

TECHNICAL

Direct Taxation

MIDA – GUIDELINE FOR GREEN TECHNOLOGY INCENTIVES PROPOSED IN THE 2020 BUDGET

Guidelines	Remarks (Please access the Guidelines for the full details)		
Guideline for Application for Incentive and/or Expatriate Posts for Green Technology (25 January 2021)	In the 2020 Budget, the Government had proposed green technology incentives to boost the Malaysian green economy and attain the goal of generating 20% of energy consumption from renewable sources by 2025 and reducing 45% of Green House Gas emission intensity by 2030.		
	The green technology incentives proposed are available to new or existing companies incorporated under the Companies Act 2016 and resident in Malaysia. The incentives are as follows: -		
		Green Technology Incentive	Objective
	1.	100% Green Investment Tax Allowance (“GITA”) on qualifying capital expenditure (“QCE”) incurred on green technology project for 3 years offset against 70% of statutory income (“SI”). Qualifying Activities – See Appendix I of the Guideline.	Encourage investments in green technology industry on project basis for business purpose or own consumption.
	2.	Green Income Tax Exemption (“GITE”) of 70% on SI for qualifying green services for 3 years. Qualifying Green Services Activities – See Appendix II of the Guideline.	Encourage the adoption of green technology by selected services/system providers.
	3.	GITE of 70% on SI for solar leasing activity for a period of 5 or 10 years of assessment on a tier basis.	Widen the coverage of green services to include solar leasing activity.
4.	100% Investment Tax Allowance under the Malaysian Green Technology and Climate Change Centre (“MGTC”) on purchase of	Encourage companies to purchase green technology assets verified by the MGTC and listed under the MyHijau	

	<p>green technology assets listed in MyHijau Directory offset against 70% of SI.</p> <p>See item IX of the Guideline for further details.</p>	Directory.
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Note: GITE for qualifying green services and GITE for solar leasing activity are mutually exclusive where the company or its related company cannot enjoy both incentives within the same period.

The Guideline also includes the following in respect of the GITA, GITE for qualifying green services and GITE for solar leasing activity: -

- Details of eligibility criteria;
- Basis for determining the incentive commencement date;
- Verifying authority for the first QCE incurred for GITA or the first invoice for GITE for qualifying green services or solar leasing activity;
- Requirement to incur adequate amount of operating expenditure annually in Malaysia to undertake the proposed green services/ projects for business purposes;
- Application procedure for submission to the Malaysian Investment Development Authority (“MIDA”);
- Period for the application to be received by MIDA which is from 1 January 2020 to 31 December 2023; and
- Mechanism for the incentive.

Related reference:

- Appendix 17 of the [2020 Budget Speech](#).

Members may read the Guidelines in full at the websites of the [Institute](#) and [MIDA](#).

You may write to the Institute at technical@ctim.org.my in respect of any suggestions, concern or comments you may have on the Guidelines.

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