

Address areas of concern, PIKOM urges government

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KUALA LUMPUR, Aug 7 (Bernama) – The National ICT Association of Malaysia (PIKOM) is appealing to the government to urgently address areas of concern that could have a long-term impact on the growth of Malaysia’s ICT industry.

PIKOM in a statement said as the new government took stewardship of the country, emphasis and time should be accorded to implement initiatives for the growth of the information and communication technology (ICT) industry, as well as to offer various benefits for other industry sectors.

The association sees it as a timely appeal with positive implications and practical solutions to ensure the least disruption to ongoing business operations.

Its chairman, Ganesh Kumar Bangah said: “As the voice of the ICT Industry, PIKOM is seeking clarity on these concerns for the benefit of the association’s 1,000 plus members who contribute 80 per cent to the industry’s revenue, which in turn, makes up about 19 per cent of gross domestic product (GDP) of the country.

“The ICT industry is also one of the fastest growing industries in Malaysia. During his previous tenure as prime minister, Tun Dr Mahathir Mohamad emphasised the importance of technology for the growth of the country, through initiatives such as the Multimedia Super Corridor.

“PIKOM would like to see this emphasis continuing in the new administration. In particular, we would like to see the exemption of the Sales and Services Tax (SST) for ICT products, tax-free status for MSC Malaysia-status companies and implementation of the venture

capital incentives as announced earlier.”

The three areas of concern:

1. The reintroduction of SST is creating a sense of anxiety in the industry as businesses prepare to migrate to the new tax regime. Prior to the introduction of GST on April 1, 2015, majority of the ICT products including personal computers, printers, peripherals, projectors and related multimedia products were exempted from SST. Providing Malaysians access to affordable ICT devices is imperative to building a digital economy in the country and for the industry to be competitive in the ASEAN region. PIKOM calls on the government to include all ICT products and services in the list of products exempted from SST due to take effect on Sept 1, 2018.

2. The suspension of the MSC Malaysia status application and the resulting changes expected in the Bill of Guarantees (BoGs) is also a cause for concern. The BoGs are defined as a set of incentives, rights and privileges that reflect the government’s commitment to providing an environment that is conducive to the development of these companies and the digital economy. As the BoGs were developed to attract investments in the ICT sector, prolonged suspension of the application for MSC Malaysia status will create a business climate of uncertainty among investors. PIKOM is seeking clarity on this matter as the continuing growth of the ICT industry depends on a conducive investment-friendly environment in the country.

3. The status on the slew of incentives announced in the 2018 Budget to encourage venture capital activities, has yet to be confirmed. The need for intervention and incentives for investments in early-stage and growth-stage businesses are imperative for the development of start-ups, to ensure these companies thrive to the fullest potential. PIKOM organised its inaugural SEA Dragon Venture Platform in May this year for the reason to match investors to start-ups with the expectations that there will be strong support from the government.

PIKOM hopes the government will address these concerns as soon as possible, to put to rest the uncertainties PIKOM members and the ICT industry, in general, are facing in moving their businesses forward.

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