

# INVESTMENT OPPORTUNITIES IN WASTE MANAGEMENT

**Green Technology Division, MIDA** 

4 June 2018



## MIDA



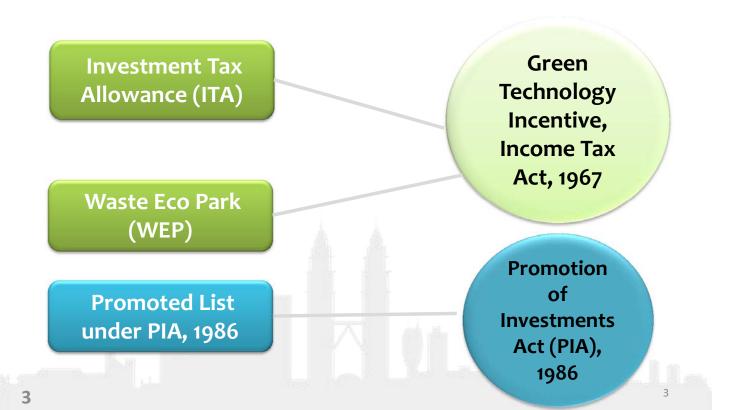


## TAX INCENTIVES FOR WASTE MANAGEMENT



## **Tax Incentives for Waste Management**

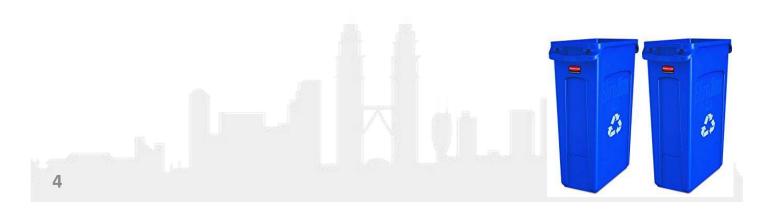








# Recycling Activities: Promoted Activities under Promotion of Investment Act, 1986



## **Recycling Activities**



#### (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





## **INVESTMENT TAX ALLOWANCE (ITA)**



## **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

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## **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



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:
  - Basic infrastructure e.g. roads, drainage system, utilities and sewerage;
  - 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

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## 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.

## **WEP - Operator**



#### **INCENTIVE**

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

<u>or</u>

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.

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## **WEP - Operator**



#### **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



## **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



**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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