

# Budget 2010 wish list

## Firms urge Government to give tax incentives for R&D or other innovation initiatives

By **RISEN JAYASEELAN**  
risen@thestar.com.my

**T**HESE days, companies no longer wish for an outright reduction in taxes, knowing very well that Malaysia already has an attractive tax regime.

Furthermore, general reduction in corporate and individual taxes depletes government coffers with nothing significant coming out of it. Instead, tax incentives should be provided to companies that embark on research and development or other innovation initiatives to help them provide more sophisticated products and services.

"This would be in line with the government's call for companies to move higher up the value chain and away from basic manufacturing," an industry player tells *StarBizWeek*. On a more basic level, the Government is urged to help reduce red tape.

Says the head of a small and medium sized manufacturing firm, "There are too many licences for us to apply for and to keep renewing. It takes up a lot of resources."

Property and construction players want to see Budget 2010 offering more incentives to market Malaysia as a property investment destination. While the setting up of the Malaysia Property Inc (MPI) is a good idea, it could do with more funding in order to compete with the more aggressive marketing campaigns of countries like Singapore.

Prevedran Singhe, chief executive of ZerIn Properties, says not

many foreigners know that they can buy landed properties in Malaysia, something which they can't do in Singapore and yet the latter, as a property investment destination, seems to be better known internationally.

Lai Voon Hon, executive director of construction outfit Ireka Corp Bhd, wants to see Budget 2010 provide incentives for boosting the country's tourism through soft loans to build more hotels and to upgrade existing ones.

Oil and gas companies operating in Malaysia are hoping that the budget will provide them with more clarity on the Government's policy with regard to subsidies on gas prices supplied by Petronas.

"Petronas has asked for a review of gas prices, which is an important feedstock to many of us. If prices are going to be increased, it is going to impact our capital structure and our future investment plans. More clarity on this would be welcomed," says an oil and gas executive.

While the move towards making Malaysia an outsourcing hub has been relatively successful, thanks to the attractive financial incentives already in place, an important element that needs to be beefed up is enhancing the workforce.

"We need to see better quality IT and accounting graduates, for example, coming out of universities here. Perhaps universities here should be incentivised to conduct more courses that would produce high quality graduates that outsourcing companies need," he says.

### Who's wishing what for Budget 2010

Who	Sector	Wish	Who will benefit
CEO of a small and medium sized manufacturer	Manufacturing	* Reduction in the number of licenses for manufacturers. * Reduction in red tape when dealing with government agencies.	Not only manufacturers but all enterprises in the country.
Prevedran Singhe, chief executive, ZerIn Properties	Real Estate	* To provide additional resources for Malaysia Property Inc (MPI) in order to be better equipped to sell Malaysia as a property investment to the international market.	Property developers, agents and owners.
Lai Voon Hon, executive director, Ireka Corporation Bhd	Construction	 <ul style="list-style-type: none"> <li>* Enhancing and modernising the country's infrastructure such as power, telecommunication and transportation.</li> <li>* Allocation to improve Malaysia's tourism products through soft loans and incentives to build more new resort hotels and to upgrade existing ones. This will enhance Malaysia as a major tourist destination.</li> <li>* Allocation to promote the 'Malaysia My Second Home' campaign and should not only cover marketing expenses but also enhancing the relevant authorities' delivery system including recruiting of investor relations managers and 'ambassadors'.</li> </ul>	Construction industry and the more than 100 related trades and businesses. Tourism and construction industries.  Tourism and real estate industries.
CEO of an oil and gas company	Oil and gas	* More clarity on policy direction with regard to subsidies on gas prices supplied by Petronas. (Gas is an important feedstock for many oil & gas related operations in the country)	Oil and gas and other industries which use gas as their feedstock.
Head of outsourcing division in an MNC	Outsourcing	* Incentives to universities in Malaysia to produce high quality IT and accountant graduates in order to meet the goal of Malaysia becoming an outsourcing hub.	MNCs and outsourcing companies
Owner of a technology-based company	Technology	 <ul style="list-style-type: none"> <li>* Tax incentives for large corporations that embark on research &amp; development and other technology and innovation based projects. (Rather than a general tax rate reduction, which will reduce government earnings substantially, there should be a model where companies that embark on R&amp;D specific to their business would be entitled to this incentive, helping them move higher up the value chain and thus being less susceptible to economic downturns.)</li> </ul>	The entire corporate sector