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BUDGET-BUSINESS

10 MEASURES TO ASSIST COMPANIES REDUCE COST OF BUSINESS

KUALA LUMPUR, Sept 20 (Bernama) -- Prime Minister and Finance Minister Datuk Seri Dr Mahathir Mohamad today proposed 10 measures under Budget 2003 to assist companies reduce the cost of doing business and enhance the country's competitiveness.

In the Budget, tabled in the Dewan Rakyat here today, he made the following proposals:

- + payments for services rendered overseas by non-resident be not liable to income tax. Currently a non-resident is taxed on income received for services rendered overseas;

- + tax that has not been collected be regarded as bad debts and the company be eligible for refund. The prevailing provisions require a company to pay sales tax and service tax although it has failed to collect the tax from its clients;

- + valuation method for sales tax used on imported goods, which is based on the actual transaction value be adopted for locally manufactures goods. The valuation method used in respect of sales tax on locally manufactured goods is not familiar to that of imported goods. This has resulted in higher tax incidence on locally manufactured goods;

- + the existing incentives of Pioneer Status and Investment Tax Allowance for a company providing energy conservation services that would expire by the end of 2002 extended to another three years until Dec 31 2005;

- + to encourage company to invest in energy conserving equipment for its own consumption, the write off period for such capital expenditure incurred be accelerated to one year from three years;

- + payments received for services rendered by non-resident contractor which is subject to an advance tax of 15 percent on the company reduced to 10 percent, and 5.0 percent on the employee reduced to 3.0 percent;

- + the import duty and sales tax on quality paper to be abolished to promote printing of books using quality paper. Presently, quality paper is subject to an import duty of 5.0 percent and 10 percent and sales tax of 10 percent;

- + the exemption of service tax on courier service to destinations abroad to reduce delivery costs to destinations overseas. Currently the service is subject to service tax of 5.0 percent;

- + the exemption of services tax imposed on professional services rendered within the same group and;

- + 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 extended it to all international airports in Malaysia. However, this exemption does not include cigarettes and liquor.

Dr Mahathir also said that locally owned companies which recorded an increase in exports will be given income tax exemption of 30 percent on the increased export.

He proposed that companies which penetrate new markets be given income tax exemption of 50 percent while for companies which record the highest increase in exports according to categories to be given full income tax exemption.

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At the same time, the promotion of Malaysian products must be

intensified.

The government has allocated nearly RM100 million for an exhibition centre in Bahrain and will set up such exhibition centres in other countries which have the market potential for the country's goods.

The government will give full support to those who intend to exhibit their goods in these centres and in trade fair overseas.

Dr Mahathir said that in order to reap full benefits, traders should deal directly with their counterparts in other countries, without involving middlemen.

He added that facilities to trade directly with customers or suppliers overseas have been provided. -- BERNAMA

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