Global Sustainable Buildings Guide - Malaysia

Regulation

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# What other national regulatory measures are there, such as taxes on energy consumption and/or tax reliefs on energy-saving measures, that can encourage more efficient use of energy in buildings?

Currently, Malaysia does not have any carbon tax, but the government has expressed the intention to implement carbon tax in the future.

Currently, the Government of Malaysia has implemented the Green Technology Tax Incentive, which includes incentives for companies seeking to acquire qualifying green technology assets listed under the MyHIJAU Directory or those undertaking qualifying green technology projects for their business or own consumption. These companies may apply to the Green Investment Tax Allowance (GITA). The Green Income Tax Exemption (GITE) is available for qualifying green technology service provider companies listed under the MyHIJAU Directory.

The GITA will allow eligible companies to be entitled to 100% qualifying capital expenditure (QCE) incurred on green projects for a period of three years from the date of the first QCE incurred for implementing green technology projects, including, among others, the following:

Renewable energy

Energy efficiency

Green building

Based on the recent budget for 2024 announced by the Government of Malaysia (Budget 2024), the incentive period for GITA is from 1 January 2024 to 31 December 2026.

Under Budget 2024, companies engaged in solar leasing are eligible for income tax exemption of 70% of statutory income. GITE applications for solar leasing incentives have been extended to 31 December 2026.

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