

	GUIDELINES FOR GREEN TECHNOLOGY TAX INCENTIVE (GITA ASSET)	REG NO.	MGTC/DC/REC/GTGT-007
		REVISION	4
		DATE	24/04/2024

GREEN TECHNOLOGY TAX INCENTIVE GUIDELINES

Green Investment Tax Allowance (GITA) Asset

1. **INTRODUCTION**

- 1.1 The Government has made a strong stance in renewable energy targets by increasing the share of renewable energy in the electricity generation capacity mix to 70% by 2050. 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.
- 1.2 The revision of Green Technology Tax Incentives provides tax incentive based on tiering approach and categorised into three (3) categories as follows:
 - i) Green Investment Tax Allowance (GITA) Project for Business Purposes;
 - ii) Green Investment Tax Allowance (GITA) Asset for Own Consumption; and
 - iii) Green Income Tax Exemption (GITE) Solar Leasing.
- 1.3 Based on the revision, the qualifying asset has been expanded to various list of assets while previous GITA Project for Own Consumption is combined with GITA Asset. Meanwhile, the qualifying activities for GITA Project for Business Purpose are expanded to cover new green technology projects namely green hydrogen, electric vehicle charging station and wind energy.

2. TAX INCENTIVES UNDER MGTC

2.1 Green Investment Tax Allowance (GITA) Asset for Own Consumption

Qualifying Activities	Percentage of GITA	Percentage of Statutory Income to be Set-Off	Incentive Period
<u>Tier 1</u> i. Qualifying asset as approved by Minister of Finance (Appendix 1) ii. Battery Energy Storage System (BESS) iii. Green Building	100%	70%	Qualifying Capital Expenditure incurred starting from 1 January 2024 until 31 December 2026
<u>Tier 2</u> i. Qualifying asset as approved by Minister of Finance (Appendix 2) ii. Renewable Energy System iii. Energy Efficiency (Appendix 2)	60%	70%	

3. ELIGIBILITY CRITERIA

3.1. GITA Asset for Own Consumption	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. b. Companies within the same group that 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.
--	--

	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. 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 that have been verified by MGTC and is listed under the MyHIJAU Directory. f. For Green Building, the qualifying capital expenditure must be verified by the locally Green Building Rating Tools/ 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.
--	---

4. EXISTING COMPANIES APPROVED FOR GITA UNDER THE PREVIOUS SCHEME

4.1 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:

- a) The company does not undertake the approved project in which no capital expenditure is incurred and the existing tax incentive approval has been surrendered.
- b) The company which had been approved GITA Project or intended to claimed GITA Asset and the tax incentive period has expired is not eligible for this incentive.
- c) The company which its approval of GITA Project was withdrawn due to non-compliance, is also not eligible for this incentive.

5 TAX INCENTIVE MECHANISM

5.1 GITA Asset for Own Consumption

- a) Company must submit the application for verification to MGTC within 24 months (36 months for Green Building) from the date of qualifying capital expenditure incurred. Any application received after 24 months (36 months for Green Building) will not be considered for the incentive.
- b) The application must be submitted to MGTC after the asset/project has been commissioned. For generation of renewable energy project, the application must be submitted after the company received license or approval for energy generation from respective authority.
- c) 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 Rating Tool/Green Building Certification Body recognized by the Government.
- d) Company shall not submit any claim to IRBM prior to the issuance of verification letter from MGTC. The claim is subject to audit by IRBM.

- e) Unutilised allowances can be carried forward until they are fully absorbed.
- f) GITA Project and GITA Asset are mutually exclusive where the company or its related company cannot enjoy both incentives within the same incentive period.
- g) 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:
 - i) Pioneer Status under the Promotion of Investments Act 1986 subject to GITA incentive to be absorbed after the expiry of Pioneer Status period.
 - ii) Investment Tax Allowance under the Promotion of Investment Act 1986 subject to different asset under each incentive.
 - iii) 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.
 - iv) 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.
 - v) Investment Tax Allowance under P.U.(A) 113/2006, Income Tax Act 1967 subject to different asset under each incentive.

6 **PROCESSING FEE**

Processing fee to be charged to the applicants is based on the following table:

Type of Tax Incentives	Description	Processing Fee (RM)
GITA Asset (Based on 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

7 EFFECTIVE DATE OF SUBMISSION OF APPLICATION

This Guideline is applicable for application received by MGTC from **1 January 2024** until **31 December 2026**.

8 APPLICATION SUBMISSION

- 7.1 The application of GITAAsset for Own Consumption should be submitted in one (1) set of MGTC GITA/A Form to:

Group Chief Executive Officer

Malaysian Green Technology and Climate Change Corporation

No. 2 Jalan 9/10

Persiaran Usahawan Seksyen 9

43650 Bandar Baru Bangi

Selangor Darul Ehsan

(Attn.: Head of Green Incentives)

- 7.2 For further enquiries and clarification, please refer to:

Green Incentives Division

Malaysian Green Technology and Climate Change Corporation (MGTC)

Tel. No. : (603) 8921 0873/0999

Fax No. : (603) 8921 0801

Website : www.mgtc.gov.my

- 7.3 Applications for GITA Project for Business Purpose and GITE Solar Leasing should be made to Malaysian Investment Development Authority (MIDA).

APPENDIX 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	List of assets as stated in Green Cost Certificate issued by Rating Tools
3	Renewable Energy	Energy Storage	Battery Energy Storage System (BESS)

APPENDIX 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
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