

**GUIDELINE AND PROCEDURES FOR THE APPLICATION OF TAX
INCENTIVE FOR MANUFACTURER OF ELECTRIC VEHICLE
CHARGING EQUIPMENT**

1. BACKGROUND

- 1.1. The tax incentive for manufacturer of electric vehicle charging equipment was announced by the Government in the National Budget 2023 to actively promote electric mobility ecosystem which is in line with the National Automotive Policy 2020 and the Low Carbon Mobility Blueprint 2021-2030.
- 1.2. The intended objective of the incentive are:
- i. To widen the infrastructure network of charging equipment which is vital to ensure that the product can be produced locally at a competitive cost.
 - ii. To further complement the EV ecosystem for electric vehicle and to attract immediate high-value investment in the manufacturing of electric vehicle charging equipment in Malaysia.

2. TYPE OF INCENTIVES

- 2.1. **New company and existing company undertaking expansion¹ and/or diversification activity** for the manufacturing of electric vehicle charging equipment can be considered for the incentive in a form of:
- i. **Income Tax Exemption of 100%** on statutory income **from the year of assessment 2023 to the year of assessment 2032**. Companies that make **early investments are eligible to enjoy tax exemption for a period up to 10 years**. Thus, companies that make investments after the year of assessment 2023 are eligible to enjoy the remaining exemption period only; Unabsorbed lossess can be carried forward for seven (7) consecutive year of assessment;

or

¹ Refer to company in the similar sector which expand its current products into manufacturing of EV Charging Equipment. The EV Charging Equipment manufacturing activity **MUST NOT SIMILAR** to the company existing product.

- ii. **Income Tax Exemption equivalent to Investment Tax Allowance of 100%** on the qualifying capital expenditures incurred within **5 years**. The allowance can be **off-set against 100% of statutory income** for each year of assessment. The unutilised allowances can be carried forward until fully absorbed.

3. ELIGIBILITY CRITERIA

- 3.1. The manufacturing company must be incorporated under the Companies Act, 2016.
- 3.2. The company has a Manufacturing Licence from MITI or Confirmation Letter of Exemption from Manufacturing Licence from MIDA (whichever applicable).
- 3.3. The company to incur an **adequate investment level** and **operating business expenditures** for the proposed project. The company is advised to share and discuss their level of commitment with MIDA.
- 3.4. Company's full time employees shall comprise of at least 80% Malaysians. .
- 3.5. Value added for company's product(s) must be at least 20 %
- 3.6. Science and Technical staff index (S&T Index) must be at least 15% of the company's full time workforce
- 3.7. Nurture/collaborate with local vendors in the sector in terms of technologies, capabilities, certification, human capital development etc.
- 3.8. Number of Malaysian internships at TVET level or at least diploma level; or to collaborate with TVET institution/institution of higher learning in relevant fields as proposed.

4. MECHANISM

The incentive to be provided through subsidiary legislation under the Income Tax (Exemption) (No.11) Order 2006 and Income Tax (Exemption) (No.12) Order 2006 of the Income Tax Act, 1967 and to be considered by the National Committee of Investment (NCI).

5. EFFECTIVE DATE OF APPLICATION

Applications received by MIDA from **25 February 2023 until 31 December 2025** are eligible to be considered for this incentive.

6. APPLICATION SUBMISSION:

- 6.1. The application should be made online at <https://investmalaysia.mida.gov.my>
- 6.2. Application with incomplete information will not be accepted and will be returned to the applicant company.
- 6.3. For enquiries and clarification, please refer to : -

MIDA Website : **www.mida.gov.my**
Tel : **(603) – 2267 3633**
Fax : **603-2274 7970 / 2273 4204**
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