



INFORMATION SHEET

VERIFICATION OF MACHINE/EQUIPMENT FOR AUTOMATION CAPITAL ALLOWANCE (A-CA) FOR MANUFACTURING AND SERVICES SECTORS

Doc. No. : QWF01-429-01

Issue No. : 1 Rev 0

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This documentation serves as a comprehensive guideline, equipping companies with essential insights and preparatory measures for the verification of machinery, equipment, or systems—hereafter collectively referred to as "Machine(s)"—to qualify for Automation Capital Allowance (A-CA).

1. Objective of the Verification

The aim of the verification is to ensure that the machines applying for Automation Capital Allowance (A-CA) meet the technical criteria outlined in MIDA's Guidelines and Procedures for the Application of Automation Capital Allowance (Automation CA) for the Manufacturing and Service Sectors, and to assess the factors described in Section 2.

2. What is Verified

2.1 General eligibility of machine

- i. The Machine(s) is used directly in the manufacturing or services activity.
- ii. The Machine(s) adopts technology that is more advanced than the technology currently used by the company.
- iii. The Machine(s) is under at least one of the category areas of automation/automated equipment and has at least one of the automation components (**see Annex 1 and Annex 2**)
- iv. The Machine(s) may include the adaptation of Industry 4.0 technology (refer to MIDA's Guidelines and Procedures for the Application of Automation Capital Allowance (Automation CA) For Manufacturing or Services Sectors). (**see Annex 3**)
- v. The Machine(s) claimed under the services sector, must not include items listed in **Annex 4**.
- vi. For existing products, the Machine(s) should be used at least **1 month** after installation/commissioning.
- vii. For new products, the Machine(s) should be in operation for at least **3 months** after the production of the first batch of that new product.

2.2 Productivity measures – 4 measures of productivity will be verified (see Annex 5):

- i. Reduction in the number of workers/operators involved in the operation.
- ii. Reduction in number of man-hours to produce 1 item or 1 batch.
- iii. Increase in production volume or capacity.
- iv. Reduction in defect rate.



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2.3 Additional factors that contribute to productivity enhancement (see Annex 6)

- i. Towards implementing Smart Manufacturing technology.
- ii. Possibility of upgrading in future.
- iii. Possibility of integration with other processes.
- iv. Improvement in worker safety & environment.
- v. Energy efficiency and utilization.

3. Fees

i. Verification Fee

The fee to be charged per verification is **RM3,000.00**, which covers verification work and preparation of reports for a maximum of **3 types of machines** at the same location. Additional type of machine(s) to be verified at the same site and/or machines located at different site(s) are to be charged at **RM3,000.00** for the next **maximum 3 types of machines**.

An amount of verification fee will be imposed for each verification work with the following examples of charges:

- a. RM3,000.00 = 1 or 2 or 3 types of machine(s)
- b. RM6,000.00 = 4 or 5 or 6 types of machine(s)
- c. RM9,000.00 = 7 or 8 or 9 types of machine(s)

ii. Management Fee

The Management fee shall be added to the Verification Fee according to the location of the verification work that will be performed. The fee covers the pre and post arrangement of the verification process, as well as the travelling cost from SIRIM Rasa, Hulu Selangor. The imposed fee will be based on the region as listed in Table 1.

Table 1: Management Fee based on region.

Region	Fee (RM)
North (Perlis, Kedah, Pulau Pinang, Perak)	850
Central (Selangor, Wilayah Persekutuan Kuala Lumpur, Wilayah Persekutuan Putrajaya, Negeri Sembilan)	350
South (Melaka, Johor)	1,100



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East (Pahang, Terengganu, Kelantan)	1,200
Sabah, Sarawak dan Wilayah Persekutuan Labuan	2,100

Example of calculation for Verification and Management fees:

An application was received to verify 3 machines for Company AAA Sdn. Bhd. located at Muar, Johor.

Verification fee	: RM 3,000
Management fee	: RM 1,100
Total	: RM 4,100

4. Procedures for Verification

Company submit the application to MIDA using the application form **ML-Automation CA**. Upon the approval of non-technical eligibility, MIDA shall notify SIRIM Berhad to carry out the technical verification on the claimed Machine(s).

- i. SIRIM will undertake **initial verification** work on the technical eligibility of the Machine(s).
- ii. Upon receiving the payment from the company, a visit date will be set.
- iii. Verifiers from SIRIM Berhad will visit the site for verification. During the visit, the company needs to furnish the evidence on productivity measures (listed in 2.2 above) and show the required documents (as listed in 5 – Checklist)
- iv. After the verification, the verifier will prepare a report, which will be sent to MIDA for further action.

5. Checklist/Documents to be prepared by the Company

- i. Invoice of Machine(s) to be verified.
- ii. Delivery Order (DO) of Machine(s) to be verified.
- iii. Relevant documents/data to show productivity level (listed in 2.2) before and after the use of Machine(s).
- iv. Supporting documents – Machine(s) photo, Machines(s) serial number photo, factory layout - location of Machine(s), Machine(s) commissioning report and product photo.
- v. Process flow chart relevant to the use of the Machine(s).



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6. Confidentiality

- i. SIRIM Berhad is committed in ensuring the confidentiality, protection, security and accuracy of your personal information made available to SIRIM Berhad in accordance with the Personal Data Protection Act 2010. It is your obligation to ensure that all personal information submitted and retained is accurate, not misleading, updated and complete in all aspects. SIRIM Berhad and/or its employees or authorised officers or agents will not be responsible for any personal information submitted by you that is inaccurate, misleading, incomplete or not updated. Please refer to our Personal Data Protection Policy at <http://www.sirim.my/privacy> for further information.
- ii. All information provided in this verification will be treated confidentially. Only authorised personnel from SIRIM Berhad will have access to the data. **The verification result will be sent to MIDA for further action.**

7. Disclaimer

The Inland Revenue Board of Malaysia (IRBM) holds the authority to make the ultimate decision regarding the approval of Automation Capital Allowance (A-CA) and determining the allowance amount. It's important to note that even if the verification process was successful, SIRIM cannot guarantee the approval of the company's A-CA application by IRBM.

8. Contact Person in SIRIM Berhad.

If you need further information, please contact the following personnel:

Ir. Ts. HANIFF BIN SELAMAT
Tel: 03-6063 6031
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Email: haniff@sirim.my

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ANNEX 1 : AREAS OF AUTOMATION / AUTOMATED SYSTEM

Item	Description
1	Material Handling System
2	Warehousing
3	Processing Equipment
4	Testing Equipment
5	Measurement System
6	Packaging Equipment
7	Others (to specify)

ANNEX 2 : COMPONENTS OF AUTOMATION

Item	Description
1	Motion Controllers
2	Pneumatic / Hydraulics
3	Programmable Logic Controller (PLC)/Programmable Automation Controller (PAC)
4	Computer/Industrial Software including CAD/CAM/CAE/PLM
5	Computer Numerical Control (CNC), High Speed, Multi Axes
6	Robot and Robotic System
7	Industrial Networking & Communication
8	Vision System
9	Sensor Technology
10	Industry 4.0 elements
11	Others (to specify)

ANNEX 3 : INDUSTRY 4.0 ELEMENTS

Item	Description
1	Big Data Analytics
2	Cloud Computing
3	Augmented Reality
4	Cybersecurity
5	Artificial Intelligence
6	Additive Manufacturing
7	System Integration
8	Simulation
9	Internet of Things (IoT)
10	Autonomous Robots
11	Advanced Materials



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ANNEX 4 : NON-ELIGIBLE ITEMS FOR THE SERVICES SECTORS

ITEM	DESCRIPTION
1	Standard software applications installed on the computer. i.e. basic programme for everyday use , such as Office suites, Accounting software, Graphics software, Media player, Point-of-sale system.
2	Mobile apps for gaming and entertainment, travel-related, online shopping and online booking system for hotel, flights, restaurants.
3	Retail and restaurant self-ordering / self-payment kiosk.

ANNEX 5 : PRODUCTIVITY MEASURES DUE TO MACHINE/SYSTEM IMPLEMENTATION

a) For manufacturing sectors

Item	Description	Before Use of Machine (a)	Achieved (b)	% Reduce/ Increase (c)
1	Number of workers/operators involved in operation			
2	Number of man-hours to produce 1 item or 1 batch (minutes)			
3	Production volume (capacity)			
4	Defect rate (%)			

b) For service sectors

Item	Description	Before Use of System (a)	Achieved (b)	% Reduce/ Increase (c)
1	Number of workers/operators involved in operation *			
2	Operation Cost *			
3	Number of services/ job delivered *			
4	Man-hours (time taken to complete the task/service) *			

* may vary depending on the type of application



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ANNEX 6 : OTHER CONTRIBUTING FACTORS

Item	Description
1	Possibility of upgrading in future
2	Possibility of integrating to other process
3	Worker Safety & Environment Improvement
4	Energy Efficiency