NEW TAX INCENTIVES FOR GREEN BUILDINGS
Government Facilitation & Incentives
For Green Building

Clean Technology & Environment Management Division

The principal Malaysian Government agency responsible for the promotion of investments and coordination of industrial development in the country

First point of contact for investors who intend to set up projects in the manufacturing and services sectors in Malaysia

On 27 March 2004, the Government mandated MIDA to promote investments in the services sector

2011: Restructuring and rebranding of MIDA - Malaysian Investment Development Authority
## FUNCTIONS OF MIDA

### Promotion
- Foreign Direct Investment
- Domestic Investment
- Business matching through E-Connect
- Manufacturing & Services

### Evaluation
- Manufacturing licence
- Tax incentive
- Expatriate post
- Duty exemption
- Principal hub and R&D status

### Planning
- Planning for industrial development
- Recommend policies and strategies on industrial promotion and development
- Formulation of strategies, programmes and initiatives for international economic cooperation

### Follow-up / Monitoring
- Assist companies in the implementation and operation of their projects
- Facilitate exchange & co-ordination among institutions engaged in or connected with industrial development
- Advisory Services
## Previous Incentive for Green Building

<table>
<thead>
<tr>
<th>Description</th>
<th>Income Tax / Stamp Duty Incentives</th>
</tr>
</thead>
</table>
| Building Expenditure incurred by a person or company (Income Tax Exemption) (No. 8) Order 2009 | • 100% tax exemption on **additional** capital expenditure to obtain GBI certificate  
• Set off against 100% statutory income  
• Once in a lifetime claim on GBI buildings  
• Incentive claimed once certified issued for new buildings and upgrade of existing buildings  
• Effective date: Buildings awarded GBI certificates from 24 October 2009 to 31 December 2014 |
| Property buyers (Stamp Duty Exemption) Order 2009)                          | • Stamp duty exemption based on additional cost to obtain GBI certificate  
• Buildings & residential properties with GBI certificate  
• Applies only to purchase from developers  
• First property owner only  
• Effective date: Sales and purchase agreements executed from 24 October 2009 until 31 December 2014 |
NEW INCENTIVE UNDER GREEN TECHNOLOGY

• Introduced in Budget 2014 (Budget announcement on 25 Oct 2013)

• Application received by 31/12/2020

• Eligible for developers / owners of projects and service providers for green industries

• Cover wider scope of industry for own use or business purpose
### APPROVED INVESTMENTS

#### EE projects approved as at 31 Dec 2015

<table>
<thead>
<tr>
<th>Type of Services</th>
<th>No. of projects</th>
<th>Total Investment (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own Consumption</td>
<td>95</td>
<td>6,042,695,406</td>
</tr>
<tr>
<td>Service Provider</td>
<td>16</td>
<td>449,926,952</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>111</strong></td>
<td><strong>6,492,622,358</strong></td>
</tr>
</tbody>
</table>

#### RE projects approved as at 31 Dec 2015

<table>
<thead>
<tr>
<th>RE Projects Based on Sources</th>
<th>No. of projects</th>
<th>Total Investment (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar</td>
<td>234</td>
<td>2,616,512,396</td>
</tr>
<tr>
<td>Biomass</td>
<td>121</td>
<td>4,428,434,077</td>
</tr>
<tr>
<td>Biogas</td>
<td>61</td>
<td>874,921,807</td>
</tr>
<tr>
<td>Mini Hydro</td>
<td>13</td>
<td>823,365,032</td>
</tr>
<tr>
<td>Geothermal</td>
<td>1</td>
<td>506,289,635</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>430</strong></td>
<td><strong>9,249,522,947</strong></td>
</tr>
</tbody>
</table>

* Approved incentives since year 2001 - 2015

Source: MIDA
TAX INCENTIVE FOR COMPANY INVESTING IN GREEN PROJECT / ADOPT GREEN TECHNOLOGY
GREEN TECHNOLOGY INCENTIVE, INCOME TAX ACT, 1967
## GREEN TECHNOLOGY INCENTIVE, INCOME TAX ACT, 1967

<table>
<thead>
<tr>
<th>Definition</th>
<th>PROJECT</th>
<th>SERVICES</th>
<th>ASSET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in assets/equipment/system to undertake a Green Technology project</td>
<td>Provision of services to Green Technology user/project</td>
<td>Purchase of green technology equipment which has been certified by recognised verification bodies and listed in <a href="#">MyHijau Directory</a>.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Incentive</th>
<th>PROJECT</th>
<th>SERVICES</th>
<th>ASSET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Tax Allowance (ITA) of 100% of qualifying capital expenditure incurred from the YA 2013 until the YA 2020. (offset against 70% of statutory income)</td>
<td>Income Tax Exemption (ITE) of 100% of statutory income from the YA 2013 until the YA 2020</td>
<td>Investment Tax Allowance (ITA) of 100% of qualifying capital expenditure incurred from the YA 2013 until the YA 2020. (offset against 70% of statutory income)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evaluating Agency</th>
<th>PROJECT</th>
<th>SERVICES</th>
<th>ASSET</th>
</tr>
</thead>
<tbody>
<tr>
<td>MIDA</td>
<td>MIDA</td>
<td>MGTC (GreenTech Malaysia)</td>
<td></td>
</tr>
</tbody>
</table>
### List of Qualifying Assets Listed in MYHJAU Directory

<table>
<thead>
<tr>
<th>No.</th>
<th>Sector/Area</th>
<th>Technology</th>
<th>Product Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Building</td>
<td>Energy efficient appliances</td>
<td>Solar air-conditioning equipment/system</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Thermal energy storage equipment/system</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Variable air volume (VAV) equipment/system</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Variable-refrigerant-volume (VRV) equipment/system</td>
</tr>
</tbody>
</table>
### EXAMPLES OF QUALIFYING EXPENDITURE FOR GREEN BUILDING

<table>
<thead>
<tr>
<th>Category</th>
<th>Types of Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial Buildings</strong></td>
<td></td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>• Insulation wall</td>
</tr>
<tr>
<td></td>
<td>• Motion sensor</td>
</tr>
<tr>
<td></td>
<td>• High efficiency motor</td>
</tr>
<tr>
<td></td>
<td>• Variable Speed Drive</td>
</tr>
<tr>
<td>Water Efficiency</td>
<td>• Rainwater Harvesting System</td>
</tr>
<tr>
<td></td>
<td>• Water recycling system</td>
</tr>
<tr>
<td>Indoor Environmental Quality</td>
<td>• Air filter</td>
</tr>
</tbody>
</table>
PROMOTED INDUSTRIES

Energy
- Renewable Energy
- Energy Efficiency

Building
- Green Building
- Green Data Centre

Integrated Waste Management
- Waste recycling
- Waste recovery
- Waste treatment

Supporting Services
- Certification & verification bodies
- Green Township
- Electric Vehicle Services
Building owners of the commercial / industrial building that have been awarded green building certificates from certification body approved by the Government.

Design & consultancy, testing & commissioning of green building equipment/system.
Investment in any energy efficient product or solution for data centre which have been awarded green building certificates from relevant certification body approved by the Government

System design & feasibility study, Advisory & consultancy, Testing & commissioning
Services

Services related to advisory & consultancy, design & feasibility study in green township and low carbon cities planning
### CRITERIA FOR INVESTMENT TAX ALLOWANCE

<table>
<thead>
<tr>
<th>PROJECT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Building / Green Data Centre</td>
</tr>
<tr>
<td>a) Company must be incorporated under the Companies Act, 1965</td>
</tr>
<tr>
<td>b) New or existing company undertaking green project which do not commence operation in green project earlier than 25 October 2013</td>
</tr>
<tr>
<td>c) Company must achieve the following green results:</td>
</tr>
<tr>
<td>- minimises the degradation of the environment or reduces greenhouse emission;</td>
</tr>
<tr>
<td>- promotes health and improves of environment;</td>
</tr>
<tr>
<td>- conserves the use of energy and/or other forms of natural resources or promotes the use of renewable energy or recycles waste material resources.</td>
</tr>
</tbody>
</table>
## PROJECT

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location of the project</td>
</tr>
<tr>
<td>Submit Design Assessment (DA) / completion and verification assessment (CVA) to MGTC</td>
</tr>
<tr>
<td>Submit green cost certification to MGTC</td>
</tr>
<tr>
<td>Asset verified by MGTC (must be registered in MyHijau Directory or certified by recognised certification bodies by GreenTech Malaysia)</td>
</tr>
<tr>
<td>Annual verification on project by MGTC</td>
</tr>
<tr>
<td>Total employees must be at least 80% Malaysian</td>
</tr>
</tbody>
</table>
## SERVICES

**Green Building / Green Data Centre**

- **a)** Company must be incorporated under the Companies Act, 1965
- **b)** Eligible for new or existing companies which do not commence operation in green services activities earlier than 25 October 2013
- **c)** Company must meet the following green services:
  - i) At least one competent / qualified personnel of company in green technology
  - ii) Company must have a green policy related to environmental/sustainability; and
  - iii) 100% of company’s income must be derived from green technology services.
## DOCUMENTS REQUIRED

<table>
<thead>
<tr>
<th>Project</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>GT/JA Form in three (3) sets</td>
<td>GT/JA Form in three (3) sets</td>
</tr>
<tr>
<td>Copy of the Design Assessment (DA) / completion and verification assessment (CVA) / Green Cost Certificate</td>
<td>Details of competent personnel in Green Technology with a recognized qualifications for providing GT services as provided in MyHijau Directory</td>
</tr>
<tr>
<td>Proof of building ownership</td>
<td>Information on Company’s Green Policy</td>
</tr>
<tr>
<td>Certificate of Incorporation, Form 24 (return of Allotment of Shares), Form 49 (Particulars of Directors)</td>
<td>Certificate of Incorporation, Form 24 (return of Allotment of Shares), Form 49 (Particulars of Directors)</td>
</tr>
<tr>
<td>Other relevant supporting documents</td>
<td>Other relevant supporting documents</td>
</tr>
</tbody>
</table>
APPLICATION FLOW FOR PROJECT AND SERVICES

Applicant checks on project eligibility to claim ITA Project

Applicant submits application to MIDA – (Form GT/JA)

MIDA receives complete application from applicant

MIDA prepares evaluation report

Presentation by MIDA to National Committee on Investment (NCI) and issues conditional approval

MIDA requests further information and verification
APPLICATION FLOW FOR PROJECT AND SERVICES (CONT’.)

Applicant submits application to MGTC together with:
- Completed MIDA Form GT/JA
- Conditional Approval Letter

MGTC validates project complies to GT project criteria

Comply

MGTC validation letter to applicant

Applicant submits tax form to IRB together with verification letter from MGTC

MGTC requests further information and verification

Not comply

Services

MGTC requests applicant to register under MyHIJAU Mark Service

Project

MGTC verifies service listed/registered under MyHIJAU Mark

Comply
APPLICATION PROCEDURES

Project / Services
• GT/JA form (www.mida.gov.my)

Asset
• Application form (MGTC)

Submission by 31/12/2020

Project / Services
• Clean Technology & Environment Management Division
  Malaysian Investment Development Authority (MIDA)
  MIDA SENTRAL
  Level 25, No. 5, Jalan Stesen Sentral 5
  Kuala Lumpur Sentral
  50470 Kuala Lumpur

Asset
• Malaysian Green Technology Corporation (MGTC)
  No. 2 Jalan 9/10
  Persiaran Usahawan Seksyen 9
  43650 Bandar Baru Bangi
  Selangor Darul Ehsan
OTHER FACILITATION / INCENTIVES
Guidelines on Manufacturing Licence

The Industrial Coordination Act 1975 requires manufacturing companies with shareholders’ funds of **RM2.5 million and above** or engaging **75 or more** full time paid employees to apply for a manufacturing licence (ML). ML application will be processed by MIDA.
**Pioneer Status**
Income tax exemption ranging from 70% or 100% for a period of 5 or 10 years

**Investment Tax Allowance**
60% or 100% on qualifying capital expenditure for 5 years

**Reinvestment Allowance**
60% on qualifying capital expenditure for 15 consecutive years

**Import Duty Exemption**
For raw materials/components and Machinery and Equipment
EXAMPLE:

(1) Alternate energy equipment, products, systems, devices or components such as solar cells / panels / module / system
(2) Energy saving lightings
(3) Building materials such as clay-based, sand-based and other non-metallic mineral products
(4) Industrialized building system (IBS)
(5) Specialised machinery / equipment for specific industry
(6) Waste equipment / waste water treatment plant

**CRITERIA:** Specified value added, MTS, level of D&D, local employment, etc.
Objective is to promote green investments by providing easier access to financing and at a lower financing costs.

Financial incentive introduced in 2010.
- RM1.5 billion in Budget 2010
- (incentive period ending in Dec 2012);
- Additional RM2 billion allocation in 2013 (incentive period ending in Dec 2017).
- Total allocation RM3.5 billion.

Incentives:
- 60% guarantee by Government on green financing cost.
- 2% rebate on financing interest rate of green technology cost.

Implementation agency
- Malaysia Green Technology Corporation (MGTC), Credit Guarantee Corporation (CGC)

More info from www.gtfs.my
<table>
<thead>
<tr>
<th>Features</th>
<th>Producer of Green Technology</th>
<th>User of Green Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>To finance investment for the production of green products</td>
<td>To finance investment in the utilization of green technology</td>
</tr>
<tr>
<td>Financing Size</td>
<td>Maximum: RM50 million per company</td>
<td>Maximum: RM10 million per company</td>
</tr>
<tr>
<td>Financing Tenure</td>
<td>Up to 15 years</td>
<td>Up to 10 years</td>
</tr>
<tr>
<td>Eligibility</td>
<td>Legally registered Malaysian companies that have at least 51% Malaysian shareholding</td>
<td>Legally registered Malaysian companies that have at least 70% Malaysian shareholding</td>
</tr>
<tr>
<td>Participating Financial Institutions (PFIs)</td>
<td>All commercial and Islamic banks, and DFIs (Bank Pembangunan, SME Bank, Agrobank, Bank Rakyat, EXIM Bank and Bank Simpanan Nasional)</td>
<td></td>
</tr>
<tr>
<td>Government Incentives</td>
<td>• Rebate of 2% per annum of interest/profit rate</td>
<td>• 60% Government guarantee of financing amount</td>
</tr>
<tr>
<td>Application Date</td>
<td>The Scheme will open until 31 December 2017 or upon approval of financing up to RM3.5 billion, whichever is earlier</td>
<td></td>
</tr>
</tbody>
</table>
# GTFS CRITERIA FOR BUILDING AND TOWNSHIP

## Scope:
Adoption of Green Technology in the construction, management, maintenance and demolition of buildings.

## Element:
(a) Building: Office, Shopping complex, Hospital & clinic, Hotel and resort, University and research institution, exhibition hall and School.
(b) Infrastructure: Road, energy, IT
(c) Parks

<table>
<thead>
<tr>
<th>No</th>
<th>Criteria</th>
<th>Sample projects</th>
</tr>
</thead>
</table>
| A  | Energy Efficiency & Renewable Energy         | (a) High efficient motor, chiller, pump, fan & blower, lighting, cooling tower, transformer, boiler and ballast.  
(b) Energy management, Solar energy, Wind energy |
| B  | Indoor Environmental Quality                 | (a) Carbon Dioxide Monitoring and Control,                                        
(b) Daylight glare control                                 |
| C  | Sustainable Site Planning & Management        | (a) Brownfield development                                                       
(b) Bus and MRT station, Proper greenery & roof garden                   |
| D  | Materials & Resources                         | (a) Record of reuse and recycle content materials                                  
(b) Hydrocarbon refrigerant                                   |
| E  | Water Efficiency                              | (a) Rainwater Harvesting system                                                   
(b) Metering & Leak Detection System                           |
| F  | Innovation                                   | (a) Thermal duct to exhaust hot air                                               
(b) Employment of accredited green building facilitator / approved professional |
Thank You

Clean Technology and Environment Management Division
Level 25
MIDA Sentral
No. 5 Jalan Stesen Sentral 5
K L Sentral
50470 Kuala Lumpur
Tel. 03 – 2267 3633, Fax. 03 – 2274 7970
investmalaysia@mida.gov.my