

1.Name of measure

Green Technology Incentive (Income Tax Act, 1967)

2.Purpose of measure

The Government had announced the provision of investment tax allowance for the purchase of green technology assets and income tax exemption on the use of green technology services and system to further strengthen the development of green technology (GT) in the Budget 2014. This incentive covers a broader scope of green technology activities in the areas of energy (renewable energy and energy efficiency), transportation, building and waste management. The incentives are valid for applications received by 31 December 2020.

Among the objectives of the incentives are:

1. Encouraging investments in green technology industries on a project basis either for business purposes or own consumption and the adoption of green technology by selected services system providers
2. Encouraging companies to acquire / purchase assets that have been verified as green technology assets by the Malaysian Green Technology Corporation (MGTC) and these assets are listed under MyHijau Directory
3. Facilitating the transition of expiring existing tax incentives relating to renewable energy (RE) and energy efficiency (EE) projects.
4. Widening the coverage across various priority green technology Industries such as energy, transportation, building, and waste management and supporting services activities

3.Outline and applicable sectors (transport, buildings, manufacturing, etc.)

1. Qualifying activities:

Green technology project or services activities related to renewable energy, energy efficiency, green building / data centre, waste management, electric vehicle and other supporting services.

2. Incentives:

- i. Tax Incentive for Green Technology Project
- ii. Tax Incentive for Green Technology Services
- iii. Tax Incentive for Purchase of Green Technology Assets

4.Financial resources and budget allocation of measures

The incentives were announced in Budget 2014 will cover 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

5.Method to measure effects of measures (reduction in energy consumption and energy cost, etc.)

For a company, which undertakes a green technology project or acquires green technology assets

, it must achieve the following green results:-

- a) minimises the degradation of the environment or reduces greenhouse emission;
- b) promotes health and improvement of environment;
- c) conserves the use of energy and/or other forms of natural resources or promotes the use of renewable energy or is able to recycle waste material resources.

For a company which undertakes green technology services activities, the company must meet the criteria of green services as follows:-

- a) At least one competent / qualified personnel in green technology;
- b) Must have a green policy related to environmental/sustainability; and
- c) 100% income must be derived from green technology services

6.Results of measures

1. Increase in the purchase of green technology assets
2. Reduction of CO2 emission
3. Strengthen the development of green technology

7.Future tasks

8.Others

9.For further details about measures, please contact:

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