



INVESTMENT OPPORTUNITIES IN GREEN TECHNOLOGY INDUSTRY

Green Initiative Seminar

**Hotel Casuarina @ Meru, Ipoh
Perak Darul Ridzuan**

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Green Technology Division, MIDA**

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MIDA IN BRIEF

Who Are We?



MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY

The principal Malaysian Government agency responsible for the promotion of investments and coordination of industrial development and selected services sectors in the country Established in 1967 under Act of Parliament, 1965.

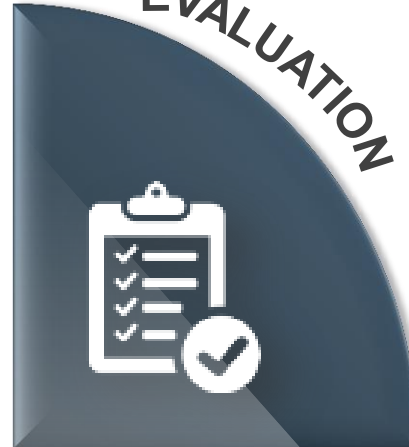
1st point of contact for investors who intend to set up projects in the manufacturing and services sectors in Malaysia

- Foreign Direct Investment
- Domestic Investment
- Manufacturing & Selected Services

PROMOTION



EVALUATION



- Manufacturing Licenses
- Tax Incentives
- Expatriate Posts
- Import Duty Exemption
- Principal Hub & selected services

- Assist companies in the implementation & operation of their projects
- Facilitate exchange & coordination among institutions engage in or connected with industrial development
- 3 • Advisory Services



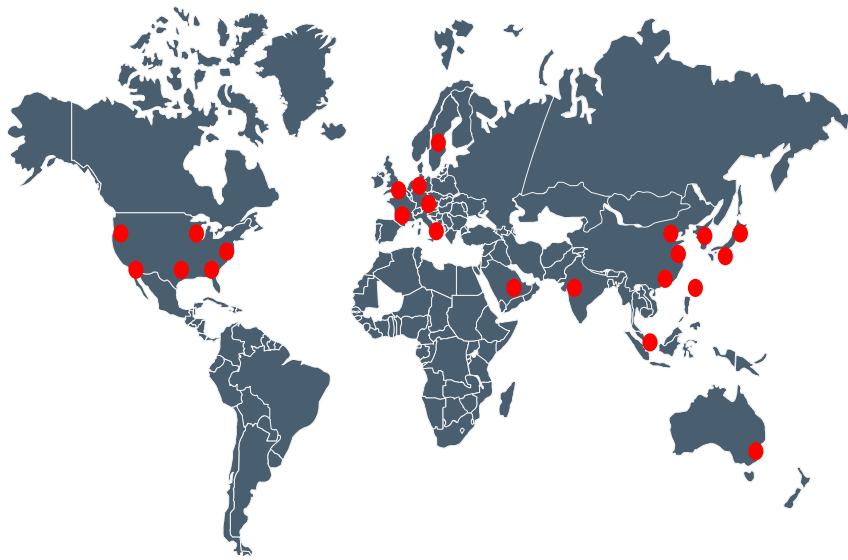
MONITORING



PLANNING

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

23 Overseas Centres around the world



USA

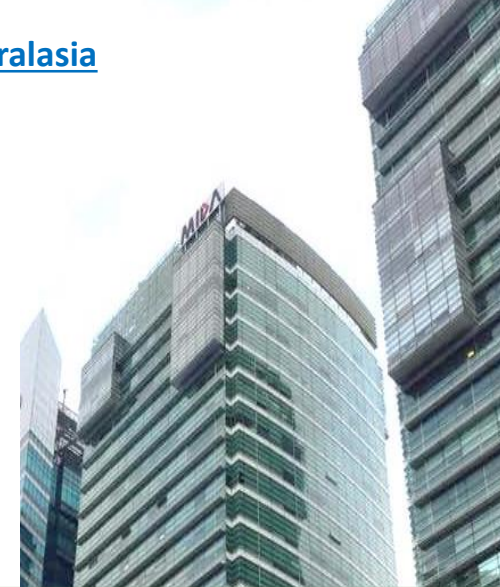
- New York
- San Jose
- Chicago

Europe

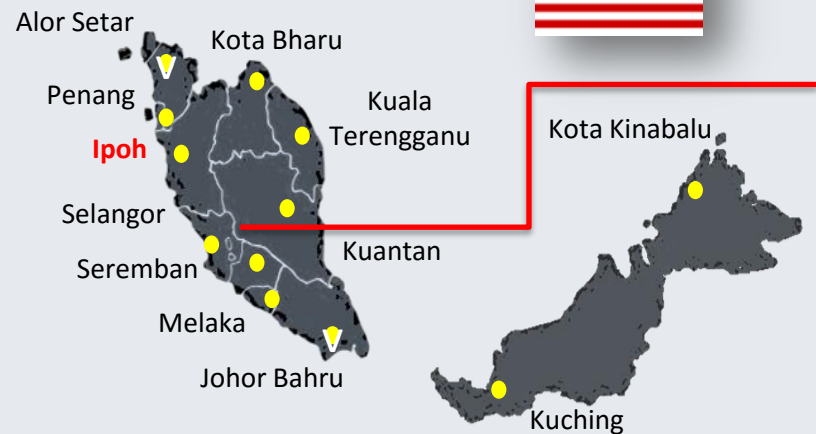
- London
- Stockholm
- Munich
- Frankfurt
- Milan
- Paris

Asia + Australasia

- Tokyo
- Osaka
- Beijing
- Guangzhou
- Shanghai
- Taiwan
- Seoul
- Dubai
- Mumbai
- Singapore
- Sydney



12 State offices



Headquarter KL Sentral, Kuala Lumpur

Address:
MIDA Sentral
No. 5 Jalan Stesen Sentral 5
KL Sentral
50470 Kuala Lumpur
Tel: 03 – 2267 3633
Fax: 03 – 2274 7970
www.mida.gov.my

KL Sentral

- 28 minutes (KLIA – KL Sentral) via KLIA Express Train
- Malaysia’s largest transit hub, is Kuala Lumpur’s integrated rail transportation centre.





**APPROVED INVESTMENTS IN
GREEN TECHNOLOGY**

Projects Approved from 2001 - 2017

EE Projects Approved

Type of Services	No. of Projects	Total Investment (RM mill)
Own Consumption	117	6,506.53
ESCO	23	492.52
Total	140	6,999.05

RE Projects Approved

RE Projects Based on Sources	No. of Projects	Total Investment (RM mill)
Solar	349	3,878.5
Biomass	127	4,858.0
Biogas	76	1,040.2
Mini Hydro	25	1,898.3
Geothermal	1	506.3
Total	578	12,181.3

Source: MIDA

Renewable Energy (RE)

- Power generation in Malaysia is **largely dependent from fossil fuel** (gas, LNG and coal) which is **the main contributor** to GHGs emission
- Malaysia is **well endowed with abundant renewable energy sources** from various sources such as:
 - ✓ **Biogas**
 - ✓ **Biomass**
 - ✓ **Hydro**
 - ✓ **Solar Photovoltaic**
 - ✓ **Geothermal**

Energy Efficiency (EE)

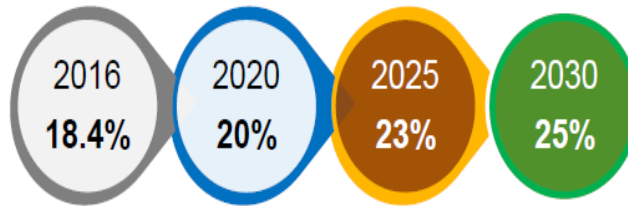
Industry	EE Project	Estimated Energy Cost Saving
Glove	<i>Co-generation with heat recovery</i>	57.3 %
Chemical	<i>Power motor savers</i>	12.0 %
Plastic	<i>High efficient chiller</i>	10.3 %
Ceramic	<i>Variable speed compressor</i>	57.0 %
Glass product	<i>Duty cycle management system (DCMS)</i>	20.0 %

Renewable Energy & Energy Efficiency

Creating a sustainable power generation mix & energy efficiency as the new source of energy

Electricity generation & energy efficiency

1 RE mix in installed capacity



RE mix targets in selected countries by 2030

European Union	≥27%
Canada	30%
Japan	22 – 24%
Korea	11%

Source: European Commission, Alberta Government, Japan's Ministry of Economy, Trade and Industry, Korea Energy Management Corporation

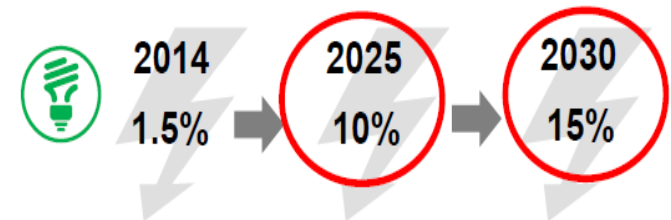
Electricity generation diversity

Herfindahl-Hirschman Index (HHI) < 0.5

2 Efficiency in power generation

- Imposition of **clean coal technology requirement** for new coal-fired plants
- Encouragement of **co-generation**

3 Reduction in electricity consumption (Residential and Commercial)

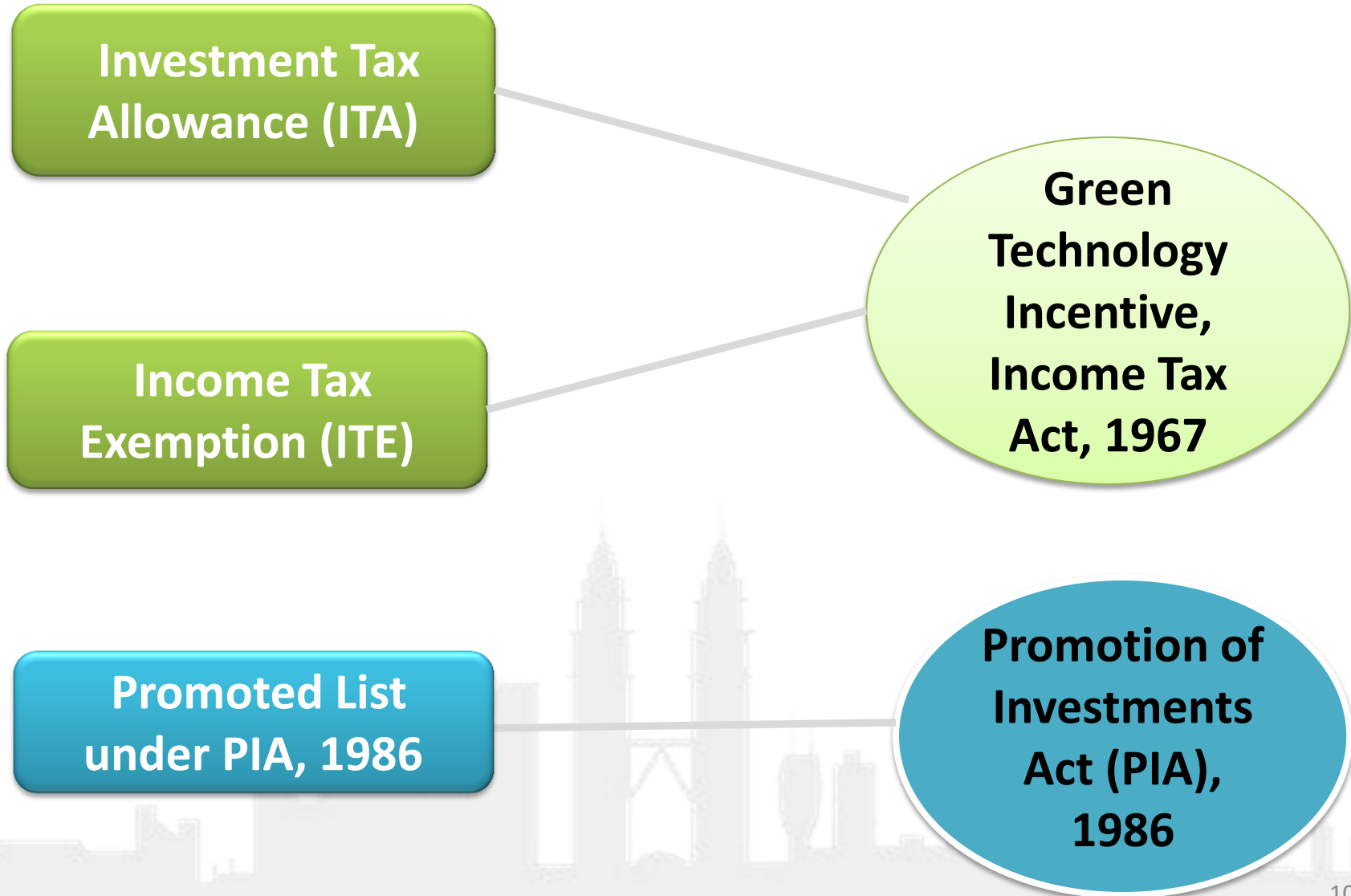


Source: National Energy Balance Reports 2010-2014, KeTTHA



TAX INCENTIVES IN GREEN TECHNOLOGY INDUSTRY

Tax Incentives for Green Activities





INVESTMENT TAX ALLOWANCE (ITA)

Eligible Company

- ✿ A company which **undertakes investment in a specific project** that promotes sustainability and green environment






Incentive

- ✿ Investment Tax Allowance (ITA) **of 100%** of qualifying capital expenditure (QCE) incurred **from the date of application received by MIDA until 31 December 2020.**
- ✿ The ITA can be utilised to offset against **70%** of statutory income

Promoted Projects – ITA

Industry	Project
Renewable Energy (RE)	Generation of energy such as electricity, steam, heat and chilled water using RE sources like solar*, biomass, biogas, mini-hydro and geothermal *Excluding solar FiT project
Energy Efficiency (EE)	Investment in energy efficient equipment or technologies e.g energy efficient motor, variable speed drive, chiller, cogen etc.
Green Building	Building owners of the commercial / industrial building that have been awarded green building certificates from certification body approved by the Government.
Green Data Centre	Purchase of any energy efficient product or solution for data centre which have been awarded green building certificates from relevant certification body approved by the Government
Integrated Waste Management Activity	Waste recycling / recovery / treatment activities <u>and</u> additional activities such as composting / storage / collection / disposal

ITA Eligibility Criteria

-  **Company must be incorporated under the Companies Act, 1965 / 2016.**
-  **Company must achieve the following green results:**
 -  **Conserve the use of energy and/or other forms of natural resources or promote the use of renewable energy or recycles waste material resources;**
 -  **Minimise the degradation of the environment or reduces greenhouse emission; and**
 -  **Promote health and improves environment.**

Tax Computation “With” & “Without” Tax Incentive

Example: Assumption: **ITA: RM10 million**

	WITHOUT TAX INCENTIVE (RM)	WITH TAX INCENTIVE (RM)	
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	



INCOME TAX EXEMPTION (ITE)

Income Tax Exemption (ITE)

Eligible Company

- Companies which provide **green services** that support investments in green project






Incentive

- Income tax exemption (ITE) of **100% of statutory income from the year of assessment where the date of application received by MIDA until year of assessment 2020.**

Promoted Green Services

Industry	Services
Renewable Energy (RE)	Feasibility study, system design & advisory & consultancy, testing & commissioning
Energy Efficiency (EE)	Advisory & consultancy, energy audit & management, measurement & verification, testing & commissioning
Green Building	Design & consultancy, testing & commissioning of green building equipment/system
Green Data Centre	System design & feasibility study, advisory & consultancy, testing & commissioning
Certification or Verification Bodies	Green certification of products, equipment and buildings
Green Township	Advisory & consultancy , design & feasibility study in green township and low carbon cities planning
Electric Vehicles (EV)	<ul style="list-style-type: none">• Installation, maintenance and repair of EV charging equipment, infrastructure and EV charging station.• Operation of EV charging station.• Maintenance, repair and overhaul of EV

ITE Eligibility Criteria

-  Company must be incorporated under the Companies Act, 1965 / 2016 and has started operation in green services after 25 Oct 2013.
-  Company must meet the following green services:
 -  Employing as least five (5) full time employees including at least one (1) competent personnel in green technology;
 -  Company must have a green policy related to environmental/sustainability; and
 -  100% of company's income must be derived from green technology services.

Tax Computation “With” Tax Incentive

Example : ITE (Statutory income 100% exempted)

	WITHOUT TAX INCENTIVE (RM)	WITH TAX INCENTIVE (RM)
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
Chargeable Income	7,000,000	100% Exempted
Tax Liability @ 24%	1,680,000	Nil



APPLICATION PROCEDURES

Application Procedure – GITA / GITE

Applicant checks on project eligibility to apply ITA/ITE



Applicant submits application to MIDA by 31 Dec 2020
(Form GT/JA)



MIDA receives complete application from applicant

Yes

No



MIDA requests further information and data verification

MIDA prepares evaluation report

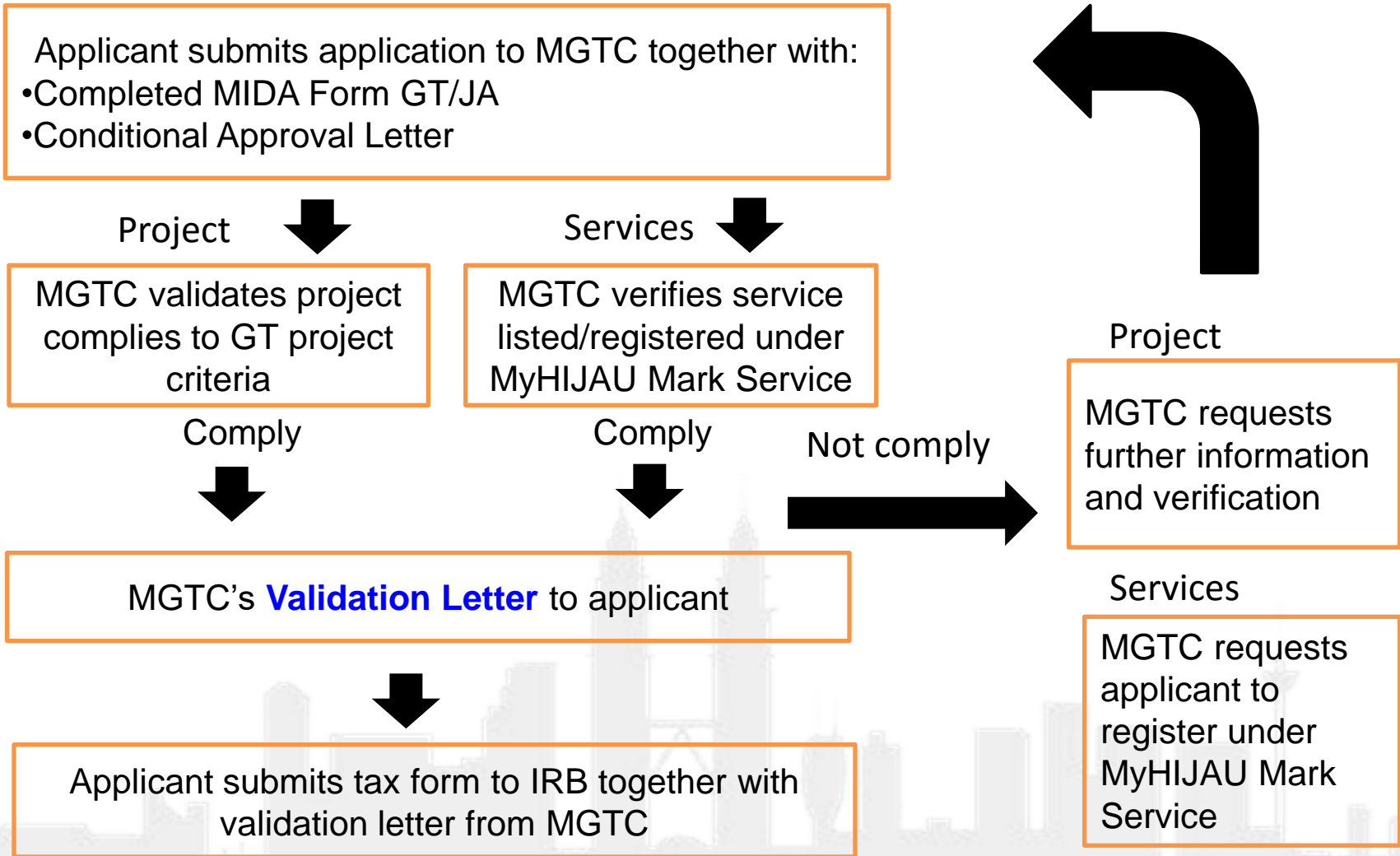


Presentation to National Committee on Investment
(NCI)



Issuance of **Interim Approval Letter**

Application Procedure (Cont.)





CRITERIA OF VERIFICATION OF ASSETS/PROJECTS BY MGTC



MGTC's role:

- To verify the technical requirement including the main equipment / assets as major components for the performance and green impact from the project

Documents required

- Application Form (GT/JA) which submitted to MIDA earlier
- Approval Letter from MIDA

Criteria

- 60% of main equipment/assets in the GITA Project must be recognised and registered under the MyHIJAU Mark or have product certification that is recognised and accepted by GreenTech Malaysia.
- Project's impacts to the environment i.e. GHG emission reduction, waste reduction, fuel savings, environmental improvement, energy consumption savings and water consumption savings

Application procedure – refer to Malaysia Green Technology Corporation (MGTC)

Website: <http://www.greentechmalaysia.my/>



Renewable Energy Requirement by Energy Commission – Solar Power for Own Consumption

Guidelines on Electricity Supply Licensing

- Company has to apply for license *pepasangan persendirian* under Electricity Supply Act 1990 to generate electricity for own consumption.
- Application for licence *pepasangan persendirian* **below 5MW** can be submitted through ST office in the area.
- Application for license *pepasangan persendirian* **above 5MW** must submit to headquarter (HQ) - ST.
- Types of qualifying activities include generation of electricity for own consumption by using energy efficient technology i.e. co-generation or renewable energy sources (RE) i.e. solar power for own consumption.
- For solar PV system installation **above 24kW for single phase** and **72kW for three phase**, any person who uses, works or operates the installation shall require a licence as stipulated under the “Guidelines on Licensing Under Section 9 of the Act”
- **Application procedure** – refer to *garis panduan tatacara pelesenan pembekalan elektrik*. Website: <http://www.st.gov.my/>



THANK YOU

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