

TECHNICAL - DIRECT TAXATION

e-CTIM TECH-DT 43/2021

13 April 2021

MIDA – Updated Guidelines and Procedures for the Application of Automation Capital Allowance

Guidelines	Remarks (Please access the updated Guidelines for the full details)
<p>Updated Guidelines and Procedures for the Application of Automation Capital Allowance (14 January 2021)</p>	<p>The Malaysian Investment Development Authority (“MIDA”) has issued updated <i>Guidelines and Procedures for the Application of Automation Capital Allowance</i> (“ACA”) dated 14 January 2021. The updated Guidelines which take into account the 2020 Budget proposals (please refer to the note below) and relevant gazette orders explain the application process, the documents which are to be furnished in support of the application, and the procedures for the application.</p> <p>The updated Guidelines also include amendments to the following eligibility criteria:</p> <ul style="list-style-type: none"> Companies have been <u>in-operation engaged in manufacturing activities</u> for at least 36 months. If a company decides to claim the ACA first before claiming RA, the incentive period for both Category 1 and 2 (YA 2015 to YA 2023) will <u>not</u> form part of the 15 years period of RA. <p>Note:</p> <ul style="list-style-type: none"> The 2020 Budget had proposed to extend the deadline for the application for ACA to be received by MIDA to 31 December 2023 and extend the ACA incentive period until YA 2023. The 2020 Budget had also proposed to expand the ACA incentive for Category 2 of the manufacturing sector to the services sector. This proposal is effective for applications received by MIDA from 1 January 2020 to 31 December 2023. MIDA has issued <i>Guidelines and Procedures for the Application of ACA for Services Sector – For Existing Company Only</i> dated 1 January 2020.

References:

- 1 - [Updated Guidelines and Procedures for the Application of ACA dated 14 January 2021](#);
- 2 - [Guidelines and Procedures for the Application of ACA dated 30 April 2015](#);
- 3 - [Guidelines and Procedures for the Application of ACA for Services Sector – For Existing Company Only dated 1 January 2020](#);
- 4 - P.U. (A) [252/2017](#), [253/2017](#), [172/2020](#) and [173/2020](#); and
- 5 - Appendix 25 of the [2020 Budget Appendices](#) and Paragraph 49 of the [2015 Budget Speech](#).

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

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