

MALAYSIA: INVESTMENT IN THE SERVICES SECTOR

ENGINEERING & ENERGY CONSULTANCY SERVICES





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
- Booklet 14:** Surveying Consultancy Services
- Booklet 15:** Medical and Health Care Services
- Booklet 16:** Engineering and Energy Consultancy Services
- Booklet 17:** Management Consultancy Services
- Booklet 18:** Market Research Services
- Booklet 19:** Advertising Services
- 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 20 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).

ENGINEERING AND ENERGY CONSULTANCY SERVICES

BOOKLET
16

1	LICENSING AND REGISTRATION	3
1.1	Registration with Companies Commission of Malaysia	3
1.2	Registration as an Engineering Consultancy Practice with the Board of Engineers Malaysia	3
1.3	Registration with Ministry of Finance (MOF)	4
1.4	Licence/Registration with PETRONAS	6
1.5	Registration with Malaysia Association of Energy Services Companies (MAESCO)	7
1.6	Registration with Ministry of Finance (MOF) and Suruhanjaya Tenaga (ST)	8
1.7	Business Licence	9
2	EQUITY POLICY	9
2.1	Multi-Disciplinary Practice	9
3	GENERAL AGREEMENT ON TRADE IN SERVICES (GATS) ASEAN FRAMEWORK ON SERVICES (AFAS) AND FREE TRADE AGREEMENTS (FTAS)	10
4	SPECIFIC IMMIGRATION PROCEDURES	10
4.1	Employment of Foreign Engineering Professional	10
4.2	Employment of Foreign Energy Services Professional	11
5	TAX INCENTIVES	11
5.1	Incentives for Companies Providing Energy Conservation Services	11
5.2	Green Technology Incentives	11



ENGINEERING AND ENERGY CONSULTANCY SERVICES

Engineering services (classified under code 8672 of the Central Product Classification) cover all engineering activities except integrated engineering services, namely:

- (i) advisory and consultative engineering services (86721);
- (ii) engineering design services for the construction of foundations and building structures (86722);
- (iii) engineering design services for mechanical and electrical installations for buildings (86723).
- (iv) engineering design services for the construction of civil engineering works (86724).
- (v) engineering design services for industrial processes and production (86725)
- (vi) engineering design services n.e.c (acoustical and vibration engineering designs) (86726).
- (vii) other engineering services during the construction and installation phase (86727), and
- (viii) other engineering services (86729).

Advisory and consultative engineering services in the energy sector include the provision of assistance, advisory and recommendation services concerning engineering matters. Included here are the undertakings of preparatory technical feasibility studies and project impact studies in the energy sector.

In Malaysia, oil, gas, coal, electricity (hydroelectricity and thermal), renewable energy (biomass, solar, biogas, municipal wastes, mini-hydro, wind etc.) make up the energy sector.

Engineering consultants who specialise in the energy-related activities are able to provide consultancy services in power generation, transmission and distribution, oil/gas/ coal-fired plants and hydro schemes, rural and urban electrification schemes, electrical sub-stations, utility services and production facilities for oil/gas and petrochemical industry, energy audit, study, training, application, management and conservation, project management, power quality management, turnkey services and any other activities related to energy.

1. LICENSING AND REGISTRATION

1.1 Registration with Companies Commission of Malaysia

The setting up of engineering and energy consultancy services requires the intended professional to register with the Companies Commissions of Malaysia (CCM) under the Registration of Businesses Act, 1956 or incorporate a company under the Companies Act, 2016. A foreign company cannot carry on business in Malaysia unless it incorporates a local company, or registers a branch in Malaysia.

A 'Foreign Company' is defined under the Companies Act, 2016 as:

- a company, corporation, society, association or other body incorporated outside Malaysia or
- an unincorporated society, association, or other body which under the law of its place of origin may sue or be sued, or hold property in the name of the secretary or other officer of the body or association duly appointed for that purpose and which does not have its head office or principal place of business in Malaysia.

1.2 Registration as an Engineering Consultancy Practice with the Board of Engineers Malaysia

Under the Registration of Engineers Act, 1967 'Engineering consultancy practice' means a sole proprietorship, partnership or body corporate, providing professional engineering services, registered under Section 7A or 7B. The Board of Engineers Malaysia (BEM) is the body that regulates the practice of engineering.

Only Professional Engineer with Practicing Certificate are allowed to practice, carry on business, take up employment which requires him to carry out or perform professional engineering consultancy services. Any candidate who applies for registration as a Professional Engineer with Practicing Certificate must fulfil the following criteria:

- (i) Has registered as a Graduate Engineer with BEM
- (ii) Has satisfied the training requirements of BEM
- (iii) Has passed the Professional Assessment Examination (PAE) of BEM or be elected as a Corporate Member of the Institution of Engineers Malaysia (IEM).
- (iv) Has been residing in Malaysia for a period of not less than six (6) months immediately prior to the date of application as Professional Engineer.
- (v) After registration as Professional Engineer with BEM and passed a professional competency examination conducted by the Board; and
- (vi) Comply with the requirements as determined by the Board.

The certificate of registration for a Professional Engineer with Practicing Certificate expires on 31 December every year and yearly renewal is mandatory.

The requirements for setting up an Engineering Consultancy Practice in Malaysia are as follows:

Type of Establishment	Requirements
Sole Proprietorship	The proprietor is a Professional Engineer with <ul style="list-style-type: none"> • Practicing Certificate • No minimum paid-up capital
Partnership	All the partners are Professional Engineers with Practicing Certificate
Body Corporate	<ul style="list-style-type: none"> • Has a Board of Directors where at least two third (2/3) of its members comprising persons who are Professional Engineers with Practicing Certificate. • At least seventy percent (70%) of its share equity held by Professional Engineer with Practicing Certificate. • The minimum paid-up capital shall be RM50,000.
Multi-Disciplinary	<ul style="list-style-type: none"> • The Board of Directors comprising Professional Engineers with Practicing Certificate. Professional Architects and/or registered Professional Quantity Surveyors. • The shares shall be held by persons mentioned above and any of the following persons and/or bodies corporate where: <ul style="list-style-type: none"> (i) The Professional Engineers with Practicing Certificate, Professional Architects, registered Quantity Surveyors, hold a minimum combined share of 60% of the overall equity of that body corporate, and the Professional Engineers with Practicing Certificate hold a minimum share of 10% and; (ii) Any other person and/or body corporate respectively, holds a maximum share of 30% of the overall equity of the corporate body. <p>The minimum paid-up capital shall be RM150,000.</p>

The certificate of registration for Engineering Consultancy Practice expires on 31 December of each year and is renewable yearly.

1.3 Registration with Ministry of Finance (MOF)

Any consulting firm wishing to tender for Government contracts shall register with MOF using the codes specified by MOF.

Conditions that must be fulfilled for registration with MOF:

(i) Firm with accumulated/paid-up capital as follows:

- | | | |
|---------------------|---|---------------------|
| Sole proprietorship | - | minimum of RM50,000 |
| Partnership | - | minimum of RM50,000 |
| Sdn. Bhd. | - | minimum of RM50,000 |

- (ii) The firm needs to have a legitimate office address, either leased or own property.
- (iii) The business premise is not allowed to use the address of on-line office, P.O.Box, mailing box office services and other premises where the traceability and capacity of the firm is difficult to be determined.
- (iv) The firm must have at least three (3) staffs under permanent employment and contribute to the Employees Provident Fund (EPF) with the following composition:
 - a) one (1) professional staff with academic qualification of at least a degree in related field;
 - b) one (1) semi-professional with academic qualification of at least a diploma in related field; and
 - c) one (1) clerk.
- (v) The owner of the firm must be appointed as a full-time Director, and can be appointed as the professional staff or the management, but is not allowed to be appointed as a worker in the firm.
- (vi) The owner of the firm must have the necessary professional qualification in the field of expertise applied for in accordance with the provision of the laws and regulations and is required to submit relevant CV/work experience.
- (vii) The professional staff and the semi-professional staff are required to submit their first degree or diploma together with their relevant CV/work experience.
- (viii) All equity/share-holders must have at least five (5) years of working experience in the field of expertise applied for after obtaining their first degree.
- (ix) The field of expertise submitted for registration with MOF must be consistent with the practising licence issued by the respective Professional Boards.
- (x) The consulting firm needs to have an active current account.
- (xi) For professions whose ethics of service are governed by the Professional Boards, the equity/share-holders shall be registered with their respective Professional Boards. The field of expertise to be registered with MOF will be the expertise approved by the Professional Boards.
- (xii) For professions whose ethics of service are yet to be governed by the Professional Boards the field of expertise to be registered with MOF will be based on the academic qualification and the working experiences of the owner.
- (xiii) The consulting firm is required to submit its registration certificate with the Professional Board as compliance with the provisions of the Act of the Professional Board for purposes of carrying out consultancy services.

Application must be made only through www.eperolehan.gov.my

Please refer to the above website for policy of registration, registration code and other relevant information.

1.4 Licence/Registration with PETRONAS

1.4.1 Licence

- (i) Issuance of PETRONAS License is based on the Petroleum Development Act and Petroleum Regulations 1974. Based on this Act, an entity that wishes to provide goods/ services to the upstream sector in the oil and gas industry in Malaysia must have a valid license. Upstream sector includes but not limited to exploration, development and production of oil & gas.
- (ii) Issuance of License is subject to license fee as stipulated in the Petroleum Regulations 1974.

1.4.2 Registration

- (i) PETRONAS has made a policy that requires an entity to register with PETRONAS before participating in Tender and activities in the downstream sector for PETRONAS Group of Companies.
- (ii) Registration fee is not applicable.

1.4.3 General Requirements of PETRONAS Licence/Registration

Company must comply with all general requirements below:

(a) Locally incorporated:-

- Registered with the Companies Commission of Malaysia (SSM) as “Sdn Bhd” (private limited) or “Berhad” (public limited) company.

The minimum Paid-up Capital is RM100,000 (for License) or RM10,000 (for Registration). Paid-up Capital is in the form of ordinary shares.

OR

- Registered with the relevant professional bodies i.e. Board of Land Surveyor for ‘Land Surveyor’, Board of Valuers, Appraisers and Estate Agents Malaysia for ‘Valuer’, Board of Architects Malaysia for ‘Architectural firm’ or other relevant professional bodies.

The minimum Capital or Total Value of Contribution is RM100,000 (for License) or RM10,000 (for Registration)

(b) Positive Shareholders’ Fund.

1.4.4 Standardised Work & Equipment Category (SWEC)

Company must comply with respective SWEC’s requirement below:-

(a) Meet minimum Bumiputera requirement at 4 levels, for the applied SWEC:

- Equity
- Board of Directors
- Management
- Employees

The SWEC’s minimum Bumiputera requirement range from 100%, 51% and 30%. There are also SWECs with no requirement on Bumiputera participation.

Notes:

- (i) Flexibility is given for ‘Berhad’ (public-listed) company or ‘Sdn Bhd’ company which is owned at least 51% by a Berhad company to hold a minimum of 35% Bumiputera equity when applies for SWECs with minimum 51% Bumiputera requirement. However,

the Bumiputera requirement at the Board of Directors, Management and Employees levels shall follow the respective SWEC's requirement.

- *In the case where the applicant is a 'Berhad' company and is also owned at least 51% by a 'Berhad' (public-listed) company, the total Bumiputera equity of the applicant shall be at a minimum of 17.85% in order to be eligible to apply for SWECs with minimum 30% and 51% Bumiputera requirements.*
- (ii) For SWEC which requires 100% Bumiputera participation, the 100% requirement is only referred to "Equity", while the minimum Bumiputera requirements for the other levels are as follows:
- *Equity* - 100% Bumiputera
 - *Board of Directors* - Minimum 75% Bumiputera participation
 - *Management* - Minimum 75% Bumiputera participation
 - *Employee* - Minimum 51% Bumiputera participation

- (b) Meet other SWEC requirement including Minimum Technical Requirement (MTR) and certification by external bodies as specific in the respective SWEC.

1.4.5 Application Involving Foreign Company

Foreign companies may also participate in tenders in the Malaysian oil and gas industry by either:

- (a) appointing a local company as an agent to serve as local representative and service provider. The appointed agent must apply for the PETRONAS licence / registration by complying with the general guidelines for PETRONAS Licensing/Registration; or
- (b) forming a new joint-venture (JV) company with a local company / individual. The JV company must apply for the PETRONAS license / registration by complying with the general guidelines for PETRONAS Licensing / Registration.

Applicants are advised to refer to the PETRONAS website at www.petronas.com.my to access the SWEC list, the minimum technical requirements for the related SWEC and the mode of operations offered for each scope.

All types of applications for PETRONAS licence/registration are based on self-service concept via ONLINE submission through PETRONAS website based on the following categories:-

- (a) Registration of Supplier (ROS): For New License / Registration application
OR
- (b) Supplier Self Services (SUS): All applications, other than New License/ Registration application

1.5 Registration with Malaysia Association of Energy Service Companies (MAESCO)

Energy Service Companies (ESCO) which provide energy efficiency services are advised to register with Malaysia Association of Energy Service Companies (MAESCO)

MAESCO was formed and registered with the Registrar of Societies in September 2000, it is to bring together Energy Service Companies (ESCOs) with the objective of:

- To develop recognized ESCO businesses in collaboration with government and private sector.
- To actively promote the activity of cost reduction and efficiency standards of the industrial and commercial sector

- To oversee the well being of its members
- To facilitate and do all things necessary towards developing successful energy related projects.
- To introduce related products and services for the industry
- To foster healthy co-existence amongst members through ethical professional practices
- Ensure prestige of services by members

MAESCO is regulated by the Association's Constitution under the governance of the Societies Act 1966.

1.6 Registration with Ministry of Finance (MOF) and Suruhanjaya Tenaga (ST).

To ensure successful implementation on energy efficiency improvement projects based on the Energy Performance Contracting (EPC) concept, Energy Service Companies (ESCO) are required to register with the Ministry of Finance (MOF) for EPC activities involving government buildings under the Green Technology Services Code.

Scope of work of an EPC contractor that requires registration includes supply of energy efficient devices and equipments, consultancy services, contract works, energy audit, design engineering, project financing, management of EPC contract, commissioning and services, operation and maintenance of equipment or energy efficient installation and inspection of energy efficiency improvement projects.

Consequently, MOF requires that ESCOs to be registered with Suruhanjaya Tenaga (ST), based on the following requirements and criteria:

- The applicant has registered his business with either the Registrar of Business or the Registrar of Companies as the case may be;
- The applicant has employed, on a full time basis, a Registered Electrical Energy Manager as prescribed under the Efficient Management of Electrical Energy Regulations 2008;
- The applicant has access to suitable monitoring and testing equipment and instruments required for energy efficiency management works;
- The applicant has satisfactorily furnished all the information as stipulated in the application form.

The certificate of Registration issued under this guideline is only valid for a period of one year from the date of issuance of the said Certificate of Registration.

The renewal of the Certificate of Registration as an Energy Service Company must be made not less than 1 month before the date of expiry of the registration.

ST may cancel the Certificate of Registration as an Energy Service Company if:

- The holder of the certificate ceases to carry on the business in respect of which he is registered;
- The holder of the certificate has been adjudicated a bankrupt;
- The company goes into liquidation.

Where a Certificate of Registration as an ESCO is cancelled by Energy Commission, the Certificate must be returned within fourteen (14) days of the notification of the cancellation.

The completed application form together with all the supporting documents and an application letter must be submitted to the Director of Energy Management and Industry Development, Energy Commission at the following address:

Director
Energy Management and Industry Development
Suruhanjaya Tenaga
No. 12, Jalan Tun Hussein
Presint 2,
62100 Putrajaya.

Please refer to Suruhanjaya Tenaga (ST) website at www.st.gov.my for latest information and updates.

1.7 Business Licence

Companies intending to set up an office are required to obtain a business premise/ signboard licence from the respective local authorities, depending on the nature of the business activity.

There are 155 local authorities in Malaysia which are responsible for approving business premise and signboard licences. The requirements for obtaining a business premise/signboard licence may vary according to the conditions requirements set by each local authority.

Applicants are advised to contact the relevant local authority (based on the location of the business premises) regarding the specific rules and regulations pertaining to business premise/ signboard registration. The fees may vary according to each of the local authorities.

Contact details for local authorities are available in the Quick Reference Booklet in this series.

2. EQUITY POLICY

To increase local participation in business, the Government encourages joint-ventures between Malaysian and foreign investors.

Companies intending to provide engineering services to PETRONAS must comply with the stipulated Bumiputera equity requirements [refer to 1.4].

The Government had announced on 7 October 2011 that engineering services is one of the 17 services sub-sectors that would be liberalised. Please refer to MITI website www.miti.gov.my for information on liberalisation.

2.1 Multi-Disciplinary Practice

Under the Registration of Engineers Act, 1967, 7B subsection (2), 'the body corporate that applies for registration under subsection (1) Registration of Engineers Act, 1967 must be incorporated under the Companies Act, 2016 and:

- (a) has a board of directors comprising Professional Architects, Professional Engineers and/ or registered Quantity Surveyors.
- (b) has shares held by the persons mentioned in paragraph (a) and any of the following persons and/or bodies corporate where:
 - (i) the Professional Engineers, Professional Architects, registered Quantity Surveyors, bodies corporate providing professional engineering services, bodies corporate

providing architectural consultancy services and/or bodies corporate practising as consulting Quantity Surveyors hold a minimum combined share of 70% of the overall equity of that body corporate, of which the Professional Engineers and/ or bodies corporate providing professional engineering services hold a minimum share of 10%; and

- (ii) any other persons, including persons belonging to a profession allied to engineering, architecture or quantity surveying, being a professional approved in writing by the board regulating the profession of engineering, architecture or quantity surveying, respectively, hold a maximum share of 30%, of the overall equity of the body corporate; and
- (c) has a minimum paid-up capital which shall be an amount to be determined by the Minister.

3. GENERAL AGREEMENT ON TRADE IN SERVICES (GATS) ASEAN FRAMEWORK ON SERVICES (AFAS) AND FREE TRADE AGREEMENTS (FTAS)

The updates and information on Schedule of Specific Commitments of GATS, AFAS and FTAs is available in MITI'S website www.miti.gov.my

4. SPECIFIC IMMIGRATION PROCEDURES

4.1 Employment of Foreign Engineering Professional

Any foreigner who is not a permanent resident of Malaysia who wishes to be employed as an engineer in Malaysia, shall obtain temporary registration from BEM as provided under Section 10A of the Registration of Engineers Act, 1967.

A temporarily registered Professional Engineer can only submit plans and drawings for the project he is assigned to. He or she is not permitted to be a director or shareholder of a local company/firm practising as consulting engineers in Malaysia and is not allowed to set up his or her own consultancy practice in Malaysia.

The temporary registration will lapse upon the completion of the project to which the foreign engineer to a new project, is assigned. If the sponsor desires to reassign the foreign engineer, the sponsor must seek prior approval from BEM. In the case where upon the completion of a project, a new sponsor desires to employ the foreign engineer for another project, the new sponsor must submit a fresh application to the Board in the usual manner.

The requirements for obtaining temporary registration are as follows:

- (i) He holds the necessary qualifications which are recognised for practice as a Professional Engineer in the country where he normally practises.
- (ii) He has the necessary expertise and has a minimum of ten (10) years experience in the field he intends to practise.
- (iii) His physical presence is required in Malaysia for not less than 180 days in one calendar year.
- (iv) He is employed as an engineer and has been assigned to a specific project by a particular company.
- (v) He is sponsored by a local Professional Engineer in the company which offers him the assignment.
- (vi) The sponsor has to confirm that no local expertise is available and must attach local engineers to be trained by the Temporary Professional Engineer.

Any foreign engineer who is not satisfied with the decision of BEM in rejecting his application for temporary registration or the renewal of such registration may appeal to the Minister of Works through the Registrar's office. All such appeals must be made within 21 days of being notified of the rejection.

The certificate of registration expires on 31 December of each year regardless of whether the project is completed or not.

The company or organisation must apply for approval to employ expatriates from the Expatriate Committee of the Immigration Department.

Upon approval of the expatriate post, the company should forward its application for Employment Pass to the Immigration Department for endorsement. The spouse and children of the expatriate can apply for Dependant Passes once the expatriate has been issued with the Employment Pass. The Dependant Pass may be applied together with the application, for the Employment Pass or after the Employment Pass is approved. The spouse and children of the expatriate who enter the country on a visit (temporary employment or professional) will be issued a visit (social) pass.

4.2 Employment of Foreign Energy Services Professional

Energy Service Companies (ESCO) can apply for foreign expatriate to be employed in energy efficiency projects. ESCO can submit their application by completing form GT/JA form and submit to:

Malaysian Investment Development Authority (MIDA)

MIDA Sentral

No. 5, Jalan Stesen Sentral 5

Kuala Lumpur Sentral

50470 Kuala Lumpur

Malaysia

Tel: 603 2267 3633

Fax: 603 2274 7970

Email: investmalaysia@mida.gov.my

5. TAX INCENTIVES

5.1 Incentives for Companies Providing Energy Conservation Services

Companies that involve in providing energy audit and management, testing and commissioning, consultancy and advisory services relating to energy conservation activities are eligible to apply for the tax incentives.

5.2 Green Technology Incentives

As a measure to strengthen the development of green technology, the Government will continue to provide incentives in the form of investment tax allowance for the purchase of green technology assets and income tax exemption for the use of green technology services and system.

The Green Technology Incentives which were announced in Budget 2014 covers broader scope of green technology activities in the areas of energy, transportation, building, waste management, and supporting services activities. It also facilitates the transition of the expired (by 31 December 2015) tax incentives relating to renewable energy (RE) and energy efficiency (EE) projects under the Promotion of Investment Act (PIA), 1986.

In Budget 2020, the Government had announced the extension of Investment Tax Allowance (ITA) for the purchase of green technology assets and Income Tax Exemption (ITE) on the use of green technology services and system. The ITE is also extended for company which undertakes solar leasing activity.

(a) Green Investment Tax Allowance (GITA) for Green Technology Project

Green Investment Tax Allowance (GITA) of 100% of qualifying capital expenditure incurred from the date of first qualifying capital expenditure (CAPEX) incurred on green technology project for three years. The allowance can be offset against 70% of statutory income in the year of assessment.

The date of first qualifying CAPEX shall not be earlier than the date of application received by MIDA.

Green technology project related to renewable energy, energy efficiency, green building, green data centre, and intergrated waste management can qualify for this tax incentive. Please refer to the Guideline for Application for Incentives and/or Expatriate Posts for Green Technology (GT) at www.mida.gov.my for more details on qualifying activities and eligibility criteria.

Applications received by 31 December 2023 are eligible for this incentive. Applications should be submitted to MIDA.

(b) Green Income Tax Exemption (GITE)

i. Services

Green Income tax exemption of 70% of statutory income for qualifying green services where the period of incentive is for three (3) years starting from assessment year of the first invoice related to green technology services issued; and

The date of the first invoice shall not be earlier than the date of application received by MIDA

Green technology services related to renewable energy, energy efficiency, electric vehicle (EV), green building, green data centre, green certification and verification, and green township can qualify for this tax incentive. Please refer to the Guideline for Application for Incentives and/or Expatriate Posts for Green Technology (GT) at www.mida.gov.my for more details on qualifying activities and eligibility criteria.

ii. Solar Leasing

Green Income Tax Exemption of 70% on statutory income for solar leasing activity for a period of up to ten (10) years of assessment. The incentive will be considered based on tier as follows:-

Capacity (MW)	Incentive Period
>3MW- ≤10MW	5 years
>10MW- ≤30MW	10 years

The incentive period shall commence from the date of first invoice issued and this date shall not be earlier than the date of application received by MIDA.

Applications received by 31 December 2023 are eligible for this incentive. Applications should be submitted to MIDA.

(c) Tax Incentive for Purchase of Green Technology Assets (GITA Asset)

Green Investment Tax Allowance (GITA) of 100% of qualifying capital expenditure incurred on green technology asset from the year of assessment 2013 (date on which the first qualifying capital expenditure incurred is not earlier than 25 October 2013) until the year of assessment 2023. The allowance can be offset against 70% of statutory income in the year of assessment.

The purchase of green technology assets as listed in MyHijau Directory can qualify for this tax incentive. Please refer to www.greendirectory.my for the list of assets which have been certified by the Malaysia Green Technology and Climate Change Centre (MGTC) as MyHijau and approved by the Ministry of Finance (MoF).

Applications received by 31 December 2023 are eligible for this incentive. Applications should be submitted to MGTC.



Malaysian Investment Development Authority

MIDA Sentral, No.5, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia

Tel: (603) 2267 3633 Fax: (603) 2274 7970 Website: www.mida.gov.my

E-mail: investmalaysia@mida.gov.my

2020