

# INVESTMENT OPPORTUNITIES IN WASTE MANAGEMENT

Green Technology Division, MIDA

4 June 2018



## TAX INCENTIVES FOR WASTE MANAGEMENT

Investment Tax Allowance (ITA)

Waste Eco Park (WEP)

Promoted List under PIA, 1986

Green Technology Incentive, Income Tax Act, 1967

Promotion of Investments Act (PIA), 1986

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## Recycling Activities: Promoted Activities under Promotion of Investment Act, 1986

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## (i) Recycling of waste

- Toxic and non-toxic waste
- Chemicals
- Reclaimed rubber
- Applicable to all industries e.g. metal & alloys, chemical, textile, electrical & electronic, etc.

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# Recycling Activities (cont.)

## TYPE OF INCENTIVE

### ❖ PIONEER STATUS (PS)

Income tax exemption of **70%** of statutory income for a period of **5 years**; or

### ❖ INVESTMENT TAX ALLOWANCE (ITA)

Investment tax allowance of **60%** on **qualifying capital expenditure** incurred within a period of **5 years** to be offset against **70%** of statutory income

## CRITERIA

- For waste recycling, companies are **not allowed to import waste/scrap**

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## INVESTMENT TAX ALLOWANCE (ITA)



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## 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

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Industry	Project
<b>Renewable Energy (RE)</b>	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
<b>Energy Efficiency (EE)</b>	Investment in energy efficient equipment or technologies e.g energy efficient motor, variable speed drive, chiller, cogen etc.
<b>Green Building</b>	Building owners of the commercial / industrial building that have been awarded green building certificates from certification body approved by the Government.
<b>Green Data Centre</b>	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
<b>Integrated Waste Management Activity</b>	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.**



# WASTE ECO PARK (WEP) INCENTIVE

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## Incentives for WEP



**Effective Date of Application:**  
 Application received by MIDA from 1 Jan 2016 to 31 Dec 2020

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# WEP - Developer

## INCENTIVE

**Income Tax Exemption of 70% of statutory income** for derived from:

- Rental of building;
- Rental received from the usage of waste collection and separation facility;
- Rental received from waste water treatment facility located in the WEP effective for **Y.A. 2016 until Y.A. 2025.**

## ELIGIBILITY CRITERIA

- Company **must develop infrastructure within WEP** with incorporates the following elements:
  1. Basic infrastructure e.g. roads, drainage system, utilities and sewerage;
  2. Building & facility for waste receiving and separation;
  3. Waste water treatment;
  4. Building for recycling/recovery/treatment facility;
  5. Building education & awareness centre and/or
  6. Disposal facility.
- Minimum amount of investments in fixed assets RM50 million (excluding land).
- WEP must be approved by National Solid Waste Management Department (JPSPN), relevant Waste Authorities, State Government or Local Authorities

# WEP - Manager

## INCENTIVE

**Income Tax Exemption of 70%** of statutory income for derived from services activities including **management; maintenance; supervision and marketing of the WEP** effective for **Y.A. 2016 – Y.A. 2025.**

## ELIGIBILITY CRITERIA

- Company must be appointed by the WEP Developer to provide services activities approved by Government;
- Company is not allowed to import waste from other countries; and
- Reporting on wastes received/processed to WEP developer.

## INCENTIVE

**Income Tax Exemption of 100% of statutory income** for a period of **5 years** derived from the qualifying activities undertaken in the WEP;

or

**Income Tax Exemption equivalent to 100% of qualifying capital expenditure (ITA) incurred** within **5 years** period. The allowance can be **offset against 70%** of statutory income for each assessment year.

## ELIGIBILITY CRITERIA

- Type of activity : **Waste Recovery, Recycling, Treatment;**
- Periodically submit to WEP Manager all data on waste received/processed/sold to domestic or export market; and
- Company is not allowed to import waste from other countries.

## INCENTIVE

**Income Tax Exemption of 100% of statutory income** for a period of **5 years** derived from the qualifying activities undertaken in the WEP;

or

**Income Tax Exemption equivalent to 100% of qualifying capital expenditure (ITA) incurred** within **5 years** period. The allowance can be **offset against 70%** of statutory income for each assessment year.

## ELIGIBILITY CRITERIA

- Type of activity : **Waste Recovery, Recycling, Treatment;**
- Periodically submit to WEP Manager all data on waste received/processed/sold to domestic or export market; and
- Company is not allowed to import waste from other countries.





## CRITERIA OF VERIFICATION OF ASSETS/PROJECTS BY MGTC



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## Criteria of Verification 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/>

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# Contact us

**The First  
Point of  
Contact for  
Investors**



**Opening hours:**  
Mon - Fri  
8.30 a.m. - 5.00 p.m.



**Business Information Centre (BIC) 2nd Floor of  
the MIDA Sentral**

Investors are also invited to visit MIDA's  
Business Information Centre (BIC)

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