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BUDGET-ICT INCENTIVES

EXEMPTING SALES TAX ON SMART CARDS AND RELATED EQUIPMENT

KUALA LUMPUR, Oct 19 (Bernama) -- The government has proposed in the 2002 Budget that the sales tax on smart cards and their related equipment be exempted, said Prime Minister Datuk Seri Dr Mahathir Mohamad today.

In enhancing the usage of multipurpose smart cards, financial institutions need to provide appropriate infrastructure, including related equipment such as loading devices and car readers, of which the implementation would require large capital outlay, he said at the Dewan Rakyat here.

The government also proposed that the tax on income derived from offshore trading via websites in Malaysia to be lowered to 10 percent for a period of five years from 28 percent previously.

The tax cut is meant to further encourage the use of information and communication technology in trade as well as establishing Malaysia as an attractive business location for international trade.

Dr Mahathir, who is also finance minister, also proposed that the cost incurred in developing websites for business be granted an annual deduction of 20 percent for a period of five years.

Besides providing tax incentives to facilitate electronic commerce, the national ICT (information, communication and technology) agenda aimed to create a knowledgeable, informed and ICT-savvy society, said Dr Mahathir.

"The government has allocated an amount of RM112.7 million to implement the Electronic Government Flagship project, RM72.3 million for Smart Schools, RM20 million for Telemedicine, RM86.3 million for Smart Card and RM9.5 million for Integrated Application," he said.

Besides this, RM487.67 million was allocated to increase the computerisation programme in ministries and departments, and RM205.5 million for schools computerisation, Dr Mahathir said.

He also said that following the establishment of the RM500 million Venture Capital Fund, a government-owned company, Malaysia Venture Capital Management Bhd (MAVCAP), had been set up.

An amount of RM100 million from the fund will be outsourced to four local venture capital companies, while the balance RM400 million will be direct investments in venture capital companies, he said.

To-date, MAVCAP has received 104 business proposals from 10 countries, including the US, South Korea, Hong Kong and China, with financing requirement of RM1.0 billion.

Apart from the fund contributed by the government, the Japanese government has also agreed in principle to give RM1.9 billion loan to MAVCAP, especially for the financing of debt ventures.

Besides MAVCAP, Dr Mahathir said another government-owned company, Kumpulan Modal Perdana Sdn Bhd, was established to manage the RM190 million Venture Capital Fund for Technology Acquisition.

Out of the RM190 million, RM114 million would be invested in the American Pacific Venture Capital Fund in the Silicon Valley and Venture Capital Joint Venture Investment in Malaysia, while the remaining RM76 million for the implementation of the Advanced Microchip Design and Training Centre. -- BERNAMA

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