Introduction

This booklet is one of a series of 20 booklets prepared by MIDA for the purpose of providing investors with relevant information on establishing projects in the identified services sub-sectors in Malaysia. The complete list of booklets is as follows:

**Booklet 1:** General Policies, Facilities and Guidelines  
**Booklet 2:** Regional Operations  
**Booklet 3:** Research and Development (R&D) Services  
**Booklet 4:** Logistics Services  
**Booklet 5:** Specialised Technical Support Services  
**Booklet 6:** Information and Communication Technology Services  
**Booklet 7:** Environmental Management Services  
**Booklet 8:** Distributive Trade Services  
**Booklet 9:** Tourism and Travel Related Services  
**Booklet 10:** Education and Industrial Training Services  
**Booklet 11:** Legal Services  
**Booklet 12:** Accounting, Auditing and Taxation Services  
**Booklet 13:** Architectural Consultancy Services  
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**Booklet 15:** Medical and Health Care Services  
**Booklet 16:** Engineering and Energy Consultancy Services  
**Booklet 17:** Management Consultancy Services  
**Booklet 18:** Market Research Services  
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**Booklet 20:** Quick Reference

The Ministry of International Trade & Industry (MITI) spearheads the development of industrial activities to further enhance Malaysia's economic growth. As an agency under MITI, the Malaysian Investment Development Authority (MIDA) is in charge of the promotion and coordination of industrial development in the country.

MIDA is the first point of contact for investors who intend to set up projects in manufacturing and services sector in Malaysia. With its headquarters in Malaysia’s capital city of Kuala Lumpur, MIDA has established a global network of 23 overseas offices covering North America, Europe and the Asia Pacific to assist investors interested in establishing manufacturing projects and services activities in Malaysia. Within Malaysia, MIDA has 12 branch offices in the various states to facilitate investors in the implementation and operation of their projects.

If you wish to explore investment opportunities in Malaysia, please contact MIDA for more information as well as assistance in your decision-making (please see the last page of contact details of MIDA’s headquarters and state and overseas offices).
ENVIRONMENTAL MANAGEMENT SERVICES

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Environmental management services cover, amongst others, the following:

- Environmental impact assessment (EIA) consultancy
- Environmental management system (EMS) compliance with ISO 14000
- Scheduled wastes management (including waste recycling, waste disposal and recovery, sewage recovery and disposal, sanitation and similar activities)
- Environmental pollution control consultancy
- Energy-related services including generation of renewable energy and conservation of energy

Companies intending to undertake environmental management services must be incorporated locally under the Companies Act, 1965.

In addition, specific licence, registrations or approvals must be obtained by companies intending to directly undertake the activities listed below:

1. ENVIRONMENTAL IMPACT ASSESSMENT (EIA) CONSULTANCY

EIA is a study to identify, predict, evaluate and communicate information about the impacts on the environment of a proposed project and to detail out the mitigating measures prior to project approval and implementation. EIA in Malaysia is required under Section 34A, Environmental Quality Act, 1974.

Activities that are subject to EIA requirements are prescribed under Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order, 1987.

Detailed information on EIA requirements in Malaysia can be found in Department of Environment’s (DOE) publication entitled Environmental Impact Assessment (EIA) Procedures and Requirements in Malaysia (Revised October 2007) or in DOE website at www.doe.gov.my.
List of Prescribed Activities under the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order, 1987

(i) **Agriculture**

(a) Land development schemes covering an area of 500 hectares or more to bring forest land into agricultural production.

(b) Agricultural programmes necessitating the resettlement of 100 families or more.

(c) Development of agricultural estates covering an area of 500 hectares or more involving changes in types of agricultural use.

(ii) **Airport**

(a) Construction of airports (having an airstrip of 2,500 metres or longer).

(b) Airstrip development in state and national parks.

(iii) **Drainage and Irrigation**

(a) Construction of dams and man-made lakes and artificial enlargement of lakes with surface areas of 200 hectares or more.

(b) Drainage of wetland, wild-life habitat or of virgin forest covering an area of 100 hectares or more.

(c) Irrigation schemes covering an area of 5,000 hectares or more.

(iv) **Land Reclamation**

Coastal reclamation involving an area of 50 hectares or more.

(v) **Fisheries**

(a) Construction of fishing harbours.

(b) Harbour expansion involving an increase of 50 per cent or more in fish landing capacity per annum.

(c) Land based aquaculture projects accompanied by clearing of mangrove swamp forests covering an area of 50 hectares or more.

(vi) **Forestry**

(a) Conversion of hill forest land to other land use covering an area of 50 hectares or more.

(b) Logging or conversion of forest land to other land use within the catchment area of reservoirs used for municipal water supply, irrigation or hydro-power generation or in areas adjacent to state and national parks and national marine parks.

(c) Logging covering an area of 500 hectares or more.
(d) Conversion of mangrove swamps for industrial, housing or agricultural use covering an area of 50 hectares or more.

(e) Clearing of mangrove swamps on islands adjacent to national marine parks.

(vii) Housing

Housing development covering an area of 50 hectares or more.

(viii) Industry

(a) Chemicals Where production capacity of each product or combined products is greater than 100 tonnes per day

(b) Petrochemicals All sizes.

(c) Non-ferrous Primary smelting: Aluminum - all sizes

Copper - all sizes

Others - producing 50 tonnes per day and above of product

(d) Non-metallic Cement - for clinker throughput of 30 tonnes per hour and above

Lime - 100 tonnes per day and above burnt lime rotary kiln or 50 tonnes per day and above vertical kiln

(e) Iron and Steel Require iron ore as raw materials for production greater than 100 tonnes per day; or Using scrap iron as raw materials for production greater than 200 tonnes per day

(f) Shipyards Dead Weight Tonnage greater than 5,000 tonnes

(g) Pulp and Paper Production capacity greater than 50 tonnes per day

(ix) Infrastructure

(a) Construction of hospitals with outfall into beachfronts used for recreational purposes.

(b) Industrial estate development for medium and heavy industries covering an area of 50 hectares or more.

(c) Construction of expressways.

(d) Construction of national highways.

(e) Construction of new townships.

(x) Ports

(a) Construction of ports.

(b) Port expansion involving an increase of 50 per cent or more in handling capacity per annum.
(xi) **Mining**

(a) Mining of minerals in new areas where the mining lease covers a total area in excess of 250 hectares.

(b) Ore processing, including concentrating for aluminum, copper, gold or tantalum.

(c) Sand dredging involving an area of 50 hectares or more.

(xii) **Petroleum**

(a) Oil and gas fields development.

(b) Construction of off-shore and on-shore pipelines in excess of 50 kilometres in length.

(c) Construction of oil and gas separation, processing, handling, & storage facilities.

(d) Construction of oil refineries.

(e) Construction of product depots for the storage of petrol, gas or diesel (excluding service stations) which are located within three kilometres of any commercial, industrial or residential areas and which have a combined storage capacity of 60,000 barrels or more.

(xiii) **Power Generation and Transmission**

(a) Construction of steam generated power stations burning fossil fuels and having a capacity of more than 10 megawatts.

(b) Dams and hydro-electric power schemes with either or both of the following:

   (i) dams over 15 metres high and ancillary structures covering a total area in excess of 40 hectares;

   (ii) reservoirs with a surface area in excess of 400 hectares.

(c) Construction of combined cycle power stations.

(d) Construction of nuclear-fueled power stations.

(xiv) **Quarries**

Proposed quarrying of aggregate, limestone, silica, quartzite, sandstone, marble and decorative building stone within 3 kilometres of any existing residential, commercial or industrial areas, or any area for which a license, permit or approval has been granted for residential, commercial or industrial development.

(xv) **Railways**

(a) Construction of new routes.

(b) Construction of branch lines.

(xvi) **Transportation**

Construction of Mass Rapid Transport projects.
(xvii) **Resort and Recreational Development**

(a) Construction of coastal resort facilities or hotels with more than 80 rooms.
(b) Hill station resort or hotel development covering an area of 50 hectares or more.
(c) Development of tourist or recreational facilities in national parks.
(d) Development of tourist or recreational facilities on islands in surrounding waters which are gazetted as national marine parks.

(xviii) **Waste Treatment and Disposal**

(a) Toxic and Hazardous Waste
   (i) Construction of incineration plant
   (ii) Construction of recovery plant (off-site)
   (iii) Construction of wastewater treatment plant (off-site)
   (iv) Construction of secure landfill facility
   (v) Construction of storage facility (off-site)

(b) Municipal Solid Waste
   (i) Construction of incineration plant
   (ii) Construction of composting plant
   (iii) Construction of recovery/recycling plant
   (iv) Construction of municipal solid waste landfill facility

(c) Municipal Sewage
   (i) Construction of wastewater treatment plant
   (ii) Construction of marine outfall

(xix) **Water Supply**

(a) Construction of dams or impounding reservoirs with a surface area of 200 hectares or more
(b) Groundwater development for industrial, agricultural or urban water supply of greater than 4,500 cubic metres per day

1.1 **Licensing and Registration**

An EIA Study has to be conducted by competent individuals who are registered with DOE under the EIA Consultant Registration Scheme. DOE will reject EIA reports that are conducted by unregistered individuals. As such, the project proponent or EIA study team leader has to ensure that all members in the EIA study team are registered with DOE. Registration for foreign consultants is also available under the same scheme.
The list of registered EIA consultants (including Subject Consultants and Assistant Consultants) can be also be viewed at the DOE website at www.doe.gov.my

1.2 Equity Policy

There is no specific equity condition for companies undertaking EIA consultancy services. However, the Government encourages joint-ventures between Malaysian and foreign investors to increase local participation in business.

1.3 Specific Immigration Procedures

Companies providing EIA consultancy can seek support for hiring the services of expatriates.

Before applying for the Employment Pass for expatriates, the company or organisation must apply for approval of the related post from the Expatriate Committee of the Immigration Department.

Upon approval, companies should forward their applications for Employment Passes to the Immigration Department.

2. ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

For Environmental Management System (EMS) compliance with ISO 14000, details on the policies and procedures for establishment are provided in Booklet 5: Specialised Technical Support Services, under the section entitled ‘Accreditation and Certification’.

3. SCHEDULED WASTES MANAGEMENT SERVICES

Scheduled wastes management refers to the provision of services and facilities for land farming, incineration, waste disposal, and off-site facilities for the recovery, storage and treatment of scheduled wastes.

Under the Environmental Quality (Prescribed Premises) (Scheduled Wastes Treatment and Disposal Facilities) Order, 1989, written permission and a licence from DOE are required for the operation of the following six (6) types of ‘Prescribed Premises’:

(i) Land treatment facilities such as sludge farming of oily wastes or sludge;
(ii) Off-site recovery facilities such as solvent recycling plant;
(iii) Off-site treatment facilities such as centralised physical/chemical wastewater treatment plant;
(iv) Scheduled wastes incinerators;
(v) Off-site storage facilities including the premises of waste transport contractors; and
(vi) Secured landfills designed for the disposal of scheduled wastes.
All off-site treatment and disposal (incineration, wastewater treatment, storage and secured landfill) of scheduled wastes will not be allowed until after 28 February 2015 with the signing of a concession agreement between the Government of Malaysia and Kualiti Alam Sdn. Bhd.

However, the Government will issue licences or renew licenses for the following activities in accordance with the provisions under Section 11 and 18(1) of the Environmental Quality Act, 1974:

(i) On-site scheduled wastes incinerators which are already licensed;
(ii) On-site and off-site secured landfill facilities which are already licensed;
(iii) Integrated effluent treatment plants in an industrial area approved to treat effluents from factories located in the area;
(iv) Off-site pre-treatment facilities, off-site recovery or recycling facilities; and
(v) Off-site recovery or recycling facilities.

Companies providing services for the movement, transfer, placement or deposit of scheduled wastes are categorised as prescribed conveyances. Starting from 15 August 2005, licence is required to use prescribed conveyances as stipulated in the Environmental Quality (Prescribed Conveyances) (Schedule Wastes) Order, 2005. In addition, DOE requires that the above mentioned activities be conducted at a “Prescribed Premises’ New applications and renewal of licences are to be submitted to the DOE state offices. This licence expires in April each year and applications for renewal of the licence must be made at least three (3) months before expiry.

As part of the requirements when applying to DOE, the applicant must have a Carrier Licence A obtained from the Land Public Transport Commission (SPAD).

Please refer to Department of Environment website at www.doe.gov.my for more information and updates.

3.1 Licensing and Registration

Before any scheduled wastes facility can be established, the following approvals and licences are required:

(i) Environmental Impact Assessment Approval or Site Suitability Evaluation

The requirement for EIA approval is only for the following activities which are categorised as ‘Prescribed Activities’ as stipulated in the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order, 1987:

• Construction of incineration plant;
• Construction of recovery plant (off-site);
• Construction of waste water treatment plant (off-site);
• Construction of secured landfill facility; and
• Construction of storage facility (off-site).
All the above plants are for the treatment and disposal of toxic and hazardous wastes i.e. scheduled wastes.

As land treatment facilities are not subject to EIA requirements, applicants are only required to obtain Site Suitability Evaluation. The requirement to obtain approval for the Site Suitability Evaluation is for the purpose of determining the suitability of the proposed industry or facility and ensuring its compatibility with the surrounding land use.

Applications for EIA approval pertaining to incineration, secure landfilling and recovery of scheduled wastes must be obtained from DOE headquarters, while Site Suitability Evaluation approvals must be submitted to the DOE state office. Once approved, renewal is not required. However, if there are changes to the project concept or increase in capacity, it must be referred back to DOE headquarters.

(ii) Written Permission to Construct Treatment and Disposal Facilities for Scheduled Wastes

Upon approval of the EIA, applicants can apply for written permission to construct the facilities from DOE as stipulated under Section 19, Environmental Quality Act, 1974. Such application has to be accompanied by a prescribed fee.

Applications should be submitted to DOE state offices.

(iii) Licence to Occupy and Use the Prescribed Premise

A license to occupy and use a prescribed premise must be obtained as required under Section 18, Environmental Quality Act, 1974 and the Environmental Quality (Prescribed Premises) (Scheduled Wastes Treatment and Disposal Facilities) Regulations, (Amendment) 2006. The fee for a license under Section 18 of the Act or for the renewal of such license is RM100.

Upon completion of the plant, applicants are required to inform the DOE state office and arrange for a pre-licensing inspection.

As land treatment facilities are not subject to EIA requirements, applicants are only required to obtain the permission and license approval after obtaining the Site Suitability Evaluation approval.

The license is approved for a period of one (1) year from the date of issuance unless stated otherwise. Renewal must be made at least three (3) months before the expiry date.

Licensed operators of off-site storage facilities, treatment facilities, recovery facilities and disposal facilities are required to complete a Consignment Note for Scheduled Wastes for each delivery/collection made for submission to DOE.

(iv) Approval for Fuel Burning Equipment and/or Incinerator

As stipulated in Regulations 36 and 38, Environmental Quality (Clean Air) Regulations, 1978, an approval from DOE is required for the following:
- Fuel burning equipment that is rated to consume:
  - Pulverised fuel or solid fuel at 30 kg or more per hour, or
  - Liquid or gaseous fuel at 15 kg or more per hour
- Erection of incinerators

(v) **Application for Machinery & Equipment to be Used in the Operation**

Applicants are also required to apply to Department of Safety and Health (DOSH) for approval to register, install and operate machinery and equipment to be used in its operation.

Applications should be submitted to the nearest DOSH office.

(vi) **Manufacturing Licence to Conduct Recycling Activities**

Companies that are involved in the recovery of wastes through recycling are required to obtain a Manufacturing Licence under the Industrial Coordination Act, 1975.

Applications should be submitted to MIDA.

(vii) **Licence for the Storage and Disposal of Nuclear and Radioactive Wastes**

Any storage and disposal of nuclear and radioactive wastes requires a Class G Licence from Atomic Energy Licensing Board (AELB) which controls the management of nuclear and radioactive wastes in Malaysia.

Applications should be submitted to AELB. The license is given for a maximum period of three (3) years, and is renewable.

### 3.2 Equity Policy

There is no specific equity condition for companies undertaking scheduled wastes management services. However, the Government encourages joint-ventures between Malaysian and foreign investors to increase local participation in business.

### 3.3 Specific Immigration Procedures

A company applying for incentives for waste management services may apply for expatriate posts.

Applications should be submitted to MIDA.

Upon approval, companies should forward their applications for Employment Passes to the Immigration Department for endorsement.
3.4 Tax Incentives

(a) Incentives for Recycling of Waste Activities

Companies undertaking waste recycling activities are eligible for Pioneer Status or ITA. These activities which include the recycling of waste such as toxic and non-toxic waste.

(i) **Pioneer Status**, with income tax exemption of 70% of the statutory income for a period of five (5) years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company, or

(ii) **Investment Tax Allowance (ITA)** of 60% on the qualifying capital expenditure incurred within a period of five (5) years. The allowance can be offset against 70% of the statutory income in each year of assessment. Any unutilised allowance can be carried forward to subsequent years until fully utilised.

Applications should be submitted to MIDA

(b) Exemption from Import Duty On Machinery and Equipment

An exemption from import duty can be considered for imported machinery and equipment that are used for the provision of waste management services, provided the machinery/equipment are not available locally.

Applications should be submitted to MIDA.

Effective from 1 April 2015, with the implementation of Good and Services Tax (GST), sales tax exemption is no longer considered.

(c) Accelerated Capital Allowance (ACA) for Environmental Management

A manufacturing company which has incurred QE for the purpose of its business may claim ACA on the plant and machinery which are -

(a) Used exclusively or otherwise for the recycling of waste, or

(b) Used for the further processing of the wastes into a finished products.

A company that fulfils the above criteria is eligible to claim ACA of 20% for initial allowance (IA) and 40% for annual allowance (AA).

Applications should be submitted to IRB.

In the case of companies that incur capital expenditure for conserving their own energy for consumption, the write-off period is accelerated by another one (1) year with IA of 40% and AA of 60%.
ACA is given to a company which has incurred capital expenditure in the basis period for a year assessment on the:

(a) Provision of plant or machinery as certified by the Ministry of Energy, Green Technology and water, or

(b) Machinery used exclusively for the conservation of energy of its business.

Applications should be submitted to IRB.

4. ENVIRONMENTAL POLLUTION CONTROL CONSULTANCY

4.1 Licensing and Registration

Investors intending to undertake such activities are required to incorporate a company under the Companies Act, 1965.

4.2 Equity Policy

There is no specific equity condition for companies undertaking environmental pollution control consultancy services. However, the Government encourages joint-ventures between Malaysian and foreign investors to increase local participation in business.

4.3 Specific Immigration Procedures

Companies providing environmental pollution control consulting services can seek support for hiring the services of expatriates.

Before applying for the Employment Pass for expatriates, the company or organisation must apply for approval of the related post from the Expatriate Committee of the Immigration Department.

Upon approval, companies should forward their applications for Employment Passes to the Immigration Department.

5. RENEWABLE ENERGY GENERATION AND ENERGY EFFICIENCY SERVICES

Renewable energy was announced by the Government as Malaysia’s fifth major fuel resource besides coal, oil, natural gas and hydro. This comprises renewable energy from biomass (such as wastes from oil palm, rice, sugarcane, timber, sawmill and paper recycling mills); municipal wastes; biogas (from landfills, palm oil mill effluent, animal wastes etc.); mini-hydro; solar and geothermal. Renewable energy generated can be in the form of electricity, heat, steam and chilled water.
The Government also encourages companies to invest in energy efficiency/conservation activities to reduce energy consumption and to promote environmental preservation. Energy services companies (ESCOs) provide consultancy and advisory services as well as project management relating to the conservation or efficient use of energy.

5.1 Renewable Energy Generation

Companies generating renewable energy using renewable energy resources such as biomass, biogas mini-hydropower, solar power and geothermal can apply for Feed-in-Approval Holders (FiAHs) under the Feed-in-tariff (FiT) system/mechanism for the supply of energy (etc i.e. electricity) to the national grid.

5.1.1 Feed-in-Tariff (FiT)

The Feed-in-tariff (FiT) system/mechanism obliges Distribution Licensees (DLs) to buy RE from Feed-in-Approval Holders (FiAHs) and sets the rate to be paid for such RE (FiT Rate). For a specific duration (Effective Period), Distribution Licensees would pay for each unit of RE supplied to their respective electricity grids.

By guaranteeing access to the grid and setting a favourable price per unit of RE, the FiT mechanism would ensure that RE becomes a viable and sound long-term investment for companies, industries and also for individuals. The key concepts under the FiT mechanism are as follow:

Distribution Licensees: Companies holding a license to distribute electricity (e.g. Tenaga Nasional Berhad, Northern Utilities Resources Sdn. Bhd.).

Feed-in Approval Holders: Individuals or entities holding feed-in-approvals issued by SEDA Malaysia, allowing them to sell RE to Distribution Licensees.

FiT Rate: The fixed premium rate payable for each unit of RE sold to a Distribution Licensee. The FiT Rate differs for different RE technologies and installed capacities. Bonus FiT Rate also apply when bonus condition are met.

Indigenous: Renewable resources obtained from within Malaysia and are not imported from neighbouring countries.

Effective Period: The duration in which RE can be sold to Distribution Licensees at the FiT Rate. The Effective Period is 16 years for biomass and biogas, and 21 years for small hydro and solar PV. The Effective Period is decided based on characteristics of renewable resources and technologies.

5.1.2 Licensing and Registration

Applications for FiT can be done both manually and online via SEDA Malaysia’s official website at www.seda.gov.my. Application form is available at SEDA’s website or it can be collected at SEDA’s office.
During the application for a FiT approval, an eligible producer will be required to submit the work plan for his RE installation/plant. Once the Feed-in-Approval is granted, SEDA Malaysia will closely monitor each RE installation/plant until commencement date is achieved. This close monitoring is required in order to prevent FiAH from monopolizing the RE quota. This monitoring is important as once a FiT application has been approved FiT applicant (FiAH).

The FiT is administered and managed by the Sustainable Energy Development Authority Malaysia (SEDA Malaysia) formed under the Sustainable Energy and Development Act, 2011. More details of FiT can be obtained from the official website of SEDA at www.seda.gov.my

5.1.3 Equity Policy

Foreign equity participation in the FiT is allowed up to a maximum of 49%. A minimum of at least 51% Malaysian equity participation is required. This equity condition is imposed by the Ministry of Energy, Green Technology and Water.

5.1.4 Specific Immigration Procedures

Companies applying for incentives under the Promotion of Investments Act, 1986 for the generation of RE can apply for expatriate posts, namely Key Posts and Time Posts.

Applications should be submitted to MIDA.

Upon approval, companies should forward their applications for Employment Passes to the Immigration Department for endorsement.

5.2 Energy Efficiency/Conservation Services

5.2.1 Licensing and Registration

ESCOs are encouraged to register and become members of the Malaysian Association of Energy Services Company (MAESCO), a non-governmental association that works closely with the Government and Malaysian Green Technology Corporation (MGTC) in promoting and organising the development of energy efficiency and energy conservation (EE & EC) programmes in Malaysia.

5.2.2 Equity Policy

There is no specific equity condition for ESCOs. However, the Government encourages joint-ventures between Malaysian and foreign investors to increase local participation in business.

5.2.3 Specific Immigration Procedures

A company applying for incentives for renewable energy and energy efficiency/conservation project may apply for expatriate posts. Applications should be submitted to MIDA upon approval.
companies should forward their applications for Employment Passes to the Immigration Department for endorsement.

5.3 Tax Incentives

(a) Tax Incentives for Energy Generation Using Renewable Energy Resources for Supply to Third Party

Companies undertaking generation of energy using biomass, biogas mini-hydropower (not exceeding 10 megawatts) and solar power that are renewable and environmentally friendly, for supply to a third party (TNB, other companies) are eligible for the following incentives:

(i) Pioneer Status with income tax exemption of 100% of the statutory income for ten (10) years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company, or

(ii) Investment Tax Allowance of 100% on the qualifying capital expenditure incurred within a period of five (5) years. This allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowance can be carried forward to subsequent years until fully utilised.

For the purpose of this incentive, ‘biomass sources’ refer to palm oil mill/estate waste, rice mill waste, sugar cane mill waste, timber/sawmill waste, paper recycling mill waste, municipal waste, and biogas (from landfill, palm oil mill effluent (POME), animal waste and others), while energy forms refer to electricity, steam, chilled water, and heat. Companies must implement their projects within one (1) year from the date of approval. With effect from 8 September 2007, other companies in the same group are eligible for the same incentives as above even though one company in the same group has been granted the incentive.

Applications received by 31 December 2015 are eligible for this incentive. Applications should be submitted to MIDA.

(b) Tax Incentives for Company Generating Energy from Renewable Energy Sources for Own Consumption

Companies which generate energy from renewable resources for its own consumption are eligible for Investment Tax Allowance of 100% on qualifying capital expenditure incurred within a period of 5 years. The allowance is to offset against 100% of statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Applications received by 31 December 2015 are eligible for this incentive. Applications should be submitted to MIDA.
(c) **Tax Incentives for Companies Providing Energy Efficiency/Conservation Services (ESCO)**

In order to reduce operation costs as well as to promote environmental preservation, companies providing energy conservation services are eligible for the following incentives:

(i) **Pioneer Status** with income tax exemption of 100% of the statutory income for a period of ten (10) years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company, or

(ii) **Investment Tax Allowance (ITA)** of 100% on the qualifying capital expenditure incurred within five (5) years. The allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowance can be carried forward to subsequent years until fully utilised.

Companies must implement their projects within one (1) year from the date of approval.

Applications received by 31 December 2015 are eligible for this incentive. Applications should be submitted to MIDA.

(d) **Tax Incentives for Companies Which Incur Capital Expenditure for Conserving Energy for Own Consumption**

Companies intending to incur capital expenditure for conserving energy for own consumption are eligible for Investment Tax Allowance (ITA) of 100% on the qualifying capital expenditure incurred within five (5) years. The allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowance can be carried forward to subsequent years until fully utilised.

Companies must implement their projects within one (1) year from the date of approval.

Applications received by 31 December 2015 are eligible for this incentive. Applications should be submitted to MIDA.

(e) **Green Technology Incentive**

As announced in Budget 2014, the Government has proposed that in order to potentially strengthen the development of green technology, the Government will continue provide incentives i.e investment tax allowance for the purchase of green technology equipment and income tax exemption for the use of green technology services and system.

The incentives will cover broader scope of green technology activities in the areas of energy, transportation, building, water, and waste management. Currently, the incentives are under review for gazette order.

Please refer to [www.greendirectory.my](http://www.greendirectory.my) (managed by Malaysian Green Technology Corporation - MGTC) for more information and update.