

Encouraging value-added activities in manufacturing sector

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BUDGET 2003 has called for the manufacturing sector to increase its investments and enhance value-added activities.

Prime Minister Datuk Seri Dr Mahathir Mohamad said that local manufacturers needed to strive harder to enhance their capability to design, develop and produce high quality products.

Companies that design and produce automotive components modules or systems will be granted Pioneer Status or Investment Tax Allowance under the high technology incentive package.

Several categories of machines such as specialised machinery, process machinery for specific industry, packaging industry and plastic extrusion machinery would also be included in the list of products eligible for Pioneer Status with 100% income tax exemption for 10 years, or Investment Tax Allowance of 100% for five years.

This, Dr Mahathir said, would help to promote the development of the machinery and equipment industry.

In another move to attract companies to move towards knowledge-based activities, the Budget has proposed that companies which have obtained K-based status be granted Pioneer Status or Investment Tax Allowance under the high technology industry incentive package.

In addition, expenses incurred by the companies to prepare the Knowledge Based Master Plan will be allowed as deductions for income tax purposes.