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BUDGET-AUTOMOTIVE  
TAX INCENTIVES FOR AUTOMOTIVE COMPONENTS MAKERS

KUALA LUMPUR, Sept 20 (Bernama) -- The automotive components sector has received a boost from the 2003 Budget with new and existing companies undertaking design, research & development and production of certain component modules or systems offered higher tax exemption and set-off against income.

In an effort to promote investment and to stimulate local companies to undertake these activities, the Budget tabled here today by Prime Minister Datuk Seri Dr Mahathir Mohamad has proposed that they be given pioneer status with the tax exemption increased to 100 percent (from the existing 70 percent) of the statutory income for five years.

The investment tax allowance of 60 percent on qualifying capital expenditure incurred within a period of five years with the allowance deducted for each year of assessment be set-off against 100 percent (instead of the present 70 percent) of the statutory income.

The automotive components makers eligible for the incentives must meet the existing value added criteria of at least 25 percent and the managerial, technical and supervisory index of at least 15 percent.

The qualifying automotive component modules are related to the front corner, rear corner, instrumental panel, strut and absorbers and spring assembly, bumper, front cross member, function integrated door, fuel tank, seat, pedal, door trim, floor console, tyre and wheel and body in white.

The systems refer to brake, wiper, exhaust, audio, heater ventilation air-conditioning, air bag, power and signal distribution, alarm, seat belt, exterior lighting, engine management, safety, telematics, navigational, engine fuel injection and vehicle intelligence.

The proposal is effective for applications received by the Malaysian Industrial Development Authority (MIDA) from tomorrow (Sept 21). -- BERNAMA  
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