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REACTION-MICG

20 PCT CORPORATE TAX REDUCTION WILL PROMOTE SMES GROWTH

KUALA LUMPUR, Sept 21 (Bernama) -- The corporate tax reduction to 20 percent from 28 percent for small and medium scale industries (SMIs) on chargeable income up to RM100,000, is highly innovative and will promote the critical growth of enterprises, said Malaysian Institute of Corporate Governance's (MICG) executive director, Lee Leok Soon.

He said that the incentive would help small businesses in strengthening their working capital base and enhancing their access to finance.

"It will also be good in terms of cash flows, productivity and staff morale, making small and medium sized companies (SMCs) or small and medium sized enterprises' (SMEs) business process effective," he said in a statement here today.

Lee said that the Budget 2003 tabled by Prime Minister and Finance Minister Datuk Seri Dr Mahathir Mohamad in the Dewan Rakyat yesterday, reflected the government's vision in small business manifesto -- a long range vision for their future and the government's recognition of the importance of SMCs or SMEs as an engine of growth towards nation building and business prosperity.

He said that the incentive for local companies to acquire foreign companies for high technology reflected Malaysia's open economy and the government's timely response to meet competitive pressures, and to be always alert, taking into heart investor confidence and stakeholders' interests in the vibrant economy.

"The incentives also make us re-think and re-model our local way of working towards modern business process practices and our enterprise objective to meet the ever-changing expectations of the global scenario on domestic and international fronts," he said.

He said that the vast and rapid changes in technology and information technology (IT) will make the globe look smaller as information and communication flows becomes cheaper and quicker.

The acquisition of foreign companies for high technology would enable Malaysians to sharpen its core competence, master IT and utilise the latest software application tools to match the competition.

He also said that the incentive augurs well for the multimedia super corridor (MSC) and Cyberjaya projects, to make the country as the centre for growth and dispersion of technology and IT applications in various locations throughout the country.

In this regard, he said that the country was in a position of comparative advantage across the region to help multinational corporations (MNCs) mobilise effective resource allocation and to guide strategic direction of the MNCs.

"Our courteous economic conditions and the budget should provide wider scope and opportunities for their relevance and to enable MNCs to gauge the market mood to stay ahead," he said.

Lee said that professionals should contribute to this, facilitating as smart agents to provide consulting leadership, move the agenda of the investment community for the good of the nation and at the same time, export their professional services. -- BERNAMA

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