

Rujukan: LPIPM:KP/BBA/10/1/6 K1+2 (35)

Tarikh: 18 Mac 2021

## SENARAI SEPERTI DI LAMPIRAN 1.

YBhg. Datuk/ Dato'/ Tuan/ Puan,

### **PEMAKLUMAN TENTANG GALAKAN AUTOMATION CAPITAL ALLOWANCE (ACA) DAN SMART AUTOMATION GRANT (SAG) BAGI SEKTOR PERKHIDMATAN**

Saya dengan hormatnya merujuk kepada surat MIDA.021.600-1/3/13 dan MIDA.021.600-1/2/32 bertarikh 16 Februari 2021 mengenai perkara di atas.

2. Kerajaan Malaysia telah mengumumkan 2 insentif bertujuan merancakkan lagi penggunaan teknologi automasi bagi sektor perkilangan dan perkhidmatan di Malaysia seperti berikut:

i. **Automation Capital Allowance (ACA).**

Skopnya diperluaskan untuk merangkumi sektor perkhidmatan di bawah Bajet Tahun 2020 pada 11 Oktober 2019. ACA **memperuntukkan elaun modal sebanyak 200% ke atas perbelanjaan RM2 juta pertama** yang layak bagi pembelian mesin dan peralatan automasi. Garis panduan ACA telah diluluskan oleh Kementerian Kewangan (MOF) pada 2 Disember 2020 (**Lampiran 2**).

ii. **Smart Automation Grant (SAG)**

Diumumkan di bawah Pelan Jana Semula Ekonomi Negara (PENJANA) pada 5 Jun 2020. SAG memperuntukkan **geran secara reimbursable basis sehingga RM1 juta bagi setiap syarikat** untuk pembelian mesin dan peralatan automasi termasuk perisian yang digunakan dalam mesin/ peralatan. Garis panduan SAG telah diluluskan oleh MOF pada 10 September 2020 (**Lampiran 3**).

Lembaga Pembangunan Pelaburan Malaysia (MIDA), agensi di bawah Kementerian Perdagangan Antarabangsa dan Industri (MITI) telah dipertanggungjawabkan untuk menilai permohonan ACA dan SAG ini.

3. Bagi sektor perkhidmatan, hanya **syarikat diperbadankan di bawah Akta Syarikat 1965/ 2016** yang mempunyai **lesen atau kebenaran khas** untuk beroperasi daripada kementerian/ agensi berkaitan **layak memohon insentif ACA dan SAG**.

4. Pihak YBhg. Datuk/ Dato'/ tuan/ puan digalakkan untuk menghebahkan kepada syarikat perkhidmatan masing-masing berhubung perkara ini. Sebarang pertanyaan lanjut mengenai insentif ACA dan SAG boleh dirujuk kepada pegawai dari Bahagian Perancangan Strategik dan Advokasi Dasar (Perkhidmatan), MIDA berikut:

Puan Zuaida Abdullah  
(Pengarah)  
Tel.: 03 – 2267 6675  
Emel: zuaida@mida.gov.my

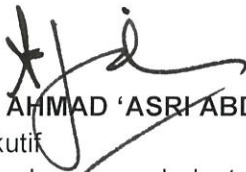
Puan Rahimah Sapiri  
(Timbalan Pengarah Bahagian)  
Tel.: 03 – 2267 3691  
Emel: srahimah@mida.gov.my

Puan Azlina Husin  
(Penolong Pengarah Kanan)  
Tel.: 03 – 2267 6770  
Emel: aslinaH@mida.gov.my

Sekian, terima kasih.

**“PRIHATIN RAKYAT: DARURAT MEMERANGI COVID-19”**

**“BINA SEMPURNA”**



(DATUK IR. AHMAD 'ASRI ABDUL HAMID)  
Ketua Eksekutif  
Lembaga Pembangunan Industri Pembinaan  
(CIDB) Malaysia

**GALAKAN AUTOMATION CAPITAL ALLOWANCE (ACA) DAN  
SMART AUTOMATION GRANT (SAG) BAGI SEKTOR PERKHIDMATAN**

**Senarai Edaran**

1. **Presiden**  
**Master Builder Association Malaysia (MBAM)**  
No. 2 Jalan 2/109E,  
Desa Business Park,  
58100 Wilayah Persekutuan Kuala Lumpur  
Tel: 03-7984 8636  
Emel: mbam01@mbam.org.my
2. **Presiden**  
**Malaysian Air-Conditioning & Refrigeration Association (MACRA)**  
Suite 17-08, 17th Floor,  
Wisma Zelan  
No.1 Jalan Tasik Permaisuri 2  
Bandar Tun Razak, Cheras  
56000 Kuala Lumpur  
Tel: 03- 9226 5050 /014 600 1551  
Emel: enquiry@macra.org.my
3. **Presiden**  
**Building Materials Distributors Association of Malaysia (BMDAM)**  
Suite P4.07, 4th Floor,  
BICMA Building  
Lot 2, Jalan 243/51A  
46100 Petaling Jaya  
Tel : 03- 7874 4989  
Emel: i nfo@bmdam.org.my
4. **Presiden**  
**Association of Consulting Engineers Malaysia (ACEM)**  
1MK, No, Suite 20-9  
Menara, 1, Jalan Kiara, Mont Kiara  
50480 Kuala Lumpur  
Tel: 03- 6413 1503  
Emel: sec@acem.com.my/
5. **Presiden**  
**Pertubuhan Arkitek Malaysia (PAM)**  
99L, Jalan Tandok, Bangsar,  
59100 Kuala Lumpur  
Tel: 03- 2202 2866  
Emel: mimiyuslinda@pam.org.my

6. **Presiden**  
**Persatuan Kontraktor Melayu Malaysia (PKMM)**  
Wisma Kontraktor, No. 26,  
Jalan 3/3C, Sri Utara Business Park,  
68100 Batu Caves,  
Selangor  
Tel: 03 - 6250 5066  
Emel: pkmm.hq@gmail.com
7. **Presiden**  
**Persatuan Kontraktor Bumiputera Malaysia (PKBM)**  
No. 45A, Jalan Badminton 13/29  
Seksyen 13  
40100 Shah Alam, Selangor  
Tel: 03 – 6203 6203  
Emel: pkbmpusat@gmail.com
8. **Presiden**  
**Real Estate, Housing Developers' Association Malaysia (REHDA)**  
Wisma REHDA  
No. 2C, Jalan SS5D/6, Kelana Jaya  
47301 Petaling Jaya, Selangor  
Tel: 03 – 7803 2978  
Emel: rita@rehda.com
9. **Presiden**  
**Royal Institute of Surveyors Malaysia (RISM)**  
QS Division  
3rd Floor, Bangunan Juruukur  
64-66, Jalan 52/4, Peti Surat 171  
46720 Petaling Jaya, Selangor  
Tel: 03-7955 1773  
Emel: secretariat@rism.org.my
10. **Presiden**  
**Pertubuhan Arkitek Malaysia (PAM)**  
99L, Jalan Tandok, Bangsar  
59100 Kuala Lumpur  
Tel: 03- 2202 2866  
Emel: info@pam.org.my, mimiyuslinda@pam.org.my
11. **Presiden**  
**Institution of Engineers Malaysia (IEM)**  
Bangunan Ingenieur,  
Lot 60/62, Jalan 52/4,  
Peti Surat 223 (Jalan Sultan)  
46720 Petaling Jaya  
Selangor.  
Tel: 03-7968 4006  
Emel: afzan@iem.org.my

12.

**Presiden**  
**Association of Consulting Architects Malaysia (ACA:M)**  
9-1B, Jalan UP-1/3  
Ukay Perdana  
68000 Ampang  
Selangor  
Emel: info@acam.org.my





Services –  
Automation CA  
01.01.2020

[www.mida.gov.my](http://www.mida.gov.my)

**GUIDELINE AND PROCEDURE FOR THE APPLICATION OF AUTOMATION  
CAPITAL ALLOWANCE (AUTOMATION CA) FOR SERVICES SECTOR – FOR  
EXISTING COMPANY ONLY**

**BACKGROUND**

1. The Automation Capital Allowance (Automation CA) incentive for services sector was introduced in the National Budget 2020. The existing Automation CA for Category 2 of the manufacturing sector has been expanded to the services sector in order to drive the services sector towards automation. This incentive falls under the First Thrust of the Budget 2020: Driving Economic Growth in the New Economy and Digital Era.
2. The main objectives of the Automation CA incentive for services sector are:
  - (i) To encourage services companies to engage in innovative and productive activities;
  - (ii) To encourage quick adoption of automation;
  - (iii) To spur automation initiatives; and
  - (iv) To enhance productivity in services sector.

**TYPE OF INCENTIVE**

Automation Capital Allowance of 200% on the first RM2 million expenditures incurred for the year of assessment 2020 until the year of assessment 2023.

Note: "Incurred" refers to machinery or equipment purchased and used directly for the purpose of the business in the approved Year of Assessment (YA).

**ELIGIBILITY CRITERIA**

1. The company must be incorporated under the **Companies Act, 2016 and resident in Malaysia.**
2. The company is engaged in services activities and incurred expenditures on **machinery / equipment / software that fulfill eligibility criteria in Appendix A.**

3. Automation machinery / equipment / software is **used directly** in the process of carrying out the services and **adopts technology that is more advanced** in improving services delivery.
4. The machinery / equipment / software must be used at least for 1 month after installation for the purpose of technical verification by SIRIM. The assets should not be disposed within 5 years.
5. The company has been in operation for at least 36 months.
6. The company possesses a valid Business License from Local Authority.
7. The company possesses a permit / licence / registration / accreditation / certificate / approval letter / supporting letter from the relevant Ministry / Agency / Regulator (whichever applicable).
8. This incentive is mutually exclusive with other incentives i.e companies can only enjoy either one of the incentives that include Pioneer Status (PS) or Investment Tax Allowance (ITA) under the Promotion of Investments Act, 1986 and Income Tax Exemption under the Income Tax Act, 1967

#### **MECHANISM (GAZETTE ORDERS)**

The approval to be provided under the Subsection 154(1)(b) of the Income Tax Act 1967 and Seksyen 127(3)(b) of the Income Tax Act, 1967.

#### **REQUIRED DOCUMENTS**

1. Three (3) sets of Application Form (Services-Automation CA form).
2. A copy of Business Licence (mandatory requirement).
3. A copy of permit / licence / registration / accreditation / certificate / approval letter / supporting letter from the relevant Ministry / Agency / Regulator (whichever applicable) (mandatory requirement).
4. A copy of tax incentive approval letter(s) (if applicable).
5. The following documents which must be certified by External Auditor:
  - (i) List of purchased and installed machinery / equipment / software;
  - (ii) Invoices/Purchased Orders and Delivery Orders for the machinery / equipment / software; and
  - (iii) Proof of documents to indicate that the entire cost of the machinery / equipment / software has been paid.

## **APPLICATION PROCESS**

1. Company submits application with complete information using the 'Services-Automation CA Form'. Application with incomplete information will not be accepted and will be returned to the company.
2. MIDA evaluates the non-technical eligibility criteria and sends supporting letter with the application form and other relevant documents to SIRIM.
3. SIRIM undertakes the technical verifications to verify eligibility criteria of machinery / equipment as in Appendix A. Verification process are including site visit.
4. SIRIM submits technical verification report to MIDA.
5. MIDA issues a 'Consideration Letter' to the Applicant Company and carbon copies (c.c) to to Ministry of International Trade & Industry (MITI), Ministry of Finance (MOF), Inland Revenue Board (IRB) and SIRIM.
6. Company is required to keep the 'Consideration Letter' and copy of other documents submitted to MIDA & SIRIM for the purpose of audit by IRB.
7. Company is required to declare the expenditures to IRB to enjoy the incentive.

## **EFFECTIVE DATE OF APPLICATION**

Application received by MIDA from **1 January 2020 until 31 December 2023** is eligible to be considered for this incentive.

## **PROCEDURE FOR APPLICATION**

The application with completed information should be submitted in three (3) copies of Services-Automation CA Form to:

Chief Executive Officer  
**Malaysian Investment Development Authority (MIDA)**  
MIDA Sentral, No. 5  
Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
**(Attn.: Director, Relevant Industries/Services Division)**

Application with incomplete information will not be accepted and will be returned to the company.

For project in Sabah and Sarawak, three (3) copies of the form should also be submitted to the relevant MIDA office as follows:

Sabah:  
Director  
MIDA Sabah Office  
Lot D9.4 & 9.5  
9th Floor, Block D, Bangunan KWSP  
Karamunsing  
88100 Kota Kinabalu  
Sabah, Malaysia

Sarawak:  
Director  
MIDA Sarawak Office  
Room 404, 4th Fl.  
Bangunan Bank Negara Malaysia  
No 147, Jalan Satok  
PO Box 716, 93714 Kuching,  
Sarawak, Malaysia

For enquiries and clarification, please refer to:-

MIDA's website : [www.mida.gov.my](http://www.mida.gov.my)  
Tel : (603) 2267-3633  
Fax : (603) 2273-4208  
E-mail : [investmalaysia@mida.gov.my](mailto:investmalaysia@mida.gov.my)



## Appendix A: General Eligibility of Machinery / Equipment

Eligible	Non-Eligible
<p>The machinery / equipment / software embedded in the machinery and equipment are eligible for the incentive subject to the following criteria:-</p> <ul style="list-style-type: none"> <li>• Used directly in the process of carrying out the services;</li> <li>• Adopts technology that is more advanced in improving services delivery;</li> <li>• Used at least for 1 month after installation/commissioning for the purpose of technical verification by SIRIM; and</li> <li>• Contribute to productivity enhancement:               <ul style="list-style-type: none"> <li>(i) Reduction in number of workers/operators involved in operation; or</li> <li>(ii) Reduction in number of man-hours; or</li> <li>(iii) Increase in efficiency by reducing human errors or reducing time taken to complete task; or</li> <li>(iv) Reduction in accident/complaint rate</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Standard software applications installed on the computer, i.e. basic programs for everyday use, such as;               <ul style="list-style-type: none"> <li>- Office suites</li> <li>- Accounting packages</li> <li>- Graphics software</li> <li>- Media player</li> <li>- Enterprise software</li> </ul> </li> <li>• Mobile apps for gaming and entertainment, travel-related, online shopping and online booking system for hotel, flights, restaurants, etc.</li> <li>• Retail and restaurant self-ordering / self-payment kiosk.</li> <li>• New machinery/equipment to replace existing machinery/ equipment with same specification.</li> </ul>

**GUIDELINE FOR SMART AUTOMATION GRANT  
UNDER THE NATIONAL ECONOMIC RECOVERY PLAN (PENJANA)**

**1. BACKGROUND**

- 1.1. The Smart Automation Grant was introduced in the National Economic Recovery Plan or *Pelan Jana Semula Ekonomi Negara* (PENJANA) in June 2020.
- 1.2. Under the Smart Automation Grant scheme, the Government has allocated RM100 million, capped at up to RM1 million per company.
- 1.3. The main objectives of the Smart Automation Grant are:
  - i. To assist as well as incentivise Small and Medium Enterprises (SMEs) and Mid-Tier Companies (MTCs) to automise and digitalise operations, production and trade channels
  - ii. To improve efficiency in the manufacturing and services sector
  - iii. To reduce reliance on low-skilled foreign workers
  - iv. To provide job opportunities in high value-added sectors
  - v. To enhance SME competitiveness on an international level
  - vi. To be aligned with the National Policy on Industry 4.0
  - vii. To boost domestic investment

**2. GRANT**

- 2.1. The Smart Automation Grant will be given on a matching basis (1:1) based on eligible expenditures, up to a maximum grant of Ringgit Malaysia One Million (RM1,000,000) per company

**3. ELIGIBLE APPLICANTS**

- 3.1. Incorporated under the Companies Act, 1965/ 2016.
- 3.2. Effective equity of the company must be at least 51% owned by Malaysians.
- 3.3. The company possesses a valid Business Licence from a Local Authority.
- 3.4. The company must engage in the following activities:
  - i. **Manufacturing activity** in compliance with the Industrial Co-ordination Act, 1975; or
  - ii. **Services activities** which must be regulated by specific acts/ regulations or governed by relevant ministries/ agencies.

3.5. Eligible for SMEs and MTCs only.

- Definition of SME and MTC:

	<b>Manufacturing</b>	<b>Services</b>
<b>SME</b>	Sales turnover not exceeding RM50 million <u>or</u> Employees not exceeding 200	Sales turnover not exceeding RM20 million <u>or</u> Employees not exceeding 75
<b>MTC</b>	Sales turnover from RM50 million to RM500 million	Sales turnover from RM20 million to RM500 million

3.6. The company has been in operation for at least 12 months.

3.7. The company **must meet at least one** of the Committed Deliverables as attached in Appendix I.

#### 4. ELIGIBLE EXPENDITURES

4.1. **Eligible expenditures** refer to the automation machine/ equipment/ software that are used directly in the overall value chain of manufacturing and services activities.

4.2. **Non-eligible expenditures\*:**

- Purchase or rental of land / building / office / vehicles / furniture
- Rental of automation machine/ equipment/ software
- Purchase or rental of second hand or refurbish automation machinery / equipment / software
- Maintenance and repair costs including renovation of premise
- Wages paid to employees
- Employee benefits programs
- Legal and stamp duty fees
- Insurance
- Collateral or loan including its interest paid for purpose other than smart automation
- Office expenses and supplies including general purpose computers & peripherals and mobile phones
- Utility expenses
- Research & development expenses
- Advertising and marketing expenses

*\*This list is not meant to be exhaustive and will be reviewed from time to time.*

4.3. Company is not allowed to dispose any machinery/ equipment/ software within the grant period.

#### 5. PROJECT DURATION

5.1. The project must be completed within 12 months from the date of the Approval Letter issued by MIDA.



- 5.2. Any unutilised grant amount after 12 months will be withdrawn by MIDA.
- 5.3. Any request for extension is required to be made before end of the 6 months claim period and is subjected to the approval of the Committee.

## **6. APPLICATION PROCESS**

The application processes are as follows:

- i. Application for Smart Automation Grant is submitted to MIDA.
- ii. MIDA will then evaluate the application and invite the eligible applicant to present their proposal at a pitching session in MIDA.
- iii. Eligible applicant will present (pitching session) their proposal to the Smart Automation Grant Approval Committee (SAGAC) at MIDA.
- iv. Once approved, the company will receive the approval letter and sign a grant agreement with MIDA.
- v. Approved companies are required to attend post pitching session in MIDA.
- vi. Awarded company has to purchase\* and install the automation machine/ equipment/ software.
- vii. Awarded company will need to apply to MIDA for the disbursement of grant within 6 months from approval date.
- viii. MIDA will conduct an audit visit and report the audit findings to the Committee on Coordination & Disbursement of Grants (JPPG).
- ix. Once approved by JPPG, MIDA will disburse the grant to the awarded company. For companies using Panel Banks, the grant will be disbursed to the selected Panel Banks.

\* Note:

Company may apply for hire purchase financing from the Panel Bank to purchase the automation machine/ equipment/ software, and use the MIDA Approval Letter as a supporting document.

## **7. ACCELERATION PROGRAM**

Recognising the need to create awareness and provide knowledge to companies on automation and digitalisation, MIDA in collaboration with selected Panel Banks will organise a special Acceleration Programme.

Under this programme, companies will go through a series of session which will help them refine their knowledge on automation and digitalisation through simulation trainings and evaluations. Subsequently, the company will share their plans to start developing or adopting new technologies to automate their production process or to digitalise their business operations.

Successful companies under this programme may submit their application to MIDA and present their application to the SAGAC at MIDA for approval.

## 8. EFFECTIVE DATE OF APPLICATION

Applications received by Malaysian Investment Development Authority (MIDA) from 4 December 2020 to 31 December 2021 are eligible to be considered for this grant.

## 9. APPLICATION SUBMISSION

9.1. Applicants are required to submit the following documents:

- i. Application Form (PENJANA SAG)
- ii. Latest Financial Statement (audited) **(3 Years Requirement Except For Companies Less Than 3 Years In Operation)**
- iii. Latest SSM Company Profile (e-Info) by Companies Commission of Malaysia (SSM)
- iv. A copy of Business Licence from Local Authority
- v. A copy of Manufacturing Licence (ML) OR a Confirmation Letter Exempted from ML from MIDA under Industrial Co-ordination Act, 1975 (Applicable for manufacturing company only)
- vi. A copy of License/ Permit/ Support letter from relevant ministries/ agencies that govern the activities. (Applicable for services company only)
- vii. Company's Roadmap on Compliance of 80% Malaysian Employment (For company employing more than 20% foreign workers)
- viii. Internship programme with Local Universities (If Applicable)

9.2. The application should be submitted to:

Chief Executive Officer  
Malaysian Investment Development Authority (MIDA)  
MIDA Sentral,  
No. 5, Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur

9.3. For enquiries and clarification, please refer to:

MIDA Website : [www.mida.gov.my](http://www.mida.gov.my)  
Tel : (603) – 2267 3633  
Fax : (603) – 2273 4208  
Email : [investmalaysia@mida.gov.my](mailto:investmalaysia@mida.gov.my)



**APPENDIX I**  
**COMMITTED DELIVERABLES: CALCULATION FORMULAS AND MEASURES (MUST MEET AT LEAST ONE)**

No.	Committed Deliverables	Calculation Formulas	Measures
1.	Reduction of Unskilled Workers *Number of reduction for unskilled: (i) Malaysian : ___ (ii) Foreign Workers: ___	$(W1 - W2)/W1 \times 100$  W1: Number of workers directly involved before use of equipment/ machine W2: Number of workers directly involved after introduction of equipment/ machine	Percentage of reduction of workers after the use of equipment/machine
2.	Reduction in Man Hours	$(M1 - M2)/M1 \times 100$  M1: Direct man-hour involved to produce 1 item or 1 batch before use of equipment/machine M2: Direct man-hour involved to produce 1 item or 1 batch after introduction of new equipment/ machine	Percentage of reduction in number of hours worked to produce 1 item or batch of item after the use of equipment/machine
3.	Increase in Production Volume	$(V2 - V1)/V1 \times 100$  V1: Production volume per day before the use of equipment/ machine V2: Production volume per day after the use of equipment/ machine	Percentage of increase in production volume as a result of the use of equipment/machine
4.	Quality Improvement – Reduction in Defect Rate	$(D1 - D2)/D1 \times 100$  D1: Defect rate before the use of equipment/ machine D2: Defect rate after the use of equipment/ machine  Defect rate = No. of defects/Total number of goods produced	Percentage reduction of defect rate as a result of the use of equipment/machine
5.	Increase in Services Delivery	$(S2 - S1)/S1 \times 100$  S1: No. of services delivered per day before the use of equipment/ machine S2: No. of services delivered per day after the use of equipment/ machine	Percentage of increase in services delivery as a result of the use of equipment/machine
6.	Reduction of Man Hours in Delivering Services	$(M1 - M2)/M1 \times 100$  M1: Direct man-hour involved to deliver a service before use of equipment/machine M2: Direct man-hour involved to deliver a service after introduction of new equipment/ machine	Percentage of reduction in number of hours worked to deliver after the use of equipment/machine