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Business matter: Najib, International Trade and Industry Ministry secretary-general Datuk Dr Rebecca Fatima Sta Maria (centre) and SME Corp Malaysia CEO Datuk Hafsa Hashim arriving for the National SME Development Council meeting in Putrajaya.



Better incentive package for SMEs

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Govt to give extra perks to boost sector

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PUTRAJAYA: A better incentive package for small and medium enterprises (SMEs) is expected to be offered next year to further boost the sector.

It will be a performance-based package but with enhanced incentives in addition to those already available for SMEs.

Prime Minister Datuk Seri Najib Tun Razak said among the proposed incentives were tax exemption and rebates for transportation costs.

He said SME players were already enjoying certain incentives and the Government was only enhancing these.

"The proposal is for a tax exemption on taxable income for the first

five years of operation and annual rebates on transportation expenses.

"There is also a proposal for an annual rebate on interest rate on bank loans or subsidised interest rate," he told reporters after the 18th National SME Development Council here yesterday.

"It is still being fine-tuned as we need to define more specific terms and consider many other issues," he said.

Najib pointed out that the SME growth of 13.6% last year continued to outpace the overall economy, resulting in its share of total gross domestic product (GDP) rising to 35.9%.

Describing the growth as phenomenal, he said it was achieved due to the ever strengthening domestic demand.

"Another contributing factor is

the additional 8,000 firms in the sector following the new definition of SMEs.

"This is however a one-off factor and after this, we expect SMEs to grow by between 6% and 7%, slightly above the GDP in line with trends in the global and Malaysian economy," he said.

Najib said he also wanted to see more SMEs become export-oriented - which currently made up of 17% of total SMEs - to 23% by 2020.

He added that there was also a lack of understanding among SMEs on the significance of the Asean Economic Community (AEC).

"A survey has shown that 62% of respondents do not understand the role of AEC. This shows that we need to disseminate more information on how they can leverage on the creation of the AEC," he said.