building owners of the commercial / industrial building that have been awarded green building certificates from certification body approved by the Government.
Green Data Centre	Purchase of any energy efficient product or solution for data centre which have been awarded green building certificates from relevant certification body approved by the Government
Integrated Waste Management Activity	Waste recycling / recovery / treatment activities <u>and</u> additional activities such as composting / storage / collection / disposal

ITA Eligibility Criteria

-  **Company must be incorporated under the Companies Act, 1965 / 2016.**

-  **Company must achieve the following green results:**
 -  **Conserve the use of energy and/or other forms of natural resources or promote the use of renewable energy or recycles waste material resources;**

 -  **Minimise the degradation of the environment or reduces greenhouse emission; and**

 -  **Promote health and improves environment.**

Tax Computation 'With' & 'Without' Tax Incentive

Example: Assumption: **ITA: RM10 million**

	WITHOUT TAX INCENTIVE (RM)	WITH TAX INCENTIVE (RM)	
Profit Before Tax	15,000,000	15,000,000	
add/less Tax Adjustments	2,000,000	2,000,000	
Adjusted Income	17,000,000	17,000,000	
Less: Capital Allowances	(5,000,000)	(5,000,000)	
Statutory Income	12,000,000	12,000,000	
Percentage (%)		*70%	30%
		8,400,000	3,600,000
(-) ITA	Nil	**10,000,000	-
		0	3,600,000
Chargeable Income	12,000,000	3,600,000	
Tax Liability @ 24%	2,880,000	864,000	
Balance to be carried forward to next year of assessment		1,600,000	

* Offset against 70% of statutory income

** Only RM8.4 million will be utilised.



INCOME TAX EXEMPTION

Income Tax Exemption (ITE)

Eligible Company






- Companies which provide **green services** that support investments in green project

Incentive

- Income tax exemption (ITE) of **100% of statutory income** from the year of assessment where the date of application received by MIDA until year of assessment 2020.

Promoted Green Services

Industry	Services
Renewable Energy (RE)	Feasibility study, system design & advisory & consultancy, testing & commissioning
Energy Efficiency (EE)	Advisory & consultancy, energy audit & management, measurement & verification, testing & commissioning
Green Building	Design & consultancy, testing & commissioning of green building equipment/system
Green Data Centre	System design & feasibility study, advisory & consultancy, testing & commissioning
Certification or Verification Bodies	Green certification of products, equipment and buildings
Green Township	Advisory & consultancy , design & feasibility study in green township and low carbon cities planning
Electric Vehicles (EV)	<ul style="list-style-type: none"> • Installation, maintenance and repair of EV charging equipment, infrastructure and EV charging station. • Operation of EV charging station. • Maintenance, repair and overhaul of EV

-  Company must be incorporated under the Companies Act, 1965 / 2016 and has started operation in green services after 25 Oct 2013.
-  Company must meet the following green services:
 -  Employing as least five (5) full time employees including at least one (1) competent personnel in green technology;
 -  Company must have a green policy related to environmental/sustainability; and
 -  Income that qualifies for exemption must be derived from green technology services. Income derived from other activities is not eligible for income tax exemption.

Tax Computation 'With' & 'Without' Tax Incentive

Example : ITE (Statutory Income 100% exempted)

	WITHOUT TAX INCENTIVE (RM)	WITH TAX INCENTIVE (RM)
Profit Before Tax	1,000,000	1,000,000
add/less Tax Adjustments	200,000	200,000
Adjusted Income	1,200,000	1,200,000
Less: Capital Allowances	(500,000)	(500,000)
Statutory Income	700,000	700,000
Chargeable Income	700,000	100% Exempted
Tax Liability @ 24%	168,000	Nil



WASTE ECO PARK

Incentives for WEP



INCENTIVE

Income Tax Exemption of 70% of statutory income derived from:

- Rental of building;
- Rental received from the usage of waste collection and separation facility;
- Rental received from waste water treatment facility located in the WEP effective for **Y.A. 2016 until Y.A. 2025.**

ELIGIBILITY CRITERIA

- Company **must develop infrastructure within WEP** with incorporates the following elements:
 1. Basic infrastructure e.g. roads, drainage system, utilities and sewerage;
 2. Building & facility for waste receiving and separation;
 3. Waste water treatment;
 4. Building for recycling/recovery/treatment facility;
 5. Building education & awareness centre and/or
 6. Disposal facility.
- Minimum amount of investments in fixed assets RM50 million (excluding land).
- WEP must be approved by National Solid Waste Management Department (JPSPN), relevant Waste Authorities, State Government or Local Authorities

INCENTIVE

Income Tax Exemption of 70% of statutory income for derived from services activities including **management; maintenance; supervision and marketing of the WEP** effective for **Y.A. 2016 – Y.A. 2025.**

ELIGIBILITY CRITERIA

- Company must be appointed by the WEP Developer to provide services activities approved by Government;
- Company is not allowed to import waste from other countries; and
- Reporting on wastes received/processed to WEP developer.

INCENTIVE

Income Tax Exemption of 100% of statutory income for a period of **5 years** derived from the qualifying activities undertaken in the WEP; or

Income Tax Exemption equivalent to 100% of qualifying capital expenditure (ITA) incurred within **5 years** period. The allowance can be **offset against 70%** of statutory income for each assessment year.

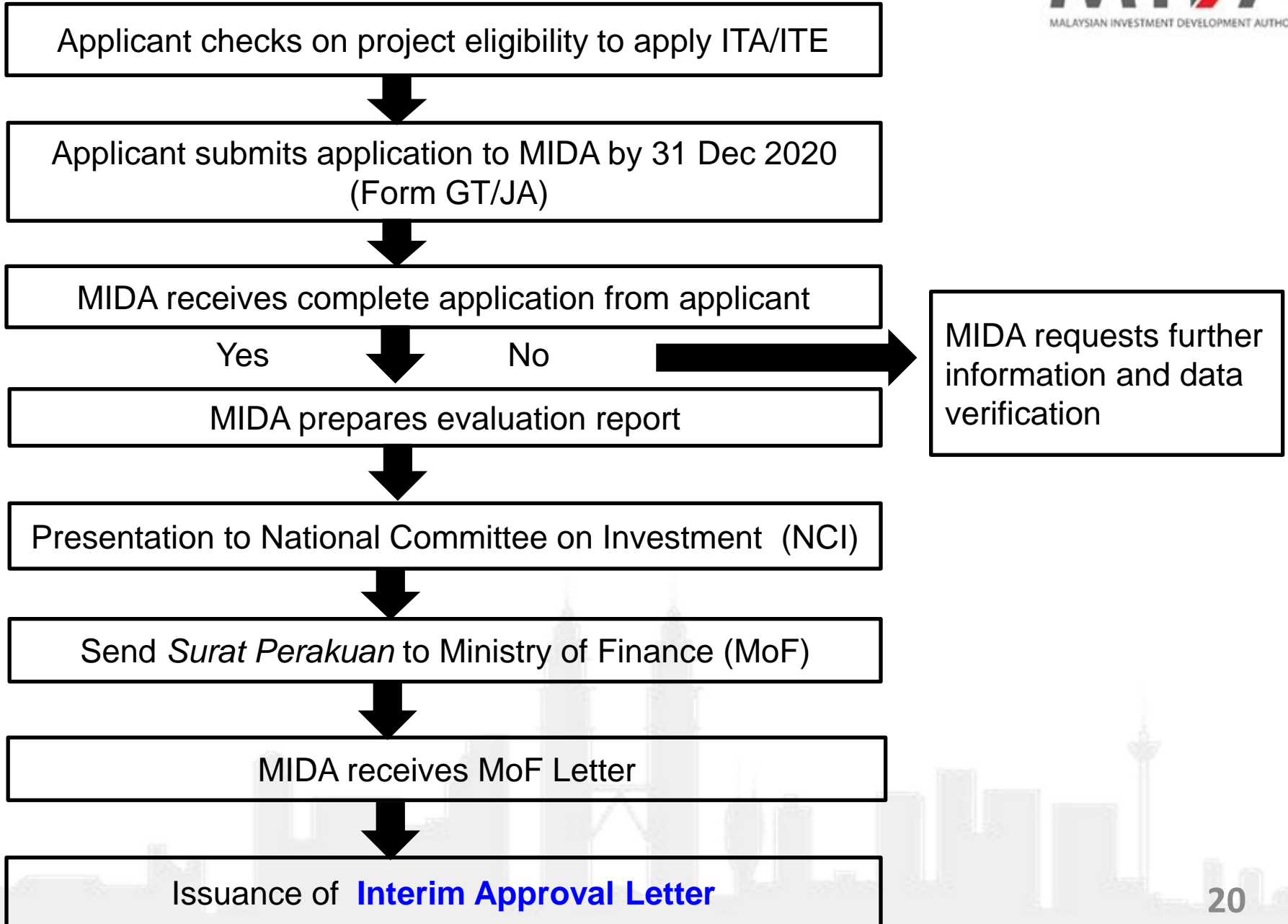
ELIGIBILITY CRITERIA

- Type of activity : **Waste Recovery, Recycling, Treatment;**
- Periodically submit to WEP Manager all data on waste received/processed/sold to domestic or export market; and
- Company is not allowed to import waste from other countries.

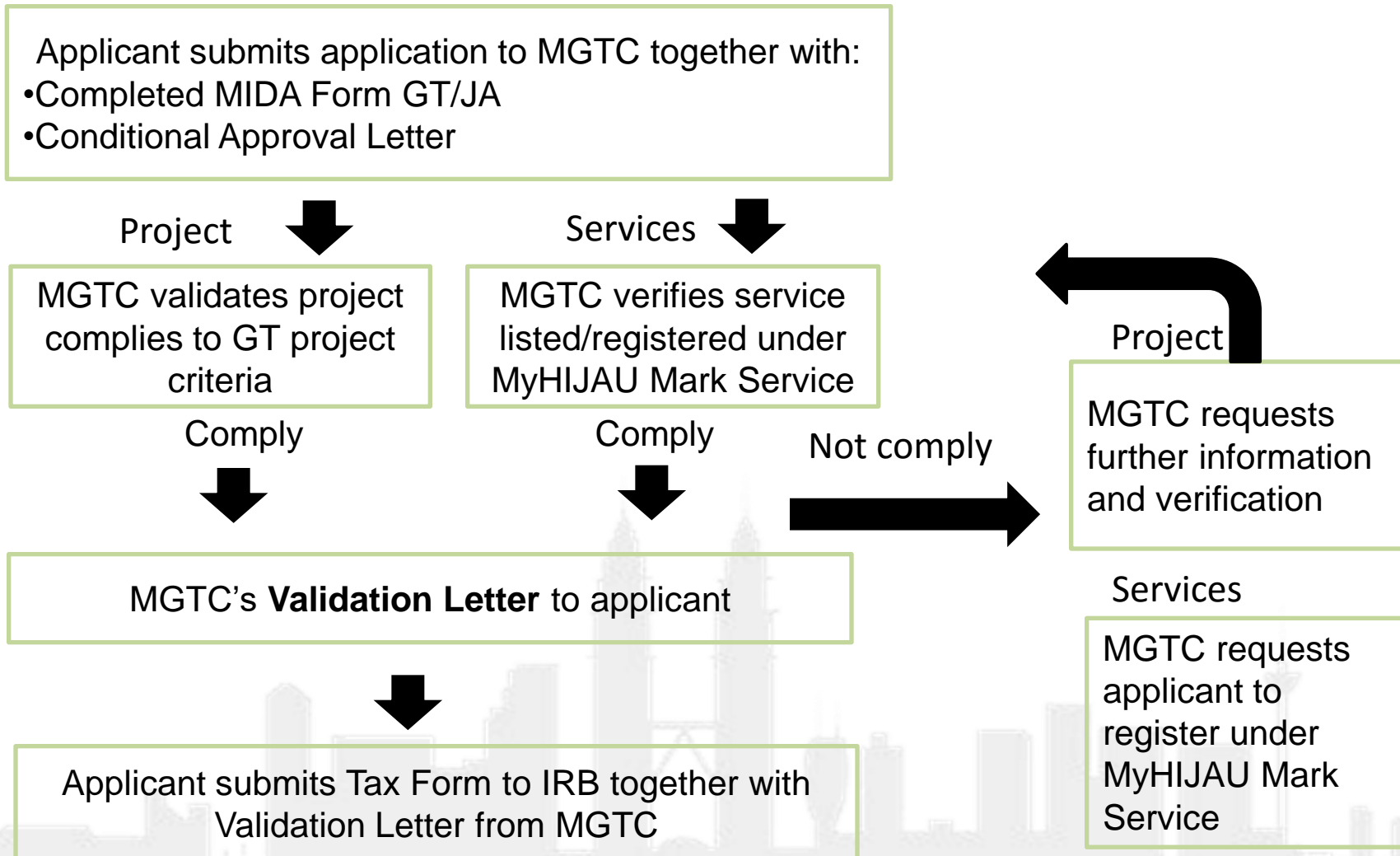


APPLICATION PROCEDURES

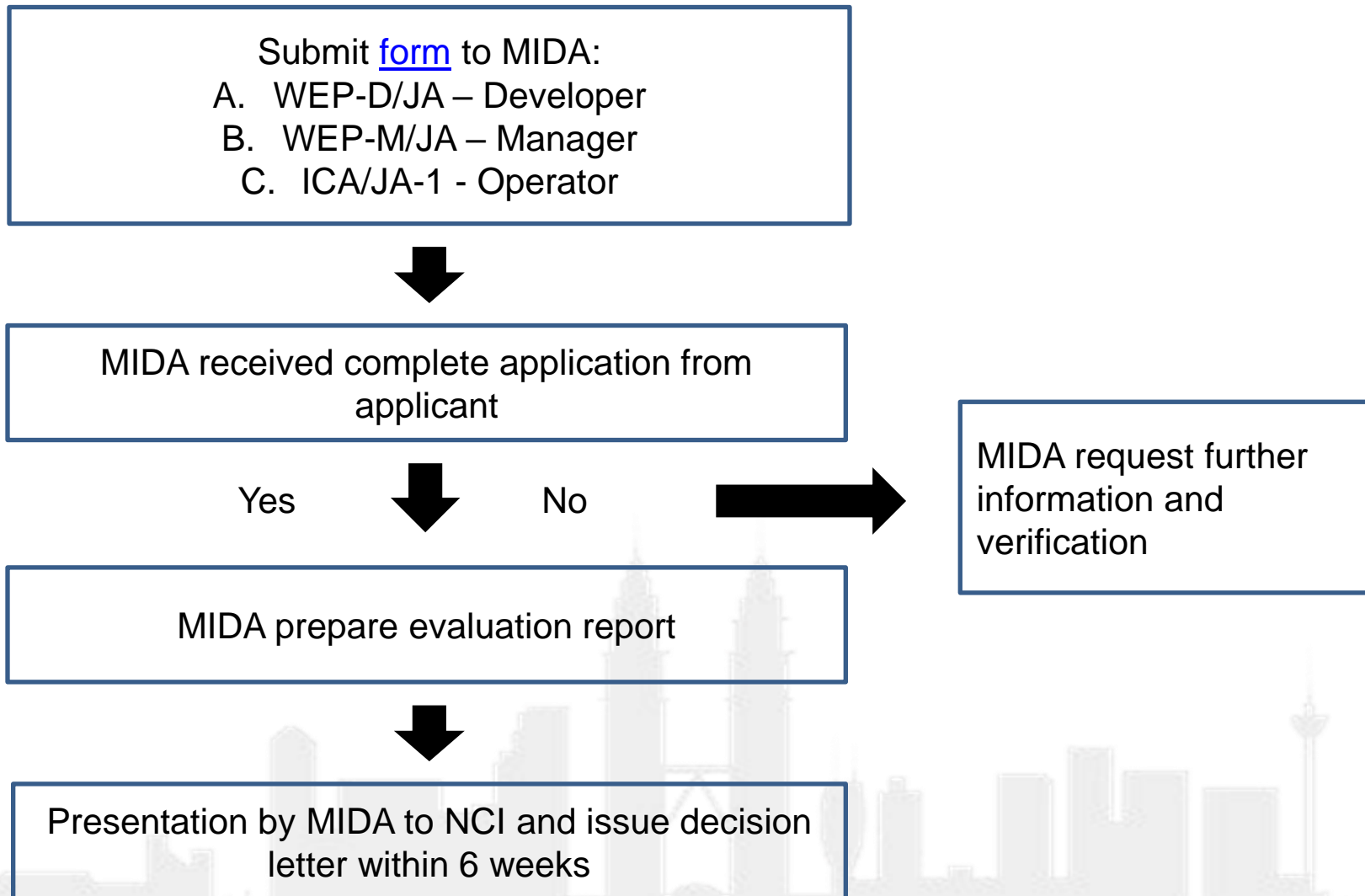
Application Procedure – GITA / GITE



Application Procedure – GITA / GITE (Cont.)



Application Procedures - WEP





CRITERIA OF VERIFICATION OF ASSETS/PROJECT BY MGTC

Criteria of Verification by MGTC

MGTC's role:

- To verify the technical requirement including the main equipment / assets as major components for the performance and green impact from the project

Documents required

- Application Form (GT/JA) which submitted to MIDA earlier
- Approval Letter from MIDA

Criteria

- 60% of main equipment/assets in the GITA Project must be recognised and registered under the MyHIJAU Mark or have product certification that is recognised and accepted by GreenTech Malaysia.
- Project's impacts to the environment i.e. GHG emission reduction, waste reduction, fuel savings, environmental improvement, energy consumption savings and water consumption savings

Application procedure – refer to Malaysia Green Technology Corporation (MGTC)
Website: <http://www.greentechmalaysia.my/>



**REQUIREMENT FROM ENERGY
COMMISSION FOR RENEWABLE
ENERGY – SOLAR POWER FOR
OWN CONSUMPTION**

Guidelines on Electricity Supply Licensing

- Company has to apply for license *pepasangan persendirian* under Electricity Supply Act 1990 to generate electricity for own consumption.
- Application for licence *pepasangan persendirian* **below 5MW** can be submitted through ST office in the area.
- Application for license *pepasangan persendirian* **above 5MW** must submit to headquarter (HQ) - ST.
- Types of qualifying activities include generation of electricity for own consumption by using energy efficient technology i.e. co-generation or renewable energy sources (RE) i.e. solar power for own consumption.
- **Application procedure** – refer to *garis panduan tatacara pelesenan pembekalan elektrik*. Website: <http://www.st.gov.my/>

Contact us

**The First
Point of
Contact for
Investors**



Opening hours:
Mon - Fri
8.30 a.m. - 5.00 p.m.

**Business Information Centre (BIC) 2nd Floor of
the MIDA Sentral**

Investors are also invited to visit MIDA's Business Information Centre (BIC)

**Wan Hashimah Wan Salleh (Ms)
Director**

Green Technology Division

**Level 25, MIDA Sentral, No. 5, Jalan Stesen Sentral 5
KL Sentral, 50470 Kuala Lumpur**

Tel: 03- 2267 3540

Fax: 03- 2274 8470

Email: whashimah@mida.gov.my

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