

Tax Incentive for the **Green Technology Sector**

Green Investment Tax Allowance

GITA Asset for Own Consumption

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Introduction

In the **Budget 2023**, the Government has announced that:
“Study and enhance the Green Investment Tax Allowance (GITA) Package and Green Income Tax Exemption”



Belanjawan 2024
**MALAYSIA
MADANI**

In October 2023, in line with Malaysia’s aspiration to be an inclusive, sustainable and carbon neutral nation by 2050, the Government had announced the **revision of Green Technology Tax Incentive during the 2024 National Budget.**

Category of Green Technology Tax Incentive

The revision of Green Technology Tax Incentives provides tax incentive based on **tiering approach** and categorised into three (3) categories as follows:

CATEGORY	SCOPE	APPLICATION TO
Green Investment Tax Allowance (GITA) Asset	Applicable for companies that acquire qualifying green technology activity (asset/project) for own consumption and listed under the MyHIJAU Directory.	
Green Investment Tax Allowance (GITA) Project	Applicable for companies that undertake qualifying green technology project for business purposes.	
Green Income Tax Exemption (GITE) Solar Leasing	Applicable for qualifying green technology service provider companies that are listed under the SEDA RPVI Directory.	

Validation on GITA Asset

- MGTC's role is to validate on the approved green technology asset for own consumption and green impact from the acquisition.
- The validation for GITA Asset will be based on assets that are approved by MOF and listed under the [MyHIJAU Directory](#).



MyHIJAU Mark is Malaysia's **official green recognition** endorsed by the Government of Malaysia, bringing together **certified green products and services** that meet local and international environmental standards under one single mark.



GITA Asset for Own Consumption

Qualifying Activities	Percentage of GITA	Percentage of Statutory Income to be Set-Off	Incentive Period
Tier 1	100%	70%	Qualifying Capital Expenditure incurred starting from
Tier 2	60%		1 January 2024 Until 31 December 2026

List of Qualifying Assets

Tier 1 : 100% of GITA

No.	Sector/Area	Technology	Asset
1	Transportation	Electric Vehicles ** For commercial/ industrial used only.	Electric Motorcycle/Scooter
			Electric Bus
			Electric MPV Panel Van
			Electric Movers/Terminal Tractors
			Electric Forklift
			Light & Heavy-Duty Truck/Lorry
		EV Infrastructure	Electric Vehicle Charging System
			Battery Swapping
2	Green Building	Green Building	Based on Green Cost Certificate issued by Green Building Certification Body
3	Renewable Energy	Energy Storage	Battery Energy Storage System (BESS)

List of Qualifying Assets

Tier 2 : 60% of GITA			
No.	Sector/Area	Technology	Asset/Project
1	Energy Efficiency	Transformer	Transformer
		Energy Efficient Appliances	Thermal Energy Storage/Collector
			Variable Air Volume (VAV)
			Variable Refrigerant Volume (VRV)
		Chiller	Chiller
		Heat Operated Air Conditioners	Absorption and Adsorption Air Conditioner
		Cooling Tower	Cooling Tower
		Air Compressor	Air Compressor
		Air Filtration system	Industrial Air Filtration system with energy-efficient motors
		Heat Recovery	Heat Recovery System
		Boiler	Hot Water and Steam Boiler
Water Heater	Industrial Water Heater		

List of Qualifying Assets

Tier 2 : 60% of GITA			
No.	Sector/Area	Technology	Asset/Project
2	Renewable Energy System	RE Project for own consumption	i) Solar ii) Biomass iii) Biogas iv) Mini Hydro v) Geothermal vi) Wind Energy
3	Waste	Waste Composter	Composter
		Waste Recycling	Waste Recycling System
4	Water	Wastewater Recycling	Wastewater Recycling System
		Rainwater Harvesting	Rainwater Harvesting System

GUIDELINES ON GITA ASSET



Guidelines on GITA Asset

Eligibility

- a) New or existing company which is incorporated under the Companies Act, 2016 and resident in Malaysia.
 - i. **New company** refers to newly established company that incurred qualifying capital expenditure under GITA Asset.
 - ii. **Existing company** refers to company which is already operating in Malaysia, and has **yet to incurred qualifying capital expenditure under GITA Asset and has not been approved for Green Technology Incentive.**

Guidelines on GITA Asset

Eligibility

Existing companies which were approved for **GITA Project** for own consumption under **Section 4D, Promotion of Investment Act 1986** or **Section 127(3A), Income Tax Act 1967** or **Section 127(3)(b), Income Tax Act 1967** or granted **GITA Asset** under **Section 127(3)(b) Income Tax Act 1967** are eligible for GITA Asset **subject to the following:**

The company does not undertake the approved project in which **no capital expenditure is incurred** and the **existing tax incentive approval has been surrendered.**

The company which its approval of GITA Project was **withdrawn due to non-compliance,** is **not eligible** for this incentive.

Guidelines on GITA Asset

Eligibility

Company which has been granted GITA Asset for Own Consumption, is allowed to claim for the tax incentive **with the following incentives** in the same basis period for a year of assessment:

- Pioneer Status under the Promotion of Investments Act 1986 **subject to GITA incentive to be absorbed after the expiry of Pioneer Status period.**
- Investment Tax Allowance under the Promotion of Investment Act 1986 **subject to different asset under each incentive.**
- 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.**
- 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.**
- Investment Tax Allowance under P.U.(A) 113/2006, Income Tax Act 1967 **subject to different asset under each incentive.**

Guidelines on GITA Asset

Eligibility

- b) Companies within the same group incurred qualifying capital expenditure as their parent companies / related companies will be imposed the following conditions:
- i. The project shall be implemented in a **building/location separate from other activities** carried out by the holding company or related companies;
 - ii. The plant, machinery and equipment used for this project shall be **separated plant**, machinery and equipment and **shall not be transferred** from the holding company or related companies;
 - iii. All employees of the company **shall be separated** from the employees of the parent company or related companies except for the management staff and directors of the company; and
 - iv. The establishment of this project will not result in a reduction in the investment of the parent company or related companies.

Guidelines on GITA Asset

Eligibility

- c) Companies that **had incurred qualifying capital expenditure** in green technology investment and complying ALL of the following criteria:-
- i. minimise the degradation of the environment or reduce greenhouse emission;
 - ii. promotes health and improvement of environment; and
 - iii. conserves 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.

Guidelines on GITA Asset

Eligibility

- d) The qualifying capital expenditure must be incurred within period of **1st January 2024 until 31st December 2026**.
- e) The qualifying capital expenditure must be an approved asset by **MOF and listed under the MyHIJAU Directory**.
- f) For Green Building, the qualifying capital expenditure must be verified by the locally **Green Building Certification Body approved by Government**.
- g) The green technology asset in the GITA Asset must be **new and owned by the company**.
- h) The green technology asset must be used in the business carried out by the company in Malaysia.
- i) The green technology asset must be used for **own consumption and not for income generation**.

Guidelines on GITA Asset

Rate of Incentive

- Green Investment Tax Allowance (GITA) of **100%** or **60%** of qualifying capital expenditure incurred on approved green technology assets. The allowance can be offset against 70% of statutory income in the year of assessment.
- Unutilised allowances can be carried forward until they are fully absorbed.



Guidelines on GITA Asset

Tax Incentive Mechanism

- a) Incentive can be claimed in the year of assessment where the GITA asset is purchase.
- b) Companies must submit the applications to MGTC at least **24 months** from the date of asset purchased (invoice from the suppliers). Applications more than 2 years will not be eligible for the incentive.
- c) **For Green Building**, companies is allowed to submit the application within **36 months** from the date of qualifying capital expenditure incurred.

Guidelines on GITA Asset

Tax Incentive Mechanism

- d) The application must be submitted to MGTC after the **asset/project has been commissioned.**
- e) **For Green Building project**, the application can only be submitted to MGTC after the applicant has obtained the **Final Green Building Certificate** and **Green Cost Certificate** from the locally Green Building Certification Body recognized by the Government.
- f) Company shall not submit any claim to IRBM prior to the issuance of validation letter from MGTC. The claim is subject to audit by IRBM.
- g) **GITA Project and GITA Asset are mutually exclusive** where the company or its related company cannot enjoy both incentives within the same incentive period.

GITA Asset Process Flow

Applicant checks on assets eligibility from the list of qualifying assets as approved by MOF and listed in MyHIJAU Directory

✓ Listed  **project completed**

Applicant submits application form (**MGTC GITA/A**) to MGTC (together with supporting documents)



MGTC process the application & Processing Fee



MGTC issue a Validation Letter



Applicant submit tax form to IRB together with the Validation Letter from MGTC

✗ Not Listed 

Applicant notifies manufacturer/ supplier to register their assets under the MyHIJAU Mark recognition and listed in the MyHIJAU Directory



SECTION A: COMPANY INFORMATION

A1: Company Profile

Company Name			
Registration Type			
Company Registration No.		New SSM Company Registration No.	
Date of Incorporation		Income Tax Reference No.	
Registered Address			
	Postcode		City
	State		
Correspondence Address			
	Postcode		City
	State		
Company Email		Tel. No.	
Website		Fax No.	
Company Background			
Paid-up Capital			
Financial Year End			

A2: Contact Person

Name	
Designation	
Email	
Phone No.	

SECTION B: PREVIOUS COMPANY ACTIVITY(S)/ PROJECT(S)

B1: Incentives/ Grants
(Investment Tax Allowance/ Reinvestment Allowance/ Pioneer Status/ Etc.)

Type of Incentive/ Grant/ Etc.	Date of Approval	Effective Date Period	Activity/ Project	Ministry/ Government Agency	Incentives/ Grant Status

SECTION C: PROJECT DESCRIPTION

C1: Project Information			
Date of First Invoice			
Total Project Cost			
Project Location Address	Date of Project Completion	Location Ownership (Owner / Tenant)	

C2: Manpower (Person-in-charge for the specific project)		
Name	IC No.	EPF No.

C3: Qualifying Asset/ Activities for GITA Asset			
Sector/Area	Technology	Asset	(✓)
Transportation	Electric Vehicles (EV)	Electric Motorcycle/ Scooter	
		Electric Bus	
		Electric MPV Panel Van	
		Electric Movers/ Terminal Tractors	
		Electric Forklift	
		Light & Heavy-Duty Truck/ Lorry	
	EV Infrastructure	Electric Vehicle Charging System	
		Battery Swapping	
Green Building	Green Building	Based on the Green Cost Certificate issued by Green Building Certification Body	
Renewable Energy	Energy Storage	Battery Energy Storage System (BESS)	
Renewable Energy System	Renewable Energy Project for Own Consumption	Solar	
		Biomass	
		Biogas	
		Mini Hydro	
		Geothermal	
		Wind Energy	
Energy Efficiency	Transformer	Transformer	
	Energy Efficient Appliances	Thermal Energy Storage/ Collector	
		Variable Air Volume (VAV)	
		Variable Refrigerant Volume (VRV)	
	Chiller	Chiller	
	Heat Operated Air Conditioner	Absorption & Adsorption Air Conditioner	
	Cooling Tower	Cooling Tower	
	Air Compressor	Air Compressor	
	Air Filtration System	Industrial Air Filtration system with energy efficient motors	
	Heat Recovery	Heat Recovery System	
	Boiler	Hot Water & Steam Boiler	
	Water Heater	Industrial Water Heater	
Waste	Waste Composter	Composter	
	Waste Recycling	Waste Recycling System	
Water	Wastewater Recycling	Wastewater Recycling System	
	Rainwater Harvesting	Rainwater Harvesting System	

C4: Green Technology Asset/ Equipment Information				
Asset	Brand & Model	Serial No.	MyHIJAU Certificate No.	MyHIJAU Certificate Validity

C5: Service Provider/ Consultant Information			
Company Name			
Address		Postcode	
		City	
		State	
Person-in-charge Name			
Designation			
Tel. No.			
Mobile No.			
Fax No.			
Email Address			

SECTION E: COMPANY DECLARATION	
Name	
IC No.	
Designation	
<p>I hereby declare that:</p> <p><input type="checkbox"/> the data contained in this application is, to the best of my knowledge, true and complete. I also declare that the documents attached are genuine. For any false declaration, MGTC has the right to reject the application.</p> <p><input type="checkbox"/> furnished all relevant documents required as stated in the checklist.</p> <p><input type="checkbox"/> to grant full access to MGTC and any party(s) authorized by MGTC to visit the approved project at any reasonable time as may be determined by MGTC.</p> <p><input type="checkbox"/> companies within the same group incurred qualifying capital expenditure will be imposed the following conditions:</p> <ul style="list-style-type: none"> • The project shall be implemented in a building/location separate from other activities carried out by the holding company or related companies; • The plant, machinery and equipment used for this project shall be separated plant, machinery and equipment and shall not be transferred from the holding company or related companies; • All employees of the company shall be separated from the employees of the parent company or related companies except for the management staff and directors of the company; and • The establishment of this project will not result in a reduction in the investment of the parent company or related companies. 	
<u>Signature</u>	<u>Company's Stamp</u>
Date	

SECTION F: EXTERNAL AUDITOR VERIFICATION	
Name of External Auditor	
<p>I/We confirmed that I/We have inspected all documentations and expenditures as detailed in this request and confirmed that the information provided are in accordance to the procedures performed by us as agreed upon with the applicant.</p>	
<u>Signature</u>	<u>Company's Stamp</u>
Date	

Guidelines on GITA Asset

Submission

Application shall be submitted to MGTC after the project completion.

Completely-filled application form and all the supporting documents must be submitted in softcopy to Green Incentives Team through email as below:



rosmah@mgtc.gov.my

***Please note that the hardcopy of all supporting documents must be kept by the applicant and produced to LHDNM upon request.**

Processing Fee *(to be charged to the applicant)*

Tax Incentives	Description	Processing Fee (RM)
GITA Asset for Own Consumption Based on the total cost of Equipment/Asset	Less than 500,000	2,500
	500,000 – 1,000,000	4,000
	1,000,001 – 5,000,000	7,000
	More than 5,000,000	10,000

Tax Computation “With” Or “Without” Tax Incentive

Example 1: Assumption: ITA: RM10 million ← **Example for Tier 1 : 100% of GITA**

	WITHOUT TAX INCENTIVE (RM Million)	WITH TAX INCENTIVE (RM Million)	
Profit before tax	20,000,000	20,000,000	
add/less tax adjustments	12,000,000	12,000,000	
Adjusted income	32,000,000	32,000,000	
Less: Capital allowances	(5,000,000)	(5,000,000)	
Statutory income	27,000,000	27,000,000	
Percentage (%)		70%	30%
		18,900,000	8,100,000
(-) ITA	Nil	10,000,000	-
		8,900,000	8,100,000
Chargeable income	27,000,000	17,000,000	
Tax liability @ 24%	6,480,000	4,080,000	

Tax Computation “With” Or “Without” Tax Incentive

Example 2: Assumption: ITA: RM10 million

Example for Tier 1 : 100% of GITA

	WITHOUT TAX INCENTIVE (RM Million)	WITH TAX INCENTIVE (RM Million)	
Profit before tax	10,000,000	10,000,000	
add/less tax adjustments	2,000,000	2,000,000	
Adjusted income	12,000,000	12,000,000	
Less: Capital allowances	(5,000,000)	(5,000,000)	
Statutory income	7,000,000	7,000,000	
Percentage (%)		70%	30%
		4,900,000	2,100,000
(-) ITA	Nil	10,000,000	-
		0	2,100,000
Chargeable income	7,000,000	2,100,000	
Tax liability @ 24%	1,680,000	504,000	
Balance to be carried forward to next year of assessment		5,100,000	



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