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Budget-Agriculture/BM
AGRICULTURE SECTOR, NATION'S THIRD GROWTH ENGINE

KUALA LUMPUR, Sept 20 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today said the agriculture sector will be turned into the country's third engine for economic growth.

He said the government would continue to increase investments in large-scale and commercial agricultural activities by promoting the consolidation of smallholdings and idle land management.

"A company that invests in a subsidiary involved in the consolidation of the management of smallholders or idle land be given tax deduction equivalent to the amount of investments," he said when tabling the budget 2003 in the Dewan Rakyat here today.

He also said a subsidiary which undertook such management be exempted from service tax.

Dr Mahathir, who is also the Finance Minister, proposed that capital expenses incurred by a non-rubber plantation company in preparation of land, planting and maintenance of rubber wood cultivation be written off in one year.

"This incentive is given on condition that the company plants at least 10 per cent of its plantation with rubber wood trees," he said.

He said currently a company that invested in food production was given tax deduction on its investment while the company engaged in such production was given income tax exemption for 10 years.

"As deep sea fishing has potential to increase food production, I propose this activity be granted the same incentives," he said.

Dr Mahathir proposed that a locally-owned firm which reinvested be granted another round of income tax exemption of 70 per cent for five years or Investment Tax Allowance of 60 per cent for five years.

"To modernise the agrioculture sector as well as to be more environment friendly, I propose the chicken and duck rearing enterprises which shift from an opened to a closed house rearing system be granted Reinvestment Allowance for 15 years," he said.

-- BERNAMA
AT MFJ ZUL