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BUDGET-MANUFACTURING

BUDGET ENCOURAGES HIGH VALUE ACTIVITIES IN MANUFACTURING SECTOR

KUALA LUMPUR, Sept 20 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has proposed that companies which design, develop and produce automotive component modules or systems be granted Pioneer Status or Investment Tax Allowance under the high technology incentive package.

This is to further increase investment and to enhance value added activities in the manufacturing sector as several industries are being developed to face intense competition in an era of globalisation. and liberalisation.

"Local manufacturers need to strive harder to enhance their capability to design, develop and produce high quality products," he said when tabling the 2003 Budget at the Dewan Rakyat here today.

To promote the development of machinery and equipment industry, Dr Mahathir, who is also the finance minister, proposed that several categories of machines such as specialised machinery, process machinery for specific industry, packaging industry and plastic extrusion machinery be included in the list of products eligible for Pioneer Status with 100 percent income tax exemption for 10 years or Investment Tax Allowance of 100 percent for five years.

To encourage companies move towards knowledge-based activities, he also proposed that companies that had obtained strategic k-based status be granted Pioneer Status or Investment Tax Allowance under the high technology industry incentive package.

In addition, expenses incurred by companies to prepare the Knowledge-Based Master Plan be allowed as a deduction for income tax purposes, he said. -- BERNAMA

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