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More assistance for petty traders, small businesses

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BUDGET '99 continues the national agenda of reviving business activities with emphasis on petty traders, small businesses and entrepreneurs.

It outlined more tax measures and financial support for these subsectors and underscored the Government's determination to develop them.

Prime Minister Datuk Seri Dr Mahathir Mohamad, in his Budget speech in the Dewan Rakyat yesterday, said the Government would continue to assist the low-income group, petty traders and small businesses to improve their economic well-being through several capital assurance schemes.

These included the Amanah Ikhtiar Malaysia programme, the Small-Scale Entrepreneur Fund with an allocation of RM100 million, and the Economic Business Group Fund of RM150 million.

The Prime Minister said that these funds would help 12,000 petty traders and small businesses expand.

To develop more middle-class Bumiputera entrepreneurs, the Government has introduced several venture capital and financing schemes.

These included an additional allocation of RM25 million for the Islamic Financing Scheme by Mara and RM34 million for the Incubator Financing Scheme and General Financing Scheme by Bank Pembangunan Malaysia.

The State Economic Development Corporations, Perbadanan Usahawan Nasional Bhd and Perbadanan Nasional Bhd have also introduced similar programmes.

Dr Mahathir also proposed tax measures to stimulate business activity and enhance the competitiveness and resilience of the economy.

It was also proposed that instruments that attract stamp duty for the refinancing of loans for business purposes be exempted from this charge.

Also, as a measure to enhance the development of the unit trust sector, it was proposed that interest income be exempted from income tax.

For the life insurance industry, it was proposed that income tax be imposed on actuarial surplus transferred to shareholders' funds compared with the present practice based on an accrual principle.

It was proposed that excise duty on refrigerators, television sets and air-conditioners be abolished to enable local manufacturers to compete with Asean manufacturers when the Asean Free Trade Area is implemented.

The Prime Minister also proposed that 50 per cent of the interest income in the "interest in-suspense" account not be regarded as income for the purposes of income tax.

Also, it was proposed that a levy be imposed on crude palm oil when the price exceeded the threshold of RM2,000 per tonne.

When the price was between RM2,000 and RM2050, the levy per tonne would be an amount equivalent to the price in excess of the threshold, and for prices above RM2,050, a levy of RM50 per tonne was proposed.

It was also proposed that mergers concluded between today and June 30 next year be exempted from stamp duty and real property gains tax.

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