



Incentives for Environmental Management & Energy Conservation



Incentives for the Storage, Treatment and Disposal of Toxic and Hazardous Wastes

Incentives are offered to encourage the setting up of proper facilities to store, treat and dispose of toxic and hazardous wastes. Companies that are directly involved in these three activities in an integrated manner qualify for:

- Pioneer Status with income tax exemption of 70% (100% for promoted areas) of the statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or
- Investment Tax Allowance (ITA) of 60% (100% for promoted areas) on the qualifying capital expenditure incurred within a period of five years. The allowance can be offset against 70% (100% for promoted areas) of the statutory income in each year of assessment. Any un-utilised allowances can be carried forward to subsequent years until fully utilised.

Incentives for Waste Recycling Activities

Companies undertaking waste recycling activities that are high value-added and use high technology are eligible for Pioneer Status or ITA. These activities which include the recycling of agricultural wastes or agricultural by-products, recycling of chemicals and the production of reconstituted wood-based panel boards or products are eligible for:

- Pioneer Status, with income tax exemption of 70% (100% for promoted areas) of the statutory income for a period of five years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or
- ITA of 60% (100% for promoted areas) on the qualifying capital expenditure incurred within a period of five years. The allowance can be offset against 70% (100% for promoted areas) of the



Incentives for Environmental Management & Energy Conservation

statutory income in each year of assessment. Any un-utilised allowances can be carried forward to subsequent years until fully utilised.

Incentives for Companies Undertaking Conservation of Energy for Own Consumption

Companies which undertake conservation of energy for own consumption is eligible for:

- ITA of 100% on the qualifying capital expenditure incurred within five years. The allowance can be offset against 100% of the statutory income for each year of assessment. Any un-utilised allowances can be carried forward until fully utilised.

Applications received by 31 December 2010 are eligible for this incentive.

Incentives for Energy Generation Activities Using Renewable Energy Resources

Companies undertaking generation of energy using biomass, hydropower (not exceeding 10 megawatts) and solar power that are renewable and environmentally friendly are eligible for the following incentives:

- Pioneer Status with income tax exemption of 100% of statutory income for ten years. Unabsorbed capital allowances as well as accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer income of the company; or
- ITA of 100% on the qualifying capital expenditure incurred within a period of five years. This allowance can be offset against 100% of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.

Companies must implement their projects within one year from the date of approval.

Other companies in the same group are eligible for the same incentives as above even though one company in the same group has been granted the incentive.

Applications received by 31 December 2010 are eligible for this incentive.



Incentives for Environmental Management & Energy Conservation

For the purpose of this incentive, 'biomass sources' refer to palm oil mill/estate waste, rice mill waste, sugar cane mill waste, timber/sawmill waste, paper recycling mill waste, municipal waste and biogas (from landfill, palm oil mill effluent (POME), animal waste and others), while energy forms refer to electricity, steam, chilled water, and heat.

Incentives for Generation of Renewable Energy for Own Consumption

Companies which generate energy from renewable resources for its own consumption are eligible for the ITA of 100% on qualifying capital expenditure incurred within a period of five years. This allowance can be offset against 100% of the statutory income for each year of assessment. Any un-utilised allowances can be carried forward to subsequent years until fully utilised.

The equipment eligible for this allowance shall be determined by MIDA.

Exemption from Import Duty and Sales Tax on Solar Photovoltaic System Equipment

To widen the usage of energy from renewable resources:

- import duty and sales tax exemption on solar photovoltaic system equipment for the usage by third parties is given to importers including photovoltaic service providers approved by the Energy Commission; and
- sales tax exemption is given on the purchase of solar heating system equipment from local manufacturers.

Applications received from 30 August 2008 until 31 December 2010 by the Ministry of Finance are eligible for these incentives.



Incentives for Environmental Management & Energy Conservation

Exemption from Import Duty and Sales Tax on Energy Efficiency Equipment

To widen the usage of energy efficiency equipment:

- import duty and sales tax exemption is given on energy efficiency (EE) equipment such as high efficiency motors and insulation materials to importers including authorised agents approved by the Energy Commission; and
- sales tax exemption is given on the purchase of locally manufactured EE consumer goods such as refrigerator, air conditioner, lightings, fan and television

Applications received from 30 August 2008 until 31 December 2010 by the Ministry of Finance are eligible for these incentives.

Application procedure

Application and inquiries are to be directed to MIDA

For more information, please contact

MIDA Headquarters
Malaysian Industrial Development Authority (MIDA)
Block 4, Plaza Sentral
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur

Tel: 603-2267 3633

Website: www.mida.gov.my



Incentives for Environmental Management & Energy Conservation



INLAND REVENUE BOARD MALAYSIA

Accelerated Capital Allowance for Environmental Management

Companies using environmental protection equipment are eligible for an initial allowance of 40% and an annual allowance of 20% on the qualifying capital expenditure. The full amount can be written off within three years.

These companies are waste generators and wish to:

- Establish facilities to store, treat and dispose off their wastes, either on-site or off-site; and
- Undertake waste recycling activities.

In the case of companies that incur capital expenditure for conserving their own energy for consumption, the write-off period is accelerated by another one year.

Applications should be submitted to the IRB with a letter from the Ministry of Energy, Water and Communications Malaysia certifying that the related equipment is used exclusively for the purpose of energy conservation.



Incentives for Environmental Management & Energy Conservation

Incentive for the Use of Environmental Protection Equipment

Companies using environmental protection equipment receive an initial allowance of 40% and an annual allowance of 20% on the capital expenditure incurred on such equipment. The full amount can be written off within three years.

Application procedure

Application and inquiries are to be directed to IRB

For more information, please contact

Lembaga Hasil Dalam Negeri Malaysia
Pusat Khidmat Pelanggan
Jabatan Pemprosesan
Aras 12, Menara C
Persiaran MPAJ, Jalan Pandan Utama
Pandan Indah, 55100 Kuala Lumpur.

Tel: 1-300-88-3010

Website: www.hasil.gov.my



Incentives for Environmental Management & Energy Conservation



Incentive to Import Energy Efficient Products

An exemption of import duty and sales tax will be given to importers including authorized agents approved by the Energy Commission on Energy Efficient (EE) equipment such as high efficiency motors and insulation materials.

Applications should be submitted to Energy Commission (Suruhanjaya Tenaga)

Incentive for Companies which Manufacture Locally Energy Efficient Products

Sales tax exemption will be given on the purchase of locally manufactured EE consumer goods such as refrigerator, air conditioner, lightings, fan and television. These incentives are effective for applications received by the Ministry of Finance from 30 August 2008 until 31 December 2010.

Applications should be submitted to Energy Commission (Suruhanjaya Tenaga)

Application procedure

Application and inquiries are to be directed to Energy Commission

For more information, please contact

Suruhanjaya Tenaga (Energy Commission)

13th Floor, Menara TH Perdana,
1001, Jalan Sultan Ismail,
50250, Kuala Lumpur

Tel: 603-2612 5400

Website: <http://www.st.gov.my>