

INVESTMENT OPPORTUNITIES IN GREEN TECHNOLOGY INDUSTRY

Presented By:
Green Technology Division, MIDA





TAX INCENTIVES

Tax Incentives

Investment
Tax Allowance
(ITA)

Income Tax
Exemption
(ITE)

Promoted List
under Promotion
of Investment Act
(PIA), 1986

Green
Technology
Incentive,
Income Tax Act,
1967

Promotion of
Investment
Act (PIA),
1986



INVESTMENT TAX ALLOWANCE

Eligible Company

- Company that **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 31st December 2020.**
- The ITA can be utilised to offset against **70%** of statutory income

Promoted Projects

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 and additional activities such as composting / storage / collection / disposal

Eligibility Criteria

- Company **must be incorporated** under the Companies Act, 1965 / 2016.
- Company must achieve the following **green results**:
 - ❖ conserves the use of energy and/or other forms of natural resources or promotes the use of renewable energy or recycles waste material resources;
 - ❖ minimises the degradation of the environment or reduces greenhouse emission;
 - ❖ promotes health and improves environment.

Tax Computation 'With' or 'Without' Tax Incentive

Example : Assumption: ITA: RM10 million

	WITHOUT TAX INCENTIVE (RM)	WITH TAX INCENTIVE (RM)	
Profit Before Tax	10,000,000	10,000,000	
(+/-) Tax Adjustments	2,000,000	2,000,000	
Adjusted Income	12,000,000	12,000,000	
Less: Capital Allowances	(5,000,000)	(5,000,000)	
Statutory Income	7,000,000	7,000,000	
Percentage (%)		70%	30%
		4,900,000	2,100,000
(-) ITA	Nil	*10,000,000	-
		0	2,100,000
Chargeable Income	7,000,000	2,100,000	
Tax Liability @ 24%	1,680,000	504,000	
Balance to be carried forward to next year of assessment		5,100,000	

*** Only RM4.9 million will be utilised.**



INCOME TAX EXEMPTION

Income Tax Exemption (ITE)

Eligible companies

- Company which provides **green services** that support investments in green project

Incentives

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

Eligibility Criteria

- 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 at 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
 - The 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' or 'Without' Tax Incentive

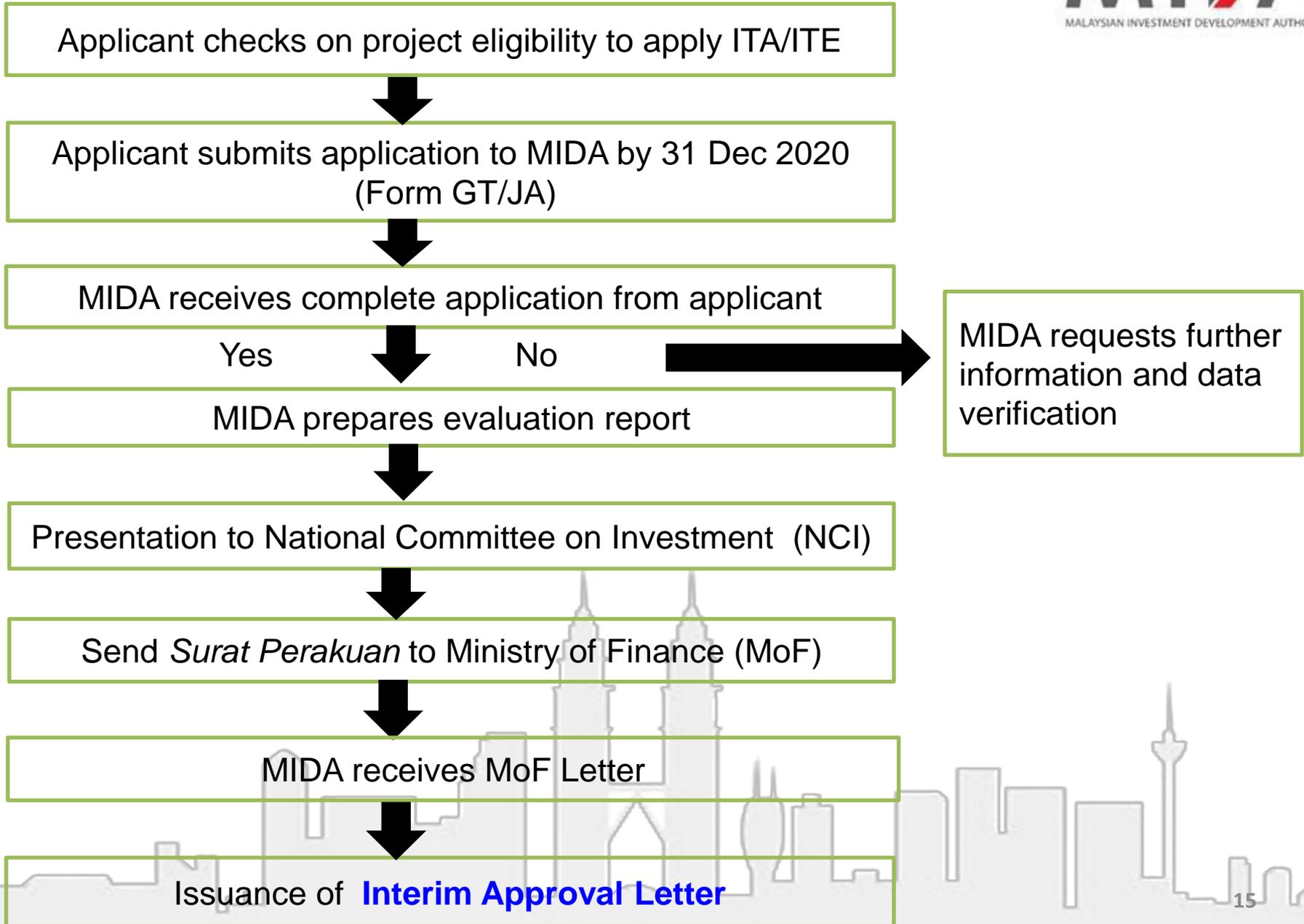
Example : ITE (Statutory income 100% exempted)

	WITHOUT TAX INCENTIVE (RM)	WITH TAX INCENTIVE (RM)
Profit Before Tax	1,000,000	1,000,000
(+/-) 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

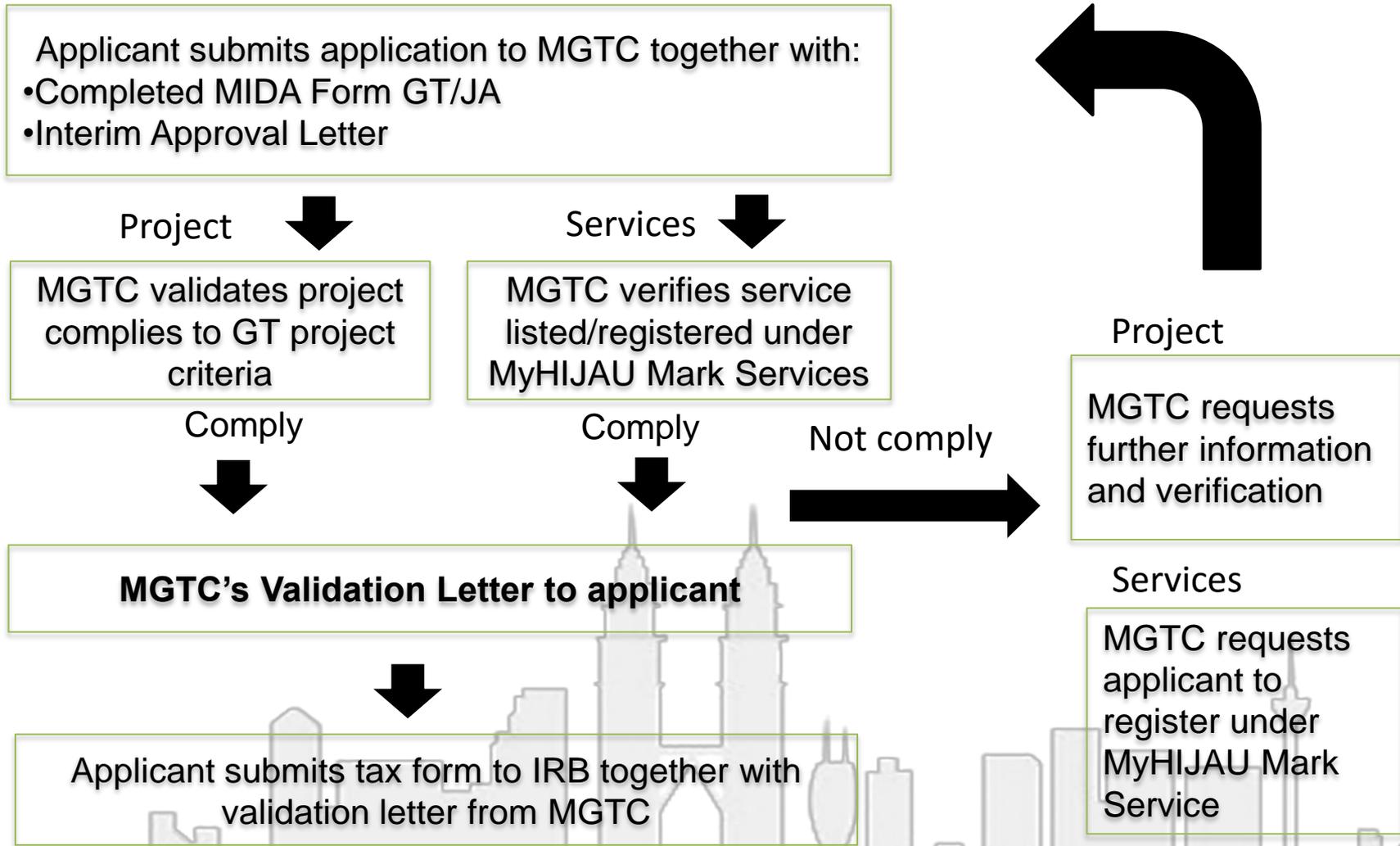


APPLICATION PROCEDURES

Application Procedure – GITA / GITE



Application Procedures - GITA/GITE (cont'.)





CRITERIA OF VERIFICATION OF ASSETS/PROJECTS 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
- Interim 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.
- For solar PV system installation **above 24kW for single phase** and **72kW for three phase**, any person who uses, works or operates the installation shall require a licence as stipulated under the “Guidelines on Licensing Under Section 9 of the Act”
- **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)

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