

19 OCT 2001

REACTION-SKALI

INCENTIVE SHOULD ALSO INCLUDE E-BUSINESS SERVICES

KUALA LUMPUR, Oct 19 (Bernama) -- The 20 percent annual deduction on business website development costs should not only include the deployment of websites but also other related e-business services.

The incentive should cover areas of training, consultancy, outsourcing services and other e-business related services.

Tengku Farith Rithauddeen president of MSC status e-business services and infrastructure provider company, Skali.com, said this in his Post Budget 2002 Commentary issued to the press today.

In the budget presentation at the Parliament today, the Prime Minister, Datuk Seri Dr Mahathir Mohamad proposed that the costs incurred in developing business websites to be granted annual deduction of 20 percent for five years.

Farith also said special incentives should be given to users that actually used locally developed technology, or services provided by local information, communications and technology (ICT) industry.

This would promote the local ICT industry further, he added.

He said the incentive was a first step to generate demand for such services and he hoped that the proposal would be the first step for future budgets to consider double deduction releases for one or two years.

It was an innovative proposal by the Prime Minister to fuel and promote e-commerce activities among brick-and-mortar or traditional industries, he added.

On the RM1.9 billion loan to be given by the Japanese government to finance debt ventures, he hoped that such funds would be allocated for the early stage companies.

He said his company welcomed the government's efforts in getting such funds from overseas and he hoped that such funds would be directed to early stage investments, seed and idea level.

The Japanese government has agreed in principle to provide a RM1.9 billion loan to the government-owned company, Malaysia Venture Capital Management Bhd (MAVCAP) especially for the financing of debt ventures.

The company was setup following the establishment of the RM500 million Venture Capital Fund. RM100 million was to be outsourced to four local venture companies and the rest would be direct investments in venture capital companies.

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

Farith said the loan structure was innovative to fuel business development and business growth for early stage companies and thus such loans must have an interest free structure with payment made upon retirement only.

Thus there was no payment of interest on a yearly basis, he added.

Such a proposed scheme would allow the loan to be used for investment which could be channelled for business, marketing and technology development during a period when there was such a need by early stage companies, he said.

Skali.com provides full range services which empower businesses to gain maximum benefits from the internet. The company e-business services include systems, solutions, support, netpreneur acceleration programme -- BERNAMA

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