

Renewables/ Infrastructure



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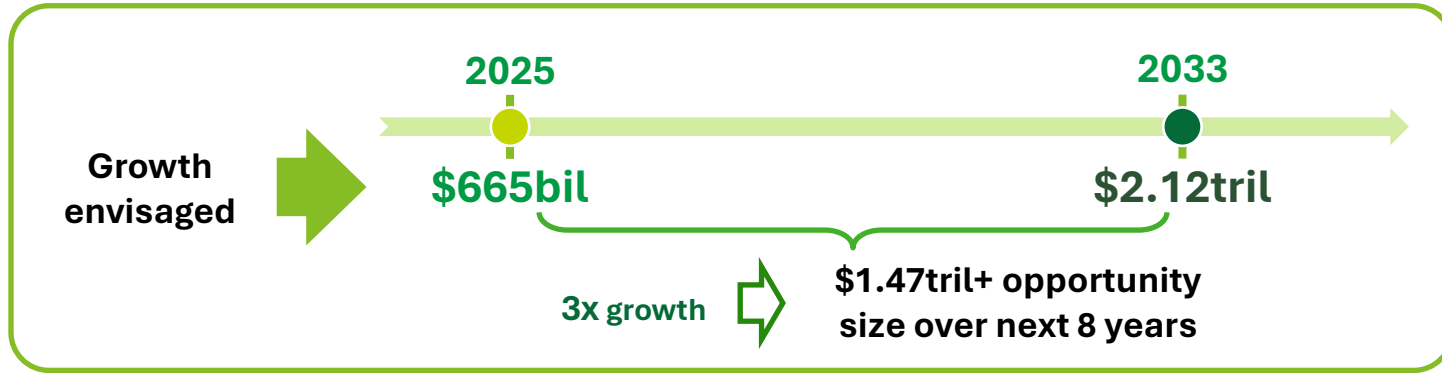
Asia Pacific

Clean Energy

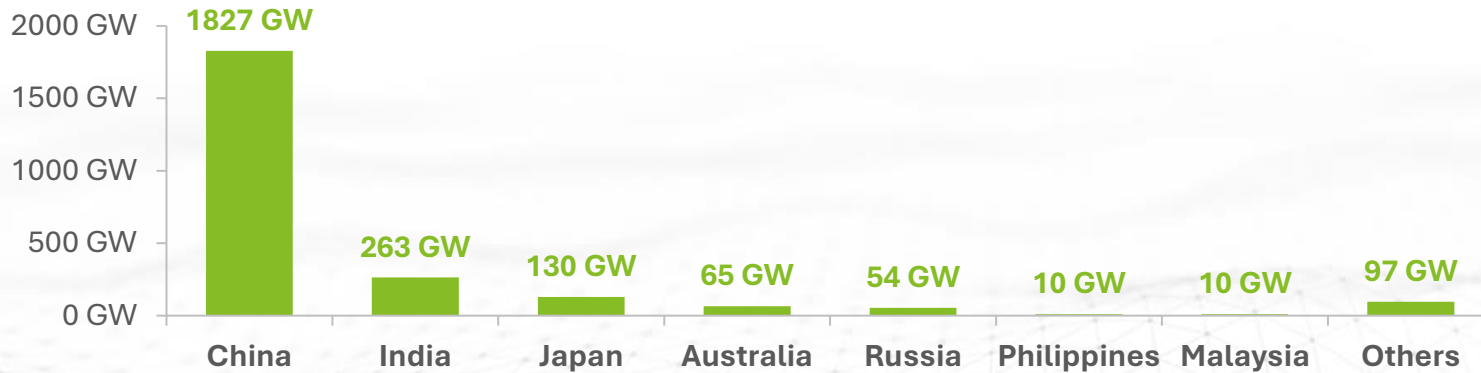


Asia Pacific: Powering the next “trillion-dollar energy dream”

Projected Renewable energy market size*:



Major players [Total installed capacity – 2,456 GW**]:



* Basis projections shared by Grand View Research

** Source—International Renewable Energy Agency (IRENA)—Asia and the Pacific regional energy statistics

01

Energy generation: Renewables > Coal
[first time in 2025]

Structural shift in power mix

02

Asia-Pacific leads global clean energy growth expectations

\$68.6bil investment in 2025

03

50%+ of global clean energy investment already flows into Asia

2/3 of new capacity additions from Asia

Asia Pacific: Top 5 themes driving Energy Transition



01

SOLAR-LED RENEWABLE EXPANSION

Solar is becoming the cheapest & fastest growing energy source globally



02

GRID MODERNISATION & STORAGE

Battery storage and transmission upgrades critical for renewable integration



03

ELECTRIFICATION OF TRANSPORT (EVS)

EV adoption increasing electricity demand and driving renewable investments



04

BIOENERGY & CIRCULAR ENERGY SYSTEMS

Agricultural and organic waste increasingly used for renewable energy generation



05

GREEN HYDROGEN ECONOMY

Emerging energy vector for industrial decarbonisation and global energy trade

India



India story: A \$250bil+ clean energy investment opportunity

CAPACITY

263 GW

[Current capacity]



500 GW

[2030 target]



1800 GW

[2047 target]

- **World's 3rd LARGEST RENEWABLE ENERGY MARKET**
- **100% FDI ALLOWED** under automatic route
- **50% installed electricity capacity now FROM NON-FOSSIL FUEL SOURCES**
- **Government targets: 50 GW ADDITION ANNUALLY + NET ZERO BY 2070**
- **\$135Bil RECORD CAPEX ALLOCATION** to infra in Union Budget 2026-27

**INVESTMENT
OPPORTUNITY**



\$ 250bil+

[Required in next 4-5 years]

Tax incentives available to renewable energy sector in India

INCOME TAX INCENTIVES

- **Tax-exempt investment regime** for notified SWFs and PFs for investments up to 31 Mar 2030
- **Accelerated depreciation** available on renewable assets under income tax law

INDIRECT TAX INCENTIVES

1

EPC contracts for renewable energy projects—GST on EPC contracts treats 70% as goods and 30% as services
GST rate reduced on goods from 12% to 5%, reducing overall project costs

2

Electric Vehicles (Evs)—Concessional GST rate of 5% applicable on EV chargers and EVs (vis-à-vis 18–40% for other vehicles)

3

Battery Energy Storage Systems (BESS) ~ Concessional GST rate of 5% on lithium-ion batteries significantly lowers the core equipment cost

4

Green Hydrogen ~ GST on electrolyzers and green hydrogen equipment reduced from 18% to 5% (effective 22 Sep 2025), lowering production costs as these account for ~40% of project cost

Critical financing updates shaping the India Renewable energy industry

India is gradually moving away from traditional tax incentive structures and shifting its focus toward creating a conducive ecosystem for fund raising and enabling access to cheaper sources of capital

Capital is **NO MORE RAISED** but **STRUCTURED!**

Domestic vs Offshore financing

Hybrid instruments

Yield-based capital

Regulatory perimeters shaping structuring

Financing **DRIVES DEAL FEASIBILITY**

Tax deductibility and upstreaming costs—debt pushdown structures

Impact on exit IRR

In a competitive bidding scenario, optimal financing vital for favorable bid outcomes

New avenues opened up for acquisition financing:

1

Local Bank Acquisition Financing

2

ECB framework liberalised

3

IFSC/GIFT CITY for debt financing

Philippines



Major Fiscal incentives granted to RE Developers [1/2]

Income Tax Incentives

Two types of incentives:

1) Income Tax Holiday (ITH)

- 7 years from start of commercial operations. This incentive applies to:
 - new RE projects,
 - additional investment in existing RE projects

- **Limited to income directly attributable** to registered RE operations

2) 10% preferential income tax

- available only after ITH period expires
- applies to net taxable income
- Condition: RE Developers must pass on savings to end-users through lower power rates

Duty-Free Importation

- **Effective upon registration** with the DOE and limited to imported RE equipment
- **Conditions:**
 - Goods are directly and actually needed and exclusively used in RE facilities
 - Goods are not manufactured domestically in reasonable quantity at competitive prices
 - Incentive Availment on a per-shipment basis, requires prior endorsement from several agencies
 - Transfer of title and/use of imported RE Equipment require prior DOE endorsement

VAT Zero-rating

- **Coverage:**
 - Sale of fuel or power from RE sources
 - Local purchases of goods, services, and properties needed for RE facilities
- **Benefit:** lower cost of electricity generated from RE sources

Other Fiscal Incentives [2/2]

Real Property Tax (RPT)

Maximum of 1.5% on net book value (vs. 2% - 2.5% regular RPT rate); Limited to real properties actually and exclusively used for RE facilities

Net Operating Loss (NOL) Carry Over

NOL of new RE Developers for first 3 years of operations **can be deducted from their gross income for the next 7 years**

Accelerated Depreciation

As an alternative to ITH, **RE Developers may depreciate their plants and machineries at twice the normal depreciation rate**

Tax Exemptions of Tax Credits proceeds

Proceeds from sale of carbon emission credits are exempt from income tax and VAT

Tax credit on Domestic Capital Equipment

VAT and Customs duties which would have been paid on locally-purchased RE Equipment had they been imported, **may be claimed as tax credit.**

Tax Consequences of acquisitions involving RE Developers

The sale of shares of stock of a renewable energy company in the Philippines is subject to the following tax consequences:

Capital Gains Tax (CGT)

- **General rule:** Sale of shares not listed and/or traded in stock exchange is subject to 15% on the net capital gains
- **Exception:** Tax exempt sale, where:
 - shares in a Philippine RE company are sold by a tax resident of a foreign country whose tax treaty with the Philippines grants tax exemption

Documentary Stamp Tax (DST)

- No DST on sale of previously issued shares
- For originally issued shares, DST is 75% of 1% of the shares' par value

Stock Transaction Tax (STT)

1/10 of 1% of the gross selling price or gross value in money of the shares of stock sold through stock exchanges

Malaysia



Malaysia's Green Transition

Overview

The Government has made a strong stance in renewable energy targets by increasing the share of renewable energy in the electricity generation capacity mix to 70% by 2050. In line with Malaysia's aspiration to be an inclusive, sustainable and carbon neutral nation by 2050, Malaysia is accelerating its journey towards a sustainable, low carbon economy through progressive policies in 3 angles:-

Introduction of Carbon Tax

- Initial focus on the iron steel and energy sectors
- RM15 per tonne of emissions is being considered

Continuous Support on green technology based projects under the Malaysian Green Technology Financing Scheme

- Already at its 5th phase—total financing allocation of RM1bil for 2026
- Interest subsidies of 1.5% from the total interest rate charged (removed under GTFS 5.0) and government guarantees of 60% - 80% on approved loan on green cost components in technology projects financed by participating FIs
- Financing scheme supports 6 key sectors—energy, manufacturing, transport, building, waste and water
- Eligibility Criteria—Legally registered Malaysian companies that have at least 60% Malaysian shareholding

Boosting Green Investments with Tax Incentives

- Green investment tax allowance on projects for business purposes
- Green investment tax exemption on solar leasing business
- Green investment tax allowance on asset for own consumption

These initiatives signal Malaysia's commitment to achieving Net Zero by 2050 and aligning with global ESG trends.

Tax Measures to encourage Renewable Energy Investments in Malaysia (1/4)

Green investment tax allowance on projects for business purposes

Qualifying Activities	Percentage of Allowance	Percentage of Set-Off against Statutory Income	Incentive Period
Tier 1: Green Hydrogen	100%	100% or 70%	5 + 5 years
Tier 2 : <ul style="list-style-type: none"> • Integrated Waste Management (IWM) • Electric Vehicle (EV) Charging Station 	100%	100%	5 years
Tier 3: Generation of energy from renewable sources <ul style="list-style-type: none"> • Biomass • Biogas • Mini Hydro • Geothermal • Solar • Wind Energy 	100%	70%	5 years

Applications must be received by MIDA from 1 Jan 2024 until 31 Dec 2026

Tax Measures to encourage Renewable Energy Investments in Malaysia (2/4)

Green investment tax exemption on solar leasing business

Energy Production	Tax Exemption on Statutory Income	Incentive Period
Tier 1: >10MW - ≤30MW	70%	10 years
Tier 2: >3MW - ≤10MW		5 years

Applications must be received by MIDA from 1 Jan 2024 until 31 Dec 2026

Tax Measures to encourage Renewable Energy Investments in Malaysia (3/4)

Green investment tax allowance on asset for own consumption

Qualifying Activities	Percentage of Allowance	Percentage of Set-Off against Statutory Income	Incentive Period
Tier 1: <ul style="list-style-type: none"> • Transportation (electric vehicle and EV infrastructure) • Battery Energy Storage System (BESS) • Green Building 	100%		Qualifying Capital Expenditure incurred starting from 1 Jan 2024 until 31 Dec 2026
Tier 2: <ul style="list-style-type: none"> • Qualifying asset as approved by Minister of Finance (Note 1) • Renewable Energy System • Energy Efficiency 	60%	70%	

Applications must be received by Malaysian Green Technology and Climate Change Corporation (MGTC) from 1 Jan 2024 until 31 Dec 2026

Note 1:

- Energy efficiency system and equipment
- Renewable energy system
- Waste composter and recycling
- Water recycling system and rainwater harvesting system

Tax Measures to encourage Renewable Energy Investments in Malaysia (4/4)

Other Measures

Income tax relief for individual taxpayers

- Individual income tax relief of up to RM2,500 on expenses incurred on charging facilities for Electric Vehicle and domestic food waste composting machine

Cash rebate for domestic consumers to install solar PV systems

- The government has introduced a specific incentive program to encourage the installation of solar PV systems for domestic consumers known as the Solar for Rakyat Incentive Scheme (SolaRIS)
- One time cash rebate: RM1,000/kWac up to a maximum of RM4,000
- Cash rebate has been fully exhausted in 2025

Australia



Tax Measures to encourage Energy Investment in Australia

Hydrogen Production Tax Incentive

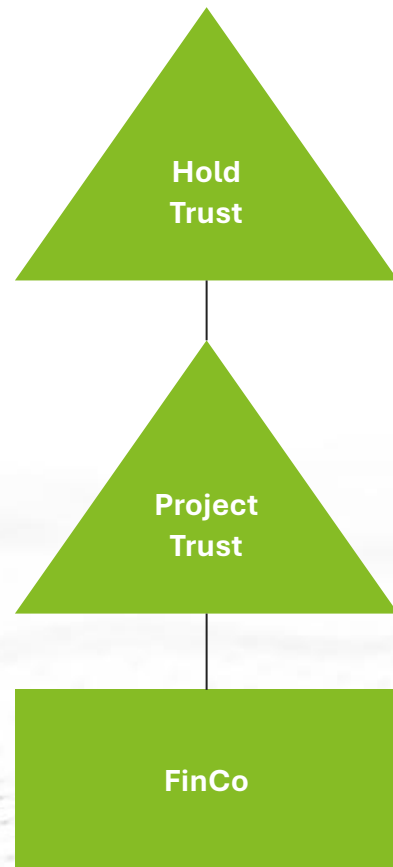
- \$2 per kilogram refundable tax offset for eligible renewable hydrogen produced between 1 Jul 2027 and 30 Jun 2040
- Up to 10 years of support per project
- Important to consider the capital structure of hydrogen projects in line with the incentive and other government incentives such as the Hydrogen Headstart program

Limited other RE-specific tax incentive and efficiencies managed through structure

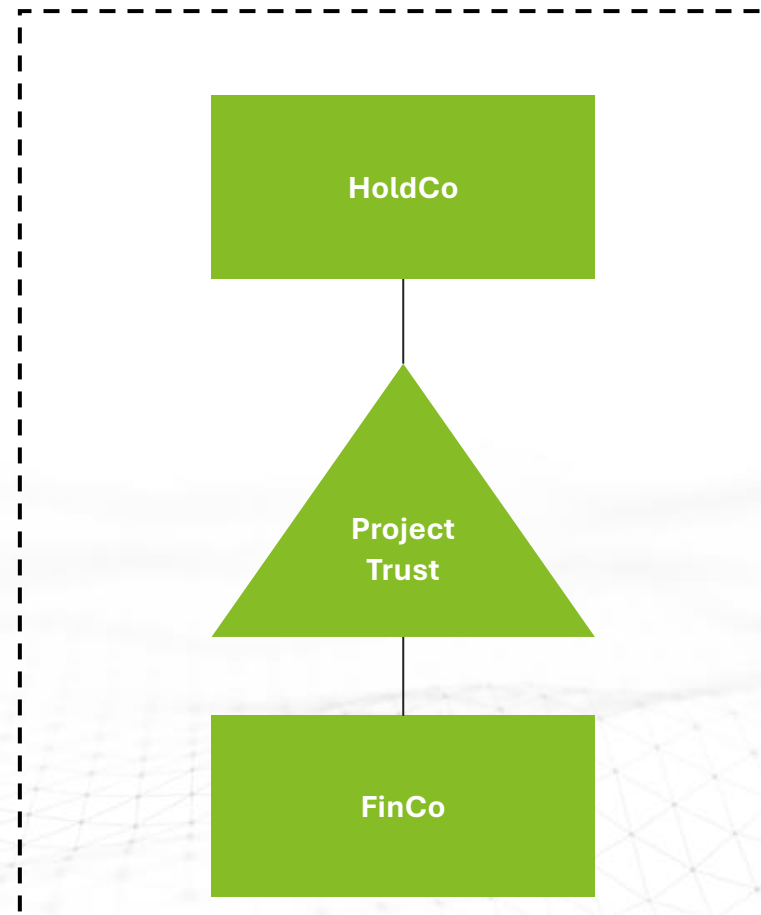
- Various non-tax clean energy incentives such as Capacity Investment Scheme and Small-scale Renewable Energy Scheme, however there are limited tax specific clean energy incentives
- Tax structuring plays an important role in renewable energy and infrastructure projects in Australia

Common project structures

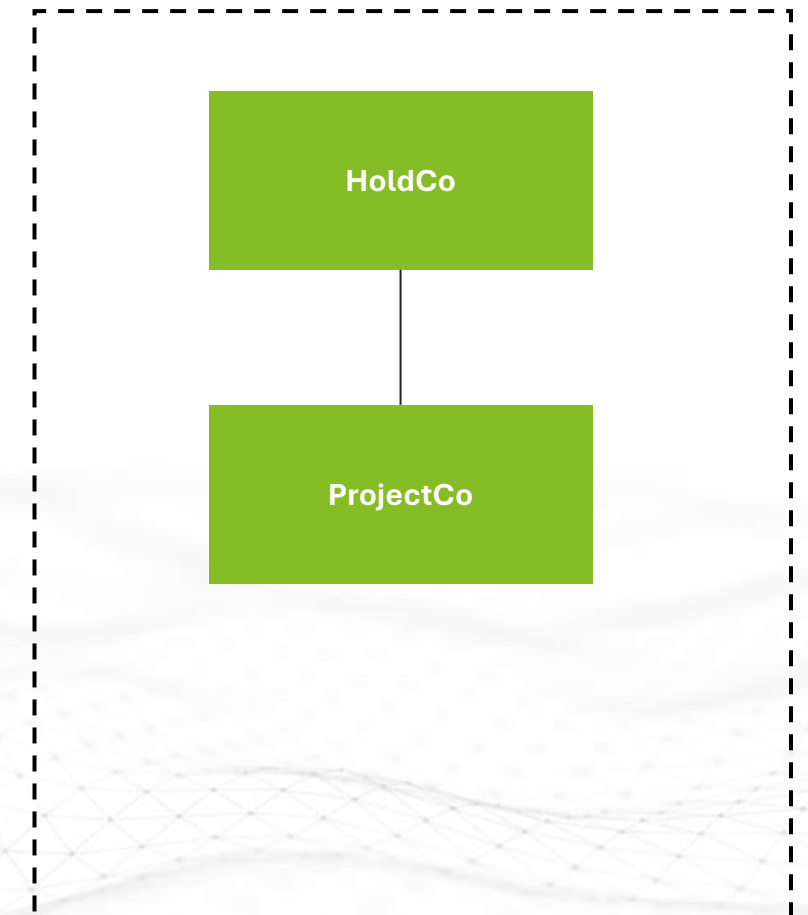
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Company/Trust



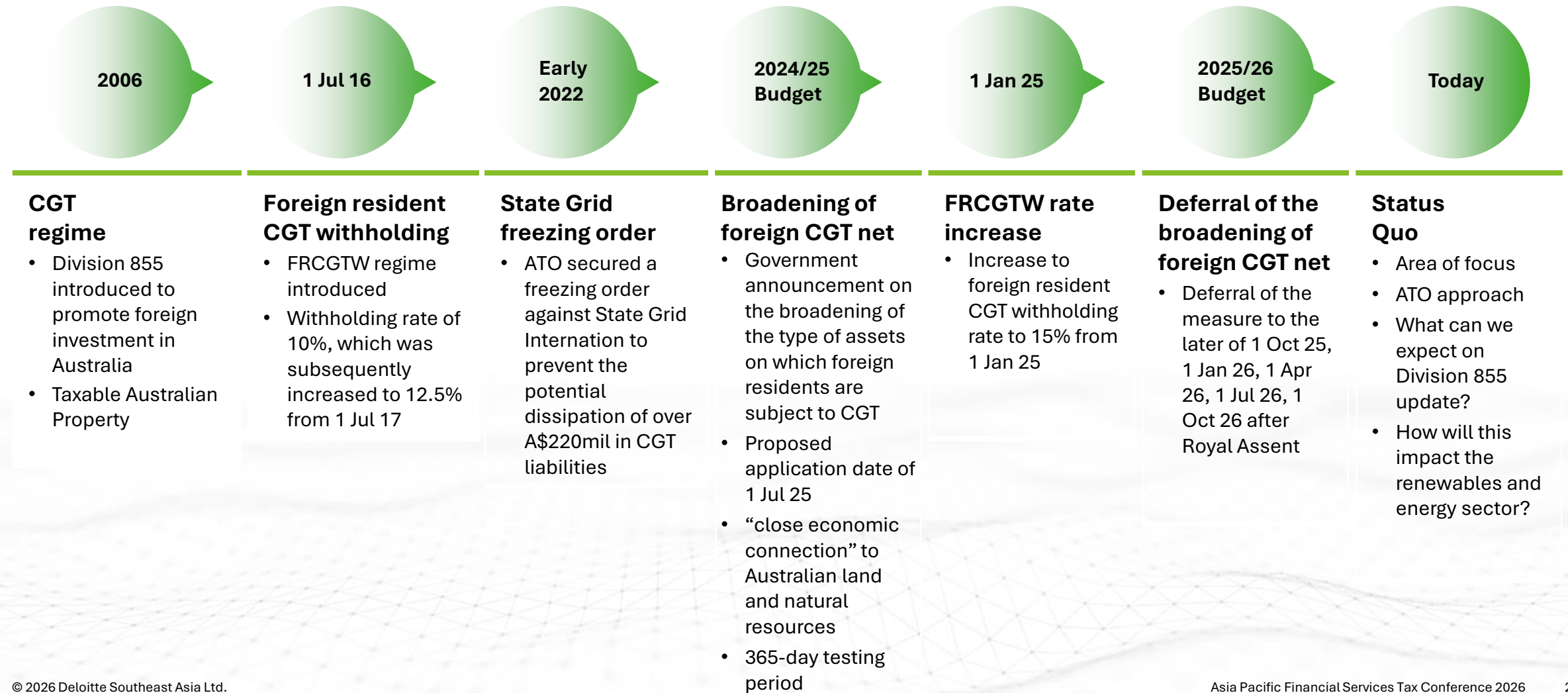
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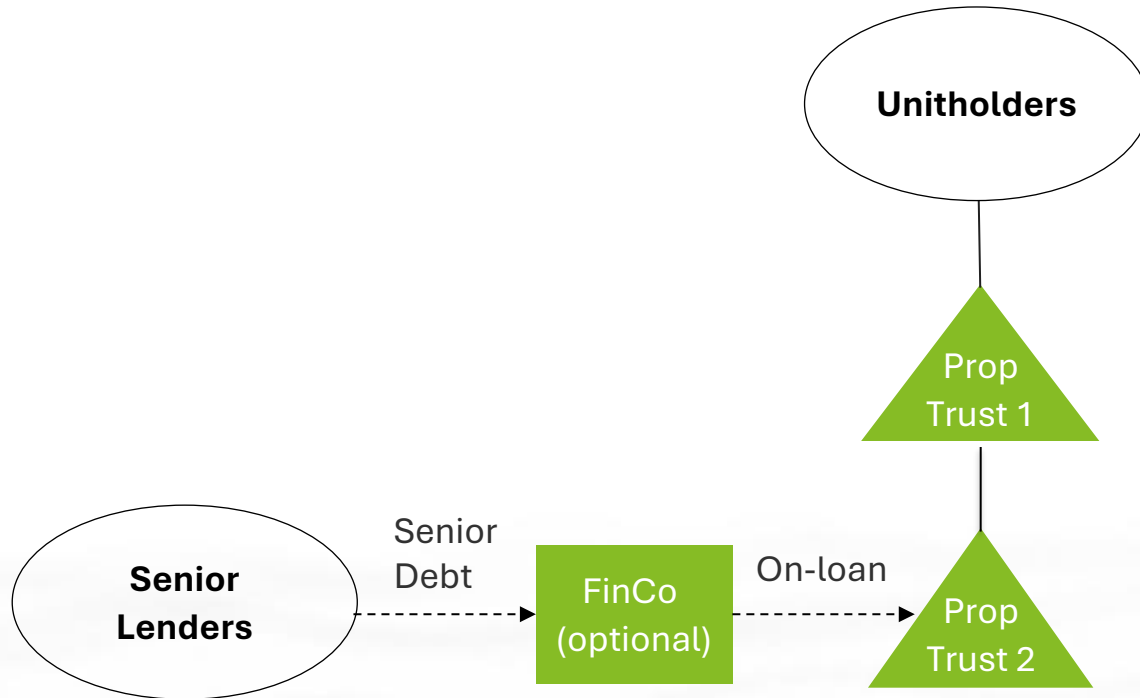
Common project structures

	Trust/Trust	Company/Trust	Company/Company
Pre-tax return to investors?	✓	✗	✗
No additional tax on distribution of untaxed profits/returns of capital to non-resident investors	✓	?	?
Ability to obtain financing on a pre-tax basis?	✓	✓	✗
Able to fully deduct external third-party debt?	?	✓	✓
Losses able to survive majority change of ownership?	✗	✓	✓
Highest possible duty acquisition thresholds and lowest possible base?	✗ (Queensland and Victoria)	✓	✓
Likely to meet foreign participation exemption requirements for dividends	?	✓	✓
Exit flexibility/attractiveness (other than tax loss protection)	✓	✗	✗

Australia foreign resident capital gains tax regime



Australia recent law changes impacting financing



- Regearing of high-risk construction funding to lower-risk long-term operation debt in renewable energy and infrastructure projects.
- Recent tax law changes and impact:
 - Debt deduction creation rules
 - Denial of debt deduction where the on-loan is used to fund deferred distribution to unitholders.
 - Third party debt test—solutions?
 - Refinancing and “commercial activities” requirement.
 - ATO’s view: financing distributions of income and capital, or re-financing existing debt/capital are not commercial activities in connection with Australia



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