

Highlights of the Budget 2011
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Following are the highlights of the 2011 Budget tabled by Prime Minister Najib Abdul Razak, who is also Finance Minister, at the Dewan Rakyat on Friday:

- * A mixed development project including affordable houses to be developed at a cost of RM10 billion in Sungai Buloh and is expected to be completed by 2025.
- * Another landmark project "Warisan Merdeka" which includes a 100-storey tower, the tallest in Malaysia, at a cost of RM5 billion to be completed by 2015.
- * Development of large-scale integrated Aquaculture Zones in Pitas, Sungai Telaga and Sungai Padas in Sabah as well as Batang Ai and Tanjung Manis in Sarawak with an allocation of RM252 million.
- * Allocation of RM135 million for basic infrastructure to encourage farmers participation in high value agriculture activities including swiftlet nests.
- * Extension of income tax deduction incentive for investors and income tax exemption for companies undertaking food production activities until 2015.
- * RM85 million to provide infrastructure facilities to facilitate construction of hotels and resorts in remote areas with the potential to attract tourists.
- * RM50 million to construct several shaded walkways in the KLCC-Bukit Bintang vicinity.
- * Development of world's first integrated eco-nature resort at a cost of RM3 billion by Nexus Karambunai in Sabah to commence next year.
- * Abolishing of import duty on 300 goods preferred by tourists and locals, at 5 to 30 per cent, to promote Malaysia as a shopping heaven in Asia.
- * RM119 million for the development of local content creation, hosting local content and unlocking new channels for content.
- * Exemption of sales tax on all types of mobile phones.
- * RM850 million for infrastructure support to accelerate corridor and regional development.
- * RM411 million for research, development and commercialisation activity to be the platform for enhancing value-added activities across economic sectors.
- * Establishment of a Special Innovation Unit (UNIK) under the Prime Minister's Department with an allocation of RM71 million for next year to commercialise R&D findings by universities and research institutions.
- * RM200 million for the purchase of creative products such as high quality, locally-produced films, dramas and documentaries.
- * Rate of service tax to be increased from five to six per cent.

- * Service tax to be imposed on paid television broadcasting services.
- * Strengthening the revenue collection system by increasing enforcement and audit as well as coverage on all parties that should be paying taxes.
- * Restructuring and strengthening of education and training with the sum of RM29.3 billion allocated for Education Ministry, RM10.2 billion (Higher Education Ministry) and RM627 million (Human Resource Ministry).
- * Establishment of Talent Corporation under the Prime Minister's Office in early 2011 to develop an expert workforce database as well as collaborate closely with talent networks globally.
- * RM212 billion is proposed for the 2011 Budget which is 2.8 per cent higher than the allocation for 2010.
- * Of this, RM162.8 billion is for Operating Expenditure and RM49.2 billion for Development Expenditure.
- * Under the Operating Expenditure, RM45.6 billion is allocated for Emoluments, RM28.2 billion for Supplies and Services, RM86.4 billion is allocated to Fixed Charges and Grants.
- * RM1.4 billion for the Purchase of Assets while RM1.2 billion for Other Expenditures.
- * As for Development Expenditure, RM28.3 billion is allocated to the economic sector for infrastructure, industrial, agricultural and rural development.
- * RM15.5 billion allocated to the social sector, including education and training, health, welfare, housing and community development.
- * RM4.4 billion for development of the Security Sector, RM955 million for General Administration and RM2 billion Contingencies.
- * Federal Government revenue collection is estimated to increase 2.3 per cent to RM165.8 billion in 2011 compared with RM162.1 billion in 2010.
- * The Federal Government deficit for 2011 is expected to further decline to 5.4 per cent of GDP, compared with 5.6 per cent in 2010.

Following are Budget 2011 Business Highlights:

- * Government revises growth rate for 2010 to seven per cent from six per cent previously.
- * Income per capita to increase 6.1 per cent to RM28,000.
- * Private investment to expand 12.5 per cent to RM86 billion.
- * Twelve National Key Economic Areas (NKEAs) to generate over RM1.3 trillion in investment and create 3.3 million job opportunities.
- * Government to provide allocation as a tipping point for infrastructure support to ensure viability of private sector-led projects.

*Several public-private partnership (PPP) projects under the 10MP to be implemented in 2011 via a RM12.5 billion private investment.

* The Academic Medical Centre, a joint-venture between Academic Medical Centre Sdn Bhd and John Hopkins Medical International as well as Royal College of Surgeons, Ireland, is another identified PPP project with RM2 billion private investment.

* Government to consider special incentive packages to attract investors to the Kuala Lumpur International Financial District (KLIFD).

* The Mass Rapid Transit project will be implemented beginning 2011 with private investment of RM40 billion and to complete by 2020.

* The Employees Provident Fund to undertake mixed development at the identified Malaysian Rubber Board land in Sungai Buloh with an estimated cost of RM10 billion, to be completed by 2025.

* To support financial liberalisation policy, the government will implement bold measures to revitalise the domestic capital market particularly diversifying investment products, liberalising equity holding requirements and investment limits, providing attractive incentives as well as enhancing cooperation with foreign bourses.

* Government-Linked Investment Companies (GLIC) to divest shareholdings in major companies listed on Bursa Malaysia and are allowed to increase investment in overseas markets.

* Bursa Malaysia to launch Sukuk and conventional bonds to meet retail investors' demand for fixed income instruments.

* Securities Commission to offer three new stockbroking licences to eligible local, foreign or joint-venture companies.

* Bursa Malaysia to develop an international board to enable foreign securities to be listed including syariah-compliant products.

* Tax deduction on expenses for the issuance of Islamic securities which adopt the principles of Murabahah and Bai' Bithaman Ajil based on tawarru.

* Double tax deduction on takaful contributions for export credit.

* Malaysian Technology Development Corporation (MTDC) to provide a start-up fund of RM100 million to provide soft loans which allow loan repayments only after the companies generate income.

* Bumiputera Property Trust Foundation (BPTF) to launch a syariah-compliant Bumiputera Property Trust Scheme of RM1 billion.

* Private pension fund to be launched in 2011 to benefit private sector employees and the self-employed. Existing income tax relief of up to RM6,000 for employees' contributions to the EPF will be extended to the contributions made to the Private Pension Fund, including the self-employed. Employers will also be given tax deduction on contributions made on behalf of their employees.

- * A sum of RM857 million allocated for local companies to invest in high value-added activities, particularly in Penang and the Kulim High-Tech Park in Kedah.
- * Government allocates RM146 million to support oil, gas and energy industry. Among projects to be implemented include the establishment of the Oil Field Services and Equipment Centre in Johor with private investment of RM6 billion over a period of 10 years.
- * Petronas will implement a regasification project with an investment of RM3 billion in Melaka and will be operational in 2012.
- * Pioneer Status and Investment Tax Allowance for the generation of energy from renewable sources and energy efficiency activities to be extended until Dec 31, 2015.
- * Import duty and sales tax exemption on equipment for the generation of energy from renewable sources and energy efficiency to be extended until Dec 31, 2012.
- * Tax exemption on the income derived from trading of Certified Emission Reductions certificate to be extended until year of assessment 2012.
- * Import duty and excise duty exemption duty to franchise holders of hybrid cars will be extended until Dec 31, 2011 with excise duty to be given full exemption. This incentive is also extended to electric cars as well as hybrid and electric motorcycles.
- * Government will implement the Feed in Tariff (FiT) mechanism under the Renewable Energy (RE) Act to allow electricity generated from RE by individuals and independent providers to be sold to electricity utility companies.
- * Government will extend the investment allowance period for the last mile broadband service providers. In addition, import duty and sales tax exemption on broadband equipment are also extended for two years until 2012.
- * A sum of RM91 million is allocated for capacity building in the maintenance, repair and overhaul (MRO) services industry, aerospace and aeronautical engineering training programmes as well as promotion of business outsourcing services.
- * Government allocates RM850 million for infrastructure support for corridor and regional development. Iskandar Malaysia (RM339 million), Northern Corridor Economic Region (RM133 million), East Coast Economic Region (RM178 million), Sarawak Corridor of Renewable Energy (RM93 million), Sabah Development Corridor (RM110 million).
- * A sum of RM411 million is allocated for the research, development and commercialisation activities.
- * A sum of RM71 million is allocated for Special Innovation Unit (UNIK).
- * The new Insolvency Act will consolidate the Bankruptcy Act 1967 and Part 10 of the Companies Act 1965, including introduction of provision relating to relief mechanism for companies and individuals with financial problems. The review will also involve amending the current minimum bankruptcy limit of RM30,000.
- * A sum of RM200 million is allocated to purchase creative products such as high quality locally-produced films, dramas and documentaries.

* Allocation of RM212 billion for Budget 2011 of which RM162.8 billion is for operating expenditure and RM49.2 billion for development expenditure.

* Federal Government revenue collection to increase 2.3 per cent to RM165.8 billion in 2011 and its deficit to decline to 5.4 per cent of GDP compared with 5.6 per cent in 2010. -
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