

**Wide-Ranging Perks To Strengthen Domestic Economy In 2012 Budget**  
**Bernama**  
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KUALA LUMPUR, Oct 7 (Bernama) -- Prime Minister Datuk Seri Najib Tun Razak today unveiled the 2012 Budget, providing a gamut of incentives to further strengthen the domestic economy, a RM6 billion special stimulus package, perks to attract investments and boost the Islamic sukuk market, banking, finance and hospitality industries, as well as much-awaited support for small-and medium- scale enterprises.

Najib, who is also Finance Minister, also announced that Felda Global Ventures Holdings will be listed by mid-next year to raise funds for the land development agency to emerge as a global conglomerate as well as income tax exemptions to accelerate development of the Kuala Lumpur International Financial District (KLIFD).

"The listing will create another blue chip plantation company besides attracting international investors to Bursa Malaysia," he said when tabling 2012 Budget in Parliament today.

In clearly keeping the wheels well-oiled in Malaysia's economic transformation process, Najib said 17 services sub-sectors will be liberalised besides an allocation of RM2.5 billion under the public-private partnership (PPP) facilitation fund with RM300 million for Bumiputera entrepreneurs.

To accelerate development of the five regional corridors, the government will allocate RM978 million including an agropolitan scheme in Besut, Terengganu, and a palm oil industrial cluster project in Lahad Datu, Sabah, and Samalaju water supply project in Sarawak.

In efforts to woo multinational corporations and establish treasury management services, the government has proposed an income tax exemption of 70 per cent for five years, withholding tax exemption on interest payments on borrowings and stamp duty exemption on loans and service agreements.

Najib said the 2012 Budget will cost RM232.8 billion, of which RM181.6 billion is for operating expenditure and RM51.2 billion for development.

Of the development expenditure, RM29.8 billion is provided for the economic sector to support infrastructure needs, industry, agriculture and rural development.

As for the KLIFD, Najib proposed a 100 per cent income tax exemption for 10 years and stamp duty exemption on loans and service agreements for KLIFD-status companies, an industrial building allowance and accelerated capital allowance for KLIFD marquee-status companies and income tax exemption of 70 per cent for five years for property developers in the district.

Turning to sukuk (Islamic bond) market, which has emerged as a feather in the cap for Malaysia's Islamic finance, the Prime Minister said a tax deduction on expenses incurred for "sukuk wakala" will be given for a three-year period from 2012 to encourage more sukuk issuances.

"The income tax exemption given for non-ringgit sukuk issuance and transaction is

extended for another three years until the year of assessment 2014," he said.

He also said the I-VCAP, a subsidiary of Valuecap Sdn Bhd, will provide RM200 million as seed money for shariah-compliant exchange traded funds (ETF) which will see the fund provide a matching loan subject to a maximum of RM20 million.

The prime minister also said the full exemption of import and excise duties on hybrid and electric cars given to franchise holders will be extended to end-2013.

Realising the importance of small and medium enterprises to the country's economy, Najib said a RM2 billion shariah-compliant SME Financing Fund will be established next year, which will be managed by selected Islamic banks.

The government will finance two per cent of the profit rate.

To prevent entrepreneurs succumb to failure due to economic recession and higher costs, he said the government will provide RM100 million for the SME Revitalisation Fund.

In addition, he said, the government will also establish a RM10 million SME Emergency Fund to help them affected by natural disasters so that they can recover and restart their businesses quickly.

Najib said the franchise fees borne by local franchisees will be allowed tax deduction in efforts to develop the local franchise industry and Malaysian brands.

He said Pulau Langkawi will be redeveloped with the Langkawi Five Year Tourism Development Master Plan to be launched with an allocation of RM420 million to be used to restructure the Langkawi Development Authority, set up a park rangers unit, upgrade museums, beaches and small businesses as well as provide a more efficient transportation system.

Hotel operators in Peninsular Malaysia investing in new four and five-star hotels will be given pioneer status with 70 per cent income tax exemption or 60 per cent investment tax allowance for five years.

In efforts not to jeopardise the ability of low-and middle-income groups to buy houses, Najib said the real property gains tax (RPGT) will be reviewed, whereby for properties held and disposed within two years, the RPGT rate is 10 per cent and five per cent for properties held for more than two years and up to five years.

"I am confident the revised RPGT rates are low and will not affect genuine property owners and will curb speculative activities," he said.

He also announced a RM100 million allocation for creativity and innovation of which RM30 million will be used to establish the Market Validation Fund to be managed by the Malaysian Technology Development Corporation together with the Malaysia Innovation Agency.

The Prime Minister said a Gross National Income of more than RM30 billion will be generated by 2020 from commercialisation of some 300 intellectual properties in the form of new products and technology from universities by the private sector.

To enable SMEs to commercialise research products, the government will establish a shariah-compliant Commercialisation Innovation Fund totalling RM500 million with an

attractive profit margin.

"Effective 2012, this fund will be available at selected Islamic banks with the government financing two per cent of the profit rate", he said.

Bank Simpanan Nasional (BSN) will provide RM100 million for soft loans with four per cent interest including stamp duty exemption to encourage professionals such as lawyers, doctors and accountants to set up firms in small towns as part of the government's Rural Transformation Programme, he said.

Besides this, he said, the Rubber Industry Smallholders' Development Authority (Risda) will implement new planting and rubber replanting programmes with an allocation of RM140 million which will benefit 20,000 smallholders.

Najib also said the government will continue to implement rural infrastructure projects with an allocation of RM500 million, which will give opportunities for 29,000 Class "F" contractors.

To ease inflation and enhance the people's well-being, the Prime Minister said RM1.1 billion will be set aside next year for the development of agriculture in Terengganu, Sabah and Sarawak.

A RM300 million allocation will be provided to expand the scope of the Commercial Agriculture Fund to include innovative agriculture projects, a move which will increase the number and income of agropreneurs.

Other measures to ease rising costs and prices and lighten the people's burden include increasing the number of Kedai Rakyat 1Malaysia (KR1M) nationwide next year, offering 250 types of 1Malaysia products which are up to 40 per cent cheaper than other goods in the market.

The government plans to open 85 KR1M units next year with an allocation of RM40 million.

He said 1Malaysia People's Housing (PR1MA), the sole agency to develop and maintain affordable and quality houses, will develop several plots of government-owned land around Sungai Besi and Sungai Buloh, while identifying areas in the vicinity of mass rapid transit (MRT) and light rail transit (LRT) areas.

He said next year, 7,700 houses will be built in Cyberjaya, Putra Heights, Seremban, Damansara and Bukit Raja besides 1,880 houses built in Putrajaya and Bandar Tun Razak this year.

"The government will also provide 100 per cent stamp duty exemption on loan instruments to buy houses," he said.

He said the government will continue its noble efforts of rehabilitating abandoned housing schemes with an allocation of RM63 million to revive 1,270 abandoned houses besides RM40 million apportioned for restoration and maintenance of public and private low-cost housing.

To increase home ownership, Employees Provident Fund (EPF) withdrawals for house purchases will be extended to expatriate working in Malaysia, he said.

Permodalan Nasional Bhd together with selected financial institutions will implement Skim

Amanah Rakyat 1Malaysia or SARA 1Malaysia for households with income below RM3,000 a month to increase their disposable income and encourage savings.

This is expected to benefit 100,000 households, the prime minister said.

To develop the Bumiputera community, he said, the government will allocate RM200 million for the development of Bumiputera entrepreneurs and contractors to the Rural and Regional Development Ministry.

Najib said the government will set aside RM10 million for training programmes to encourage female professionals to return to work.

He also said RM2.1 billion will be made available for micro financing to entrepreneurs, particularly women, and of this, RM100 million each will be provided for Malaysian Indian and Chinese entrepreneurs through a special unit under Amanah Ikhtiar Malaysia (AIM).

The government has also established MyCreative Venture Capital with an initial RM200 million fund to encourage creative ideas among Malaysians.

"We need to ask, with the stringent financial structure, will the ideas of people like Bill Gates, the late Steve Jobs, Michael Dell, the Wright brothers, Thomas Edison, be successful.

"Ideas worth billions of ringgit may have been wasted," he said in announcing the fund which will remove constraints to financing creative ideas.

The federal government's total revenue next year is expected to increase by 1.9 per cent to RM186.9 billion from RM183.4 billion this year, while the government's deficit in 2012 is set to improve to 4.7 per cent of the gross domestic product from 5.4 per cent this year.

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