

20 SEP 2002

BUDGET-RDC

VARIOUS INCENTIVES TO MAKE M'SIA A REGIONAL DISTRIBUTION HUB

KUALA LUMPUR, Sept 20 (Bernama) -- The government has proposed full tax exemption on statutory income for 10 years for approved Regional Distribution Centres (RDC) to promote Malaysia as a regional distribution hub.

Prime Minister and Minister of Finance, Datuk Seri Dr Mahathir Mohamad said this when presenting the Budget 2003 at the Dewan Rakyat here today.

Other incentives for RDCs include tax exemption for dividends in the hands of the shareholders getting paid from the tax-exempt income as well as exemption of import duty and sales tax on goods meant for distribution.

Expatriate posts are also to be approved according to their requirements.

However the proposal is subject to the following conditions:

- \* the RDC is incorporated in Malaysia under the Companies Act 1965
- \* total annual turnover of the RDC should be less than RM100 million
- \* the RDC must be located in the free zones (free industrial zone or free commercial zone) or licensed warehouse (public and private) or licensed manufacturing warehouse (LMW) and
- \* the RDC is not permitted to sell more than 20 percent of its product to the local market

The tax exemption on statutory income and dividend in the hands of the shareholders has also been extended to International Procurement Centres (IPC).

The application for these incentives should be submitted for the approval of the Minister of Finance through the Ministry of International Trade and Industry (MITI) from Sept 21, 2002 onwards. -- BERNAMA

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