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Hope for local scene with new tax reliefs

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TAX reliefs in profits earned by organisers of international motor racing events in Malaysia will soften the blow amid an economic crisis which may kill off the sport due to lack of sponsorships.

The motor racing fraternity welcomed the Budget announcement, saying it showed the Government's commitment to the growth of the sport. There are even those who suggested other measures which could bring Malaysian motor racing to a refreshed level.

Prime Minister Datuk Seri Dr Mahathir Mohamad, in Friday's Budget announcement, said racers would no longer have to pay tax on their earnings and that organisers of international events would be granted a 50 per cent reduction on tax on profits.

Ann Siew of City Karting Promotions said the tax relief would go a long way in helping organisers who face tremendous pressure of finding sponsors.

"In times of difficulty, sponsors are not easy to come by," she said, adding that her company suffered a loss of RM20,000 when they recently organised a regional invitational kart championship.

Ann said that contrary to widespread belief, the profit margin of small-time organisers was not significantly high.

Expenses involve sanctioning fees, rental of premises and equipment, and payment for various logistical requirements, which add up to quite a sum.

One organiser said the classification of "international motor racing events" needed to be clearly defined.

"Does this include regional events or races which feature non-Malaysian competitors?" asked the organiser, who did not wish to be identified.

"Or must these events be internationally sanctioned and recognised?"

The only true international motor racing event held in Malaysia is the World Motorcycle Grand Prix which the country has hosted for the last six years.

This venture was undertaken by the Selangor Government before opting out two years ago, citing tremendous losses. Malaysia Airports Berhad assumed these duties for the last two years, and have yet to register a profit.

In October next year, MAB is scheduled to host a round of the World Formula One championship, an event which is reputed to cost millions of ringgit but can also be capable of generating an equal amount in profits.

The country has also hosted the World Superbike championship, and World Powerboat championship.

Other regional events include the Asian Road Racing championship, the South-East Asia Touring Car Zone championship, the Ferrari 355 Challenge and the Asia Formula 2000 championship.

MAB could not be reached for comment but outside sources said paying half the taxes would ease the burden on the company, who has had to financially-struggle to organise the world motorcycle championship.

Some critics believed that the announcement was timely because the financial strain is expected to grow when MAB take on a round of the World Formula One championship next year.

"Let us not look at profit or tax relief at this juncture but examine whether MAB will be in a position to group enough sponsorship and market the event well to help cushion the organising expenses."

One critic said the announcement was a start in the right direction, adding that emphasis should also be given to revamping the entire

Malaysian motor racing organisation.

"At the moment, there is too much politicking which ruins everything. There is also no clear direction, particularly for competitors and enthusiasts.

"Some people are trying to make money out of motor racing, even at the lower categories or racing which explains why there is hardly any club events organised for enthusiasts."

On tax exemption for competitors, the reaction was also varied.

"At the moment, the prize monies taken home by some competitors have yet to be taxed. That's because they are never paid their winnings," said one competitor.

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