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BUDGET-ENERGY

MORE INCENTIVES FOR COMPANIES UNDERTAKING ENERGY CONSERVATION

KUALA LUMPUR, Sept 20 (Bernama) -- As part of efforts to reduce the cost of doing business for companies providing energy conservation services, the government has proposed to extend their existing incentives for another three years until Dec 31, 2005.

In tabling the 2003 Budget at the Dewan Rakyat here today, Prime Minister Datuk Seri Dr Mahathir Mohamad who is also the Minister of Finance said the company is required to implement the project within one year from the date of approval of the incentives.

Presently, the prevailing tax incentives are Pioneer Status with tax exemption of 70 percent of statutory income for a period of five years or Investment Tax Allowance of 60 percent on the qualifying capital expenditure incurred within a period of five years with the allowance deducted in each year of assessment be set-off against 70 percent of statutory income.

Another incentive is exemption from import duty and sales tax for equipment used in the related project which are not produced locally as well as exemption from sales tax for equipment purchased from local manufacturers.

The government has also proposed that the write-off period on capital expenditure incurred on the equipment used in energy conservation be accelerated from three years to one year for companies which incur capital expenditure for conserving energy for own consumption under the Accelerated Capital Allowance.

These companies have also been granted import duty and sales tax exemption for equipment used in energy conservation which are not produced locally while equipment purchased from local manufacturers is given sales tax exemption.

The proposal is effective from the year of assessment 2003. -- BERNAMA  
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