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Logistics operators stand to benefit, say analysts

BUDGET 2003's incentives for approved Regional Distribution Centres (RDCs) will indirectly benefit local cargo and logistics operators, analysts say.

They said these incentives will create "more activities" around ports and airports.

"Companies that stand to benefit from this include Konsortium Logistik Bhd and MAS Kargo Sdn Bhd, as such activities will create more traffic for them," a sectoral analyst said.

The Government yesterday proposed a 10-year full tax exemption on statutory income for RDCs located in the free industrial zones or free commercial zones, or licensed warehouse or licensed manufacturing warehouse.

The proposal is subject to the following conditions:

- * The RDC must be incorporated in Malaysia under the Companies Act 1965;
- * It cannot sell more than 20 per cent of its products locally; and
- * The centre must have an annual turnover of not less than RM100 million.

The RDC also stands to be exempted from import duty and sales tax on goods purchased for distribution purposes.

Meanwhile, the Government has proposed to increase the value of the exemption from import duty and sales tax for all imports through the KLIA express cargo services to RM500 from RM200 and extend it to all international airports in Malaysia. However, this exemption does not include cigarettes and liquor.

"We intend to become the regional hub for air transport. As such, we must create the utilisation of our airfreight services for the transportation of high value goods.

"Malaysian exporters must explore the possibility of using air services for their trade," Prime Minister Datuk Seri Dr Mahathir Mohamad, who is also the Finance Minister, said when tabling Budget 2003 yesterday.

To make KLIA a hub for air transport services, he said, the management of the airport must be more aggressive in their efforts to attract more airlines to use KLIA as their regional hub.

In addition, courier service from a point within Malaysia to a destination outside the country will be exempted from the current 5 per cent service tax, effective from January 1 2003.

To encourage transport companies to own a fleet of multi purpose semi-trailers, it was proposed that the road tax on multipurpose semi-trailers and prime movers be reviewed.

Road tax on multipurpose semi-trailer will be abolished while road tax on multipurpose prime movers will be revised from being based on the kerb weight of the prime mover to that which is based on the gross combined weight.

The Government is also studying the possibility of making Labuan a centre for international vessels registration and Langkawi as a centre of registration for yachts.

Overall, RM2.56 billion has been allocated for rural development in the new budget, of which RM900 million will be used to complete rural and village roads, and to repair existing ones.