

Automation Capital Allowance (Automation CA) For Manufacturing And Services Sectors

Manufacturers involved in innovative and productive activities eligible for an Automation Capital Allowance (Accelerated Capital Allowance) of 200% on the first RM10 million of qualifying capital expenditure.

Automation Capital Allowance (Automation CA) For Manufacturing And Services Sectors

1) Objective:

The Automation Capital Allowance (Automation CA) was introduced to encourage adoption of automation among manufacturing companies.

2) Tax Incentive

	Categories	Tax Incentive
1.	High labour-intensive industries (rubber products, plastics, wood, furniture and textiles)	Automation CA of 200% on the first RM10 million in qualifying expenditure incurred within year of assessment from 2023 to 2027.
2.	Other industries including Service Sector	

3) Eligibility Criteria

- Companies must be incorporated under the Companies Act 2016;
- Tax residents of Malaysia;
- Companies must have been operating in manufacturing or services activities for a minimum of 36 months;
- The company must incur expenditures for at least one (1) machinery /equipment / software / system with an adaptation of Industry 4.0 within the eligible amount of RM10 million
- Industry 4.0 elements:-
 - √ Big Data Analytics;
 - √ Cloud Computing;
 - √ Augmented Reality;
 - √ Cybersecurity;
 - √ Artificial Intelligence;
 - √ Additive Manufacturing;
 - √ System Integration;
 - √ Simulation;
 - √ Internet of Things (IoT);
 - √ Autonomous Robots;
 - √ Advanced Materials.

This incentive is eligible to be considered for application received by MIDA from 1st January 2023 until 31st December 2027.

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