

**GUIDELINE ON APPLICATION FOR INCENTIVE
AND/OR EXPATRIATE POSTS FOR GREEN TECHNOLOGY (GT)**

(Revised as at 23.08.2021)

This guideline will be reviewed from time to time in line with the government's policy and announcement

I. INTRODUCTION

1. 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.
2. The Government has made a strong stance in renewable energy targets by increasing the share of renewable energy in the electricity generation capacity mix to 31% (including large hydro of more than 100MW) by 2025. This is also in-line with the Malaysia's commitment to reduce 45% of Greenhouse Gas (GHG) emission intensity by 2030.
3. The objectives of the incentives are:
 - 3.1 to encourage investments in green technology industry on a project basis either for business purpose or own consumption and the adoption of green technology by selected services/system providers;
 - 3.2 to encourage companies to acquire / purchase assets that have been verified as green technology assets by the Malaysian Green Technology and Climate Change Centre (MGTC) and these assets are listed under MyHijau Directory; and
 - 3.3 to widen the coverage of green services to include solar leasing activity.

II. INCENTIVES

1) Green Investment Tax Allowance (GITA - Project)

- 1.1 Green Investment Tax Allowance of **100% of qualifying capital expenditure** incurred on green technology project for **three (3) years** from **the date of first qualifying capital expenditure (CAPEX) incurred.**

- 1.2 The date of first qualifying CAPEX shall not be earlier than the date of application received by MIDA.
- 1.3 The allowance can be offset against **70% of statutory income** for each year of assessment.
- 1.4 Unutilised allowance can be carried forward until they are fully absorbed.

2) Green Income Tax Exemption (GITE)

2.1 Services

Green Income Tax Exemption of 70% on statutory income for qualifying green services where:

- a) The period of incentive is for **three (3) years** starting from assessment year of the **first invoice related to green technology services** issued; and
- b) The **date of the first invoice shall not be earlier than the date of application received by MIDA.**

2.2 Solar Leasing

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

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

- b) 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.**

III. ELIGIBILITY CRITERIA

1. New or existing company must be incorporated under the Companies Act, 2016 and resident in Malaysia.
2. The eligibility criteria are:

Incentive	Eligibility Criteria	Qualifying Activities
Green Investment Tax Allowance (GITA)	<p>i) New company is a newly incorporated company which proposes to undertake qualifying activities and has yet to generate any income;</p> <p>or</p> <p>Existing company which:</p> <ul style="list-style-type: none"> - undertakes qualifying activities for own consumption or project based; or - undertakes new business in qualifying activities and generates new separate income from the existing operations. <p>ii) Company which has incurred first qualifying CAPEX or generated energy or started energy saving project before application made to MIDA is not eligible for this incentive.</p> <p>The date of first qualifying CAPEX must be on or after application received by MIDA.</p> <p>iii) Company must comply with all of the following criteria:</p> <ul style="list-style-type: none"> a) minimise the degradation of the environment or reduce greenhouse emission; b) promote health and improvement of environment; and c) conserve the use of energy, water and/or other forms of natural resources or promote the use of renewable energy or able to recycle waste material resources. <p>iv) The equipment/assets used in the GITA projects must be owned by the company, recognised and registered under the MyHIJAU Mark or have product certification that is recognised and accepted by MGTC.</p>	Appendix I

Incentive	Eligibility Criteria	Qualifying Activities
	<p>v) Companies within the same group undertaking the same green project as their parent companies / related companies* will be imposed with conditions or part of conditions under the P.U.(A)421/1990, Promotion of Investments Act 1986.</p> <p>vi) Company which has been approved with GITA and plans to undertake the same/other qualifying activities can be considered for approval subject to the validity of the same effective date of current incentive period approved by MIDA.</p> <p>vii) Company which has already been approved with Green Technology Incentive under the Section 127(3A), Income Tax Act 1967 or Selected Industries under Section 4D, Promotion of Investment Act 1986 and plans to undertake the same/other qualifying activities is not eligible to apply for this incentive.</p> <p>viii) For Green Building:</p> <p>a) Company must submit application form together with the Provisional Green Building Certificate (e.g. Design Assessment, Actual Assessment, etc.). Submission must be made before the completion of the Green Project.</p> <p>b) Company which has already obtained the Final Certificate or equivalent is not eligible to apply for this incentive.</p> <p>The qualifying capital expenditure can be backdated not earlier than 3 years from the date of application received by MIDA but not earlier than 1 January 2020.</p> <p>ix) Company which has been granted GITA incentive, is allowed to claim for GITA incentive with the following incentives in the same basis period for a year of assesment:</p>	

Incentive	Eligibility Criteria	Qualifying Activities
	<p>a) Pioneer Status under the Promotion of Investments Act 1986 subject to GITA incentive to be absorbed after the expiry of Pioneer Status period.</p> <p>b) Investment Tax Allowance under the Promotion of Investment Act 1986 subject to different asset under each incentive.</p> <p>c) Reinvestment Allowance under Schedule 7A or Investment Allowance for service sector under Schedule 7B, the Income Tax Act 1967 subject to different asset under each incentive.</p> <p>d) Exemption of income under the P.U.(A) 112/2006, Income Tax Act 1967 subject to GITA Incentive to be absorbed after the expiry of exemption of income period.</p> <p>e) Investment Tax Allowance under P.U.(A) 113/2006, Income Tax Act 1967 subject to different asset under each incentive.</p> <p>x) Acquisition of green assets which have been fully or partially funded by Grant received from Government are not eligible to be claimed as assets under green technology incentives.</p>	
<p>Green Income Tax Exemption (GITE) – Services</p>	<p>i) Company which has been established after 25 October 2013 and proposes to undertake the qualifying activities as per Appendix II.</p> <p>New company is a newly incorporated company which proposes to undertake qualifying activities and has yet to generate any income;</p> <p>Company which has issued first invoice before application made to MIDA is not eligible for this incentive.</p> <p>ii) Company must comply with all the following criteria:</p> <p>a) employs at least five (5) full-time employees working in Malaysia including at least two (2) competent</p>	<p>Appendix II</p>

Incentive	Eligibility Criteria	Qualifying Activities
	<p>personnel** in green technology (refer requirement of competent personnel);</p> <p>b) must have a green policy related to the environmental or sustainability***;</p> <p>c) must have documented Standard Operating Procedure (SOP) to ensure quality of services;</p> <p>d) 100% income must be derived from the respective green technology services; and</p> <p>e) company must undertake at least three (3) qualifying activities from the respective green technology sectors. The list of green services activities are as follows:</p> <ul style="list-style-type: none"> • Audit • Engineering • Procurement • Consultancy / Advisory • System Design • Feasibility Study • Testing • Commissioning • Installation • Maintenance, Repair & Overhaul (MRO) • Funding • Certification / Verification <p>iii) Only one company in the same group is eligible for GITE-services.</p> <p>iv) Related companies* are not eligible for this incentive.</p>	
<p>Green Income Tax Exemption (GITE) - Solar Leasing</p> <p>(Subject to MOF's decision)</p>	<p>i) Company that:</p> <ul style="list-style-type: none"> - has been verified by Sustainable Energy Development Authority (SEDA) and listed under the Registered Solar PV Investor (RPVI) Directory. - at least 60% of the equity of the company must be held by Malaysians. - possess a minimum installed capacity of 3MW solar PV projects aggregated under the Net Energy 	<p>Appendix III</p>

Incentive	Eligibility Criteria	Qualifying Activities
	<p>Metering (NEM) or Self-Consumption (SelCo) Programme which have achieved Commercial Operation Date. (Company must submit application form together with the verification letter from SEDA)</p> <p>ii) Company must comply with all the following criteria:</p> <p>a) employs at least five (5) full-time employees working in Malaysia including at least two (2) competent personnel in green technology**; and</p> <p>b) derives income from sales of electricity / leasing activities. Income derived from activities other than sales of electricity / leasing activities is not eligible for income tax exemption.</p> <p>iii) Assets must be incorporated in the RPVI balance sheet.</p> <p>iv) Only one company in the same group is eligible for GITE-solar leasing. Related companies* undertaking the same solar leasing activity are not eligible for this incentive.</p> <p>v) Company which has undertaken GITE-solar leasing project(s) and has issued the first invoice before application made to MIDA is not eligible for this incentive.</p>	

Note:

**Under the PIA 1986, a related company is defined as a company where at least 20% of its issued share capital is owned (directly or indirectly) by another company.*

***Competent personnel is defined as those holding a certificate of competency as a service provider from professional body or qualification body/agency in the related field of green technology. The certificate must be recognised by MGTC.*

As for GITE-Services, requirements of Competent Personnel are as follows:

- a) must be certified by professional body or qualification body/agency;*
- b) must be actively participating in the professional body or qualification body/agency with the updated CPD points as required by the respective qualification body/agency. Please refer attachment for detail of requirements;*
- c) must be actively practising in the respective field or the registration/Continuing Professional Development (CPD) points with the professional bodies is up to date; and*
- d) must be a permanent staff of the company.*

****Green Policy is a statement about the commitment to sustainability and environment management by the company.*

3. GITE Services and GITE Solar Leasing are mutually exclusive where the company or its related company cannot enjoy both incentives within the same incentive period.
4. MGTC will verify the first qualifying capital expenditure incurred for GITA and first invoice for GITE-Services.
5. SEDA Malaysia will verify the first invoice for GITE-Solar Leasing.
6. Company must incur **adequate¹ amount of operating expenditure annually** in Malaysia to undertake the proposed green services / projects for business purposes. This operating expenditure should include local services for insurance, legal, banking, ICT and transportation; if those services could be sourced from local/domestic service providers. However, this amount shall not include the cost of goods sold, depreciation, interest on borrowings and expenses that are not directly involved in the company's proposed activities.

Note: Green technology projects for own consumption is exempted from this condition.

¹ *Proposals submitted by companies will be evaluated in detail by MIDA and will be deliberated in the National Committee on Investments (NCI) for decision.*

IV. MALAYSIA'S PARTICIPATION IN THE ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD) TAXATION INITIATIVES

1. Malaysia had joined the Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) in January 2017 and became a BEPS Associate under the IF. As a BEPS Associate and a member of the Forum on Harmful Tax Practices (FHTP), Malaysia has to comply with the 'Base Erosion Profit Shifting (BEPS) Action 5: Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance' Report.
2. Green Income Tax Exemption (GITE) is one of the incentives evaluated by the FHTP in 2017 and has been categorised under Non-IP Regime where companies must ensure substantial activity requirements are undertaken in the country to enjoy the incentive.
3. For Non-IP Regime, "substantial activities" are defined as having adequate number of full-time employees working in Malaysia with necessary qualifications and incurring adequate amount of operating expenditure to undertake green technology services / projects for business purposes in Malaysia.

V. EXTENSION OF THE INCENTIVE PERIOD

GITA-Project

- In Budget 2020, company which has made application prior to 1 January 2020 and has been approved incentive period of less than 3 years will be eligible for an extension from the date of earlier application received by MIDA.

- Companies that undertake investments for own consumption / project based that have fully incurred* the capital expenditure before 1 January 2020 are not eligible for the extension.

*Note:

Fully incurred means that the approved project is already in operation and/or generating renewable energy.

- Company which could not generate energy before or on the commencement date determined in the Approval Letter must obtain supporting documents (i.e. FiAH Certificate for Feed-in Tariff or Award Letter for Large Scale Solar Project) from relevant authorities upon submission to MIDA.
- Application for extension using GT/EXT form must be submitted to MIDA latest by **31 December 2020**.

VI. APPLICATION PROCEDURE

1. Applications should be made online via MIDA e-TRANS portal at URL <https://investmalaysia.mida.gov.my>.
2. Application with incomplete information will not be accepted and will be returned to the company.
3. For further enquiries and clarification, please refer to:-

Director
Green Technology Division
Malaysian Investment Development Authority (MIDA)
Tel. No. : (603) 2267 6669
Fax No. : (603) 2274 8470
Website : www.mida.gov.my

Note:

Companies undertaking manufacturing activities with shareholders' funds of RM2.5 million and above or employing 75 or more full-time paid employees are required to apply for a Manufacturing Licence under the Industrial Coordination Act, 1975. Application should be made online via MIDA e-TRANS portal at URL <https://investmalaysia.mida.gov.my>.

4. Detailed guideline for the Green Technology Incentive can be accessed via MGTC website at www.mgtc.gov.my.

VII. EFFECTIVE DATE OF SUBMISSION OF APPLICATION

This Guideline is applicable for application received by MIDA from **1 January 2020** until **31 December 2023**.

VIII. MECHANISM

Green Technology Incentives to be considered by the National Committee on Investment (NCI) and provided under the Income Tax Act, 1967.

IX. INCENTIVE UNDER THE MALAYSIAN GREEN TECHNOLOGY AND CLIMATE CHANGE CENTRE (MGTC)

1. A company which purchases green technology assets listed in ***MyHijau Directory*** (www.greendirectory.my) is also eligible for **ITA of 100%** under the Malaysian Green Technology and Climate Change Centre (MGTC). The allowance can be offset against 70% of statutory income for each year of assessment.
2. Please refer to MGTC website at www.greendirectory.my for the list of assets which have been certified as *MyHijau* by MGTC and approved by the MOF. For further enquiries, please contact MGTC at (603) 8921 0800.
3. Applications should be submitted to:

Chief Executive Officer

Malaysian Green Technology and Climate Change Centre (MGTC)

No. 2 Jalan 9/10

Persiaran Usahawan Seksyen 9

43650 Bandar Baru Bangi

Selangor Darul Ehsan

GREEN TECHNOLOGY PROJECT

No.	Sector	Qualifying Green Activities
1.	Renewable Energy	<p>Commercial and industrial business entities which undertake generation of energy in the form of electricity, steam, heat and chilled water using renewable energy resources such as:</p> <ul style="list-style-type: none">a) Biomassb) Biogasc) Mini hydrod) Geothermale) Solar power <p>Note: Projects which have been approved with Feed-in Tariff (FiT) for solar by the Sustainable Energy Development Authority (SEDA) are not eligible for the Investment Tax Allowance. Please refer to www.seda.gov.my for information on renewable energy targets and generation by sources.</p>
2.	Energy Efficiency	Companies investing in energy efficient equipment or technologies and invest in energy saving equipment.
3.	Green Building	Building owners of the commercial / industrial building that have obtained Provisional Green Building Certificate (e.g. Design Assessment, Actual Assessment, etc.) from locally developed rating tool/certification body approved by the Government.
4.	Green Data Centre	Companies that purchase any energy efficient product or solution for data centre that have obtained Provisional Green Building Certificate (e.g. Design Assessment, Actual Assessment, etc.) from locally developed rating tool/certification body approved by the Government.
5.	Integrated Waste Management	Companies which undertake / invest in waste recycling or waste recovery or waste treatment and additional activities such as composting or storage or collection or disposal.

GREEN TECHNOLOGY SERVICES

No.	Sector	Qualifying Green Services Activities
1.	Renewable Energy	Services related to system design and feasibility study, advisory and consultancy, testing and commissioning.
2.	Energy Efficiency	Services related to advisory and consultancy, energy audit and management, measurement and verification, testing and commissioning.
3.	Electric Vehicle (EV)	a) Services related to installation, maintenance and repair of EV charging equipment, infrastructure and EV charging station. b) Services related to operation of the EV charging station. c) Services related to maintenance, repair and overhaul of EV.
4.	Green Building	Services related to testing and commissioning of green building equipment and system, and services related to green building design and consultancy services.
5.	Green Data Centre	Services related to system design and feasibility study, advisory and consultancy, testing and commissioning of green data centre or ICT infrastructure.
6.	Green Certification and Verification	Services related to green certifications of products, equipment and buildings.
7.	Green Township	Services related to advisory and consultancy, design and feasibility study in Green township and low carbon cities planning.

GREEN TECHNOLOGY SERVICES – SOLAR LEASING

No.	Sector	Activities
1.	Renewable Energy (Solar PV)	Leasing services related to implementation of NEM project and other services to support the lease contract i.e. financing, design, engineering, procurement, construction, installation, testing, commissioning and operation and maintenance.

ATTACHMENT

Information on Requirement of Competent Personnel

No.	Qualifying Services	Sub-sector	Requirement	Remarks
1.	Renewable Energy	Solar	CPD Hours	GCPV QP: 8 hours Wireman & Chargeman: NA
			Workshop & Training	Related to Solar PV / technologies (CDP for GCPV Design QPs – SEDA Malaysia)
			Certificate	<ul style="list-style-type: none"> • Certificate of Competency for SEDA Malaysia Grid-Connected Photovoltaic Systems Design Course • Certificate of Competency for SEDA Malaysia Off-Grid Photovoltaic Systems Design Course • Certificate of Competency for SEDA Malaysia Grid-Connected Solar Photovoltaic (PV) Systems Installation and Maintenance • Certificate of Competency for The Design and Installation of Grid-Connected Photovoltaic System Training Course • Certificate of Competency for Grid-Connected Photovoltaic System for Wireman and Chargeman • Certificate of <i>Perakuan Kekompetenan Sebagai Pendawai</i>
		Biogas	CPD Hours	NA <ul style="list-style-type: none"> • Registered with Professional Body e.g., BEM/ IEM / MBOT
			Workshop & Training	Training on Operation and Maintenance of Biogas Power Plant
			Certificate	<ul style="list-style-type: none"> • Certificate of Participation on 5 days Training for Operation and Maintenance of Biogas Plant
2.	Energy Efficiency		CPD Hours	<i>Pengurus Tenaga Elektrik Berdaftar</i> (REEM): 8 credits in program endorsed by Energy Commission related to efficient management of energy. Energy Manager (CEM): NA List of Providers: Energy Commission - Energy Efficiency (st.gov.my)
			Workshop & Training	List of Programmes: Energy Commission - Energy Efficiency (st.gov.my) or any training/ workshop related to the field
			Certificate	<ul style="list-style-type: none"> • Certificate of <i>Perakuan Pendaftaran Sebagai Pengurus Tenaga Elektrik</i> • Letter of <i>Pembaharuan Pendaftaran Sebagai Pengurus Tenaga Elektrik</i> • Certificate of Certified Energy Auditor • Certificate of Certified Energy Auditor - CEA • Certificate of Attendance for 4-Days Expert Course 1 on Energy Efficiency and Solar Thermal Technology

				<ul style="list-style-type: none"> • Certificate of Attendance for 4-Days Expert Course 2 on Energy Efficiency and Solar Thermal Technology • Certificate of Certified Energy Manager • Certificate of <i>Perakuan Kekompetenan Sebagai Jurutera Elektrik Kompeten</i> • Certificate of <i>Perakuan Kekompetenan Sebagai Penjaga Jentera</i> • Certificate of Certified Professional In Measurement and Verification • Certificate of Attendance for Mitigation of Power Quality Issues with Uninterruptible Power Supply (UPS) • Certificate of Attendance for Short Course on Efficient Energy Management in Commercial Building • Certificate of Registration of Professional Engineer with Practising Certificate
3.	Electric Vehicle		CPD Hours	NA <ul style="list-style-type: none"> • Registered with Professional Body e.g., BEM/ IEM / MBOT
			Workshop & Training	Attended workshop and trainings related to the EV
			Certificate	Certificate of Competency PW4 on electrical installation from Energy Commission
4.	Green Building		CPD Hours	10 Points
			Workshop & Training	Attended workshop and trainings related to the Green Building e.g., <ol style="list-style-type: none"> 1. Malaysia Green Building Council (MGBC) (http://www.mgbc.org.my/category/events/) 2. Pertubuhan Arkitek Malaysia (PAM) (http://www.pam.org.my/professional-practice/continuing-professional-development/cpd-seminar-notes.html) 3. The Institution of Engineers, Malaysia (IEM) (https://www.myiem.org.my/content/technical_division-12.aspx) 4. Association of Consulting Engineers Malaysia (ACEM) (https://www.acem.com.my/event/) 5. ASHRAE Malaysia Chapter (https://www.ashrae.org.my/news-events/)
			Certificate	<ul style="list-style-type: none"> • Certificate of Registration of GBI Facilitator • Certificate of Competent GBI Commissioning Specialist (CxS) • Certificate of Certified GreenRE Manager • Certificate of Successful Completion in Certification Course for Green Mark Managers • Certificate of Certified Green Mark Professional • Certificate of Attained the Designation of LEED AP Building Design + Construction • Certificate of LEED Green Associate

				<ul style="list-style-type: none"> • Certificate of LEED Accredited Professional with a Building Design + Construction Specialty • Certificate of LEED Accredited Professional • Certificate of MyCrest Assessor • Certificate of MyCrest Qualified Facilitator
5.	Green Data Centre		CPD Hours	10 Points (GBI Facilitator)
			Workshop & Training	Attended workshop and trainings related to the Green Building/ Green Data Centre
			Certificate	<ul style="list-style-type: none"> • Certificate of Registration of GBI Facilitator • Certificate of Certified Green Data Centre Specialist
6.	Green Certification & Verification		CPD Hours	NA
			Workshop & Training	Attended training courses provided by Institut Kimia Malaysia (IKM) Professional Centre
			Certificate	<ul style="list-style-type: none"> • Certificate of Admission and Registration as a Member of the Malaysian Institute of Chemistry • Annual Retention Certificate
7.	Green Township		CPD Hours	12 Points
			Workshop & Training	Attended Conference, Seminars and Workshops related to Township/ Town Planning
			Certificate	<ul style="list-style-type: none"> • Registered as member of Malaysian Institute of Planners (MIP)