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BUDGET-INCENTIVE

TAX EXEMPTION FOR APPROVED INTERNATIONAL TRADING COMPANY

KUALA LUMPUR, Oct 23 (Bernama) -- Companies approved as "international trading companies" are to be given a five-year income tax exemption amounting to 70 percent of the statutory income arising from increased export sales, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

This is to encourage Malaysian trading companies to be actively involved in international trade, he explained when tabling the 1999 Budget proposals at Dewan Rakyat here.

Dr Mahathir said for the purpose of this incentive, export sales do not include trading commissions and profits derive from trading at the commodity exchange.

At present, trading companies are eligible for tax incentives of double deduction for promotion of exports, double deduction on export credit insurance premium and double deduction on insurance premium for exporters.

In order to qualify for the proposed incentive, Dr Mahathir said the company, among others, should be owned at least 70 percent by Malaysians and should use local facilities such as insurance.

He added that the company should also local facilities like shipping and ports and should be registered with the MATRADE.

The company should also market manufactured goods, especially those from the small and medium scale industries.

In addition, the company must satisfy the following conditions to enjoy for the tax incentive:

+ not more than 20 percent of annual sales is derived from trading of commodities;

+ not more than 20 percent of annual sales is derived from the sales of the goods related companies. -- BERNAMA

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