

2009 Budget Highlights

Introduction

The 2009 Budget was announced on 29th August 2008 by our honourable Prime Minister cum Minister of Finance; the announcement came 2 days before Malaysia celebrates its 51st Independence Day.

“A Caring Government”, the theme of 2009 Budget, demonstrates persistent efforts of the Government to continuously improve the well-being of the *rakyat*. Besides proposing a wide range of measures to reduce the impact of higher cost of living, 2009 Budget also strategise to strengthen the nation’s economic resilience with a view to mitigate the adverse impact of the increasingly challenging external environment. Eradicating poverty, increasing disposable income and enhancing the welfare of employees remain the focus of the 2009 Budget.

Expanding the scope of tax exempt benefits-in-kind, perquisites and allowances truly reflects the sensitivity of the Government towards the concerns of the *rakyat*. Reduction in individual income tax rates is long-awaited by many and provides some relief for individual taxpayers.

Although 2009 Budget is said to be a people’s budget, there are a number of goodies for companies to take away. The rate of current year losses allowed to be set-off in group relief treatment is increased to 70% from 50%. This means a loss-making company in a group will be able to surrender more of its tax losses to offset the taxable income of its related companies. Availability of Accelerated Capital Allowances on certain capital expenditure enhances the cash flow of companies, SME in particular.

Redefining the meaning of “manufacturing” coupled with imposing stricter conditions for claiming of Reinvestment Allowance draw much attention of the industrial players as well as tax practitioners.

Establishment of specific provisions to address transfer pricing and thin capitalisation issues as well as introduction of Advance Pricing Arrangement are welcoming moves to enhance the transparency of the tax system.

With the responsive Government and its sensitivity towards the change of the global market, we believe 2009 Budget will stimulate economic growth and enhance Malaysia’s position in the global market.

We have summarised the key amendments outlined in the 2009 Budget into the following broad categories:-

- A. Income Tax – Changes Affecting Individuals
- B. Income Tax – Changes Affecting Companies and Unincorporated Businesses
- C. Investment Incentives
- D. Stamp Duty
- E. Indirect Taxes
- F. Others

Note:-

The summary below serves as a quick guide for general information. Should further information, clarification or advice be required on any of the proposed changes contained therein, please feel free to contact our tax team at +603 7710 8288/89 or email to us at admin@adventconsulting.com.my.

A. Income Tax – Changes Affecting Individuals

1. Increase in Tax Rebate

- Rebate for chargeable income not exceeding RM35,000 be increased from RM350 to RM400 a year. Further rebate of RM400 (increased from RM350) be given if the taxpayer's spouse has no income or elects for combined assessment
- Effective from year of assessment ["YA"] 2009

2. Extending the Scope of Tax Residence Status

- Citizen of Malaysia, who is employed in public services or service of a statutory authority and is not in Malaysia at any day in the basis year for that particular YA due to exercising employment outside Malaysia or attending course of study in an institution or professional body outside Malaysia which is fully sponsored by the employer, is deemed to be a tax resident for the basis year for that YA and for any subsequent basis years when he is not in Malaysia
- Non-resident citizen relief (Section 130) be abolished
- Effective from YA 2009

3. New Tax Treatment on Bonus and Directors' Fees

- Bonus and directors' fees will be treated as gross income and be taxed in the year of receipt as opposed to the year where the said income is receivable
- Effective from YA 2009

4. Determination of Value of Living Accommodation

- Gross income in respect of any right to acquire shares in a company (i.e. employee share option scheme ["ESOS"]) be excluded from the gross income under Section 13(1)(a) for the purpose of determining the assessable value of the accommodation provided, where 30% portion of the gross income under Section 13(1)(a) is compared against the defined value
- Effective from YA 2009

5. Reduction in Individual Tax Rates

- Tax rate of resident individual on chargeable income between RM35,001 to RM50,000 be reduced from 13% to 12%
- Tax rate of resident individual on chargeable income exceeding RM250,000 be reduced from 28% to 27%
- Non-resident individual tax rate be reduced from 28% to 27%
- Effective from YA 2009

6. Tax Exemption on Service Awards

- Tax exemption on perquisite consisting of long service, past achievement or service excellence awards received by an employee be increased from RM1,000 to RM2,000
- The above exemption be extended to all awards relating to innovation or productivity
- Effective from YA 2008

7. Tax Treatment on Allowances, Benefits-In-Kind and Perquisites

- Tax exemption will be given to the following allowances, benefits-in-kind and perquisites:-
 - o Petrol card, petrol allowance or travel allowance between home and work place up to RM2,400 a year
 - o Petrol card, petrol allowance or travel allowance and toll card for official duties up to RM6,000 a year *[Note: Where the allowance is more than RM6,000, the individual taxpayer must keep all records (such as log book, travelling schedule) if he wishes to claim for tax deduction in excess of RM6,000. Otherwise, the claim is restricted to RM6,000]*
 - o Parking fees or allowance
 - o Meal allowance
 - o Childcare subsidies or allowance up to RM2,400 a year

- o Telephone and mobile phone, telephone bills, pager, personal data assistant ["PDA"] and internet subscription
- o Employers' own goods provided free of charge or at a discount provided that the value of the discount does not exceed RM1,000 a year
- o Employers' own services provided free of charge or at a discount where such benefits are not transferable
- o Subsidy on interest for existing or new loans for housing, passenger motor vehicles and education up to RM300,000
- o The scope of medical benefits exempted from tax be extended to maternity and traditional medicines such as ayurvedic and acupuncture
- However, the above exemptions are not applicable to directors of controlled companies, sole proprietors and partnerships
- Effective from YA 2008 except for petrol card, petrol allowance or travel allowance between home and work place which is effective from YA 2008 to YA 2010 only

8. Tax Exemption on Interest Income

- 100% tax exemption on interest income received by individuals from money deposited in all approved institutions
- Effective from 30th August 2008

9. Self Amendment of Tax Return for Additional Assessment

- Please refer to B7 below

10. Appeal to SCIT on Non-Taxable Case

- Please refer to B8 below

11. Recovery from Persons Leaving Malaysia

- Please refer to B9 below

12. Withholding Tax on Distribution from REIT

- Please refer to B12 below

B. Income Tax – Changes Affecting Companies and Unincorporated Businesses

1. Extending the Scope of Tax Deduction on Charity or Community Projects

- Tax deduction on charity or community projects to be extended to include projects in relation to enhancement of income of the poor as well as conservation or preservation of the environment
- Effective from YA 2009

2. Increasing the Limit for Tax Deduction on Contributions

- The limit for tax deduction on approved contributions (e.g. approved donations) made by companies be increased from 7% to 10% of aggregate income of the companies [excluding companies under the Petroleum (Income Tax) Act 1967]
- Effective from YA 2009

3. Enhancing Group Relief for Tax Losses

- Current year losses allowed to be set-off in group relief treatment be increased from 50% to 70% of current year losses
- Effective from YA 2009

4. Tax Treatment on Professional Associations

- Professional associations be incorporated in the definition of trade associations and be given the same income tax treatment as trade associations
- Effective from YA 2009

5. Tax Treatment on Clubs, Associations or Similar Institutions

- Specific provisions be introduced in the Income Tax Act 1967 on tax treatment on clubs, associations or similar institutions as follows:-
 - o Income derived from transactions with members will not be subject to tax
 - o Income derived from transactions with non-members will be subject to tax
 - o Income from investments and external sources will be subject to tax
 - o Only expenses and capital allowances in relation to taxable income will be tax deductible / allowable
- Effective from YA 2009

6. Exemption of Shipping Profits

- Capital allowance is deemed to have been claimed in arriving at the statutory income of a Malaysian resident shipping company in respect of Malaysian shipping activities even though no claim has been made
- Effective from YA 2009

7. Self Amendment of Tax Return for Additional Assessment

- Self amendment of tax return for additional assessment be allowed subject to the following conditions:-
 - o Original return is submitted within the due date of furnishing tax return
 - o Amendment due to errors resulting in tax or additional tax payable or reduction in tax repayable
 - o Can only be amended once for each YA
 - o Amendment be made within a period of 6 months from the due date of furnishing tax return
 - o Amendment be made in prescribed form
 - o No assessment or additional assessment is issued by the Director General of Inland Revenue Board ["DGIR"] under Section 91 of the Income Tax Act 1967
- The tax or additional tax payable arising from the self amendment will not be subject to penalty for incorrect return under Section 113(2)
- However, self amendment of tax return is subject to the following penalties:-
 - o Cases where the amended return is furnished within 60 days from the due date for furnishing tax return
 - Increased in tax of 10% on the tax or additional tax payable; and
 - Late payment penalty of 5% on the outstanding tax (i.e. tax or additional tax payable plus the increased in tax of 10%) if the said amount is not paid within 60 days from the due date for furnishing tax return
 - o Cases where the amended return is furnished after 60 days but not later than 6 months from the due date for furnishing tax return
 - Increased in tax of 15.5% on the tax or additional tax payable
- Effective from YA 2009

8. Appeal to SCIT on Non-Taxable Case

- The scope of appeal to the Special Commissioners of Income Tax ["SCIT"] be widened by allowing taxpayers with no tax liability (e.g. due to tax loss) to file an appeal to the SCIT on the Notification of Non-Chargeability issued by the DGIR using Form Q
- Effective from 1st January 2009

9. Recovery from Persons Leaving Malaysia

- A “person” may be prevented from leaving Malaysia if the DGIR is of the opinion that the person is about or likely to leave Malaysia without paying all taxes, penalties and debts due from him
- The definition of “person” now includes a director of a company (controlled by him) as defined under Section 75A of the Income Tax Act 1967 and he may be prevented from leaving Malaysia if there are outstanding taxes due from the company he controls
- Effective from the date of coming into operation of Finance Act 2008

10. The Power of DGIR to Remit Increase In Tax

- The DGIR is allowed to remit the whole / part of any increase in tax on withholding taxes on contract payment, interest or royalty, special classes of income, distribution of income of a unit trust, distribution of income of a family fund and other income paid to non-residents
- Effective from the date of coming into operation of Finance Act 2008

11. Withholding Tax on Technical Fees

- Reimbursement relating to hotel accommodation in Malaysia pertaining to technical services rendered in Malaysia paid to non-residents be exempted from withholding tax
- Effective from 1st January 2009

12. Withholding Tax on Distribution from REIT

- The withholding tax rate for income received by foreign institutional investors (e.g. pension funds, collective investment schemes) from Real Estate Investment Trusts [“REIT”] be reduced from 20% to 10%
- The withholding tax rate for income received by non-corporate investors (i.e. individuals and other resident entities) from REIT be reduced from 15% to 10%
- Effective from 1st January 2009 to 31st December 2011

13. Withholding Tax on Other Income for Non-Residents

- Income in respect of gains or profits under Section 4(f) of the Income Tax Act 1967 include commissions, guarantee fees and introducer’s fees
- Payment to non-residents for income under Section 4(f) which is deemed derived from Malaysia by the non-residents be subject to withholding tax at the rate of 10% of the gross income
- Effective from 1st January 2009

14. Implementation of Advance Pricing Arrangement

- Companies who carry out a cross border transaction with an associate person may apply for Advance Pricing Arrangement [“APA”] with the DGIR in order to determine the transfer pricing methodology to be used in any future apportionment or allocation of income or deduction to ensure the arm’s length price
- Application shall be made in the prescribed form
- Transaction with an associate person means a transaction between:-
 - o Persons one of whom has control over the other;
 - o Individuals who are relatives of each other; or
 - o Persons both of whom are controlled by some other person
- Effective from 1st January 2009

15. Implementation of Transfer Pricing Regulations

- A new Section 140A be introduced to the Income Tax Act 1967 to empower DGIR to make adjustments to related party transactions in particular on the matter pertaining to the determination of arm’s length price for goods and services and thin capitalisation for financial assistance

- With the introduction of the specific provision, DGIR may substitute the price in a related party transaction if the transaction was not made at arm's length or disallow a portion of the borrowing costs (e.g. interest expense, finance charges, etc.) arising from financial assistance by related companies which is excessive in relation to the fixed capital (i.e. thin capitalisation)
- The transfer pricing and thin capitalisation rules will be prescribed by the Minister of Finance ["MOF"]
- Related party transaction means a transaction between:-
 - o Persons one of whom has control over the other;
 - o Individuals who are relatives of each other; or
 - o Persons both of whom are controlled by some other person
- Effective from 1st January 2009

16. Redefinition of SME

- A resident company having paid-up capital in respect of ordinary shares of RM2.5 million or less at the beginning of the basis period for a YA will no longer be considered as small and medium enterprise ["SME"] if more than:-
 - o 50% of the paid-up capital in respect of ordinary shares of the company is directly or indirectly owned by a "related company"; or
 - o 50% of the paid-up capital in respect of ordinary shares of the "related company" is directly or indirectly owned by the company; or
 - o 50% of the paid-up capital in respect of ordinary shares of the company and the "related company" is directly or indirectly owned by another company,
 where "related company" means a company which has a paid-up capital in respect of ordinary shares of more than RM2.5 million at the beginning of the basis period for a YA
- Companies that have the relationship with a "related company" mentioned above will no longer be eligible to the following preferential tax treatments accorded to SME and the relevant effective YA of the non-eligibility is stated below:-
 - o Subject to the preferential tax rate of 20% on the first RM500,000 of chargeable income (effective from YA 2009)
 - o Exemption from filing estimated tax payable or make instalment payments in the first 2 YA of operations (effective from YA 2010)
 - o Not subject to the maximum limit of RM10,000 per YA on special allowances for small value assets mentioned in item B19 below (effective from YA 2009)
 - o Accelerated Capital Allowance on capital expenditure incurred in relation to plant and machinery mentioned in item B25 below (effective from YA 2009 to YA 2010)

17. Reduction in Co-Operative Income Tax Rates

- Tax rate of co-operative be reduced from 3% to 2% for chargeable income group exceeding RM20,000 to RM30,000
- Tax rate of co-operative be reduced from 28% to 27% for chargeable income group exceeding RM500,000
- Effective from YA 2009

18. Capital Allowance on the Cost of Services for Installation or Operation of Plant and Machinery

- Installation or operation of plant and machinery expenditure paid to non-resident will only be eligible for capital allowances provided the provision of withholding tax has been complied with
- Effective from the date of coming into operation of the Finance Act 2008

19. Capital Allowance – Special Allowances for Small Value Assets for SME

- SME will not be subject to the maximum limit of RM10,000 per YA on special allowances for small value assets
- Effective from YA 2009

20. Capital Allowance on the Cost of Dismantling and Removing Assets as well as Restoring Sites

- The cost of dismantling and removing asset as well as restoring the site where the asset was located be included in the residual expenditure for the computation of balancing charge and balancing allowance when the asset is disposed of subject to the following conditions:-
 - o Where the obligation to carry out works on dismantling and removing the asset as well as restoring the site is provided for under any written law or agreement;
 - o The person has incurred qualifying plant expenditure in respect of the asset;
 - o Such asset is not allowed to be used by that person in another business or used in the business of another person; and
 - o The person has made good the relevant withholding tax under Section 109B for payments made to non-resident
- Effective from YA 2009

21. Savings and Transitional Provisions during 1st January 2008 to 31st December 2013

- **Form R**
 - o A company is still required to submit the Form R to the DGIR within 7 months following the close of the accounting period showing Section 108 account balance even though:-
 - No dividend is paid during the year
 - Section 108 account balance is already NIL
 - The company has exercised irrevocable option to disregard Section 108 account balance
- **Amount in Excess of Section 108 Balance**
 - o Where the amount of tax discharged, remitted or refunded exceeds the Section 108 balance or the revised Section 108 balance:-
 - The excess shall be a debt due from the company to the Government
 - Such debt shall be due and payable on the last day of the 7th month from the date following the close of the accounting period of the company to which the tax is discharged, remitted or refunded
 - If debt due and payable has not been paid by the due date, the company be subject to penalty of 10% of the unpaid debt
 - o This provision applies even though:-
 - No dividend is paid during the year
 - The company has exercised irrevocable option to disregard Section 108 account balance
- **Set-off for Tax Deducted**
 - o The recipient of franked dividend will not be entitled to Section 110 credit set-off against his tax payable if the franked dividend paid to him is not in the form of cash
- Effective from the date of coming into operation of Finance Act 2008

22. Tax Deduction for Recruitment of Workers

- Recruitment costs (i.e. participation in job fairs, payment to employment agencies and head hunters, etc.) incurred prior to the commencement of business operations be allowable for tax deduction
- Effective from YA 2009

23. Accelerated Capital Allowance for Bus Operators

- Purchase of new buses by bus operators be granted Accelerated Capital Allowance to be claimed within 1 year
- Effective from YA 2009 to YA 2011

24. Accelerated Capital Allowance for ICT Equipment

- Information and communication technology ["ICT"] equipment including computer hardware and software be granted Accelerated Capital Allowance to be claimed within 1 year instead of 2 years
- Effective from YA 2009 to YA 2013

25. Accelerated Capital Allowance for SME

- SME be granted Accelerated Capital Allowance on capital expenditure incurred in relation to plant and machinery to be claimed within 1 year
- Effective from YA 2009 to YA 2010

26. Accelerated Capital Allowance for Security Control Equipment

- Accelerated Capital Allowance on security control equipment to be claimed within 1 year be extended to all business premises
- Effective from YA 2009 to YA 2012

C. Investment Incentives

1. New Tax Incentives to Enhance Training In Selected Fields

- Double deduction be given on expenses incurred by employers where employees take up the following courses as part of their training:-
 - o Post graduate courses in ICT, electronics and life sciences;
 - o Post basic courses in nursing and allied health care; and
 - o Aircraft maintenance engineering courses
- Double deduction claim is allowable with effect from YA 2009 to YA 2012
- Technical training fees paid to non-resident experts pertaining to the training services in the above field will not be subject to withholding tax with effect from 30th August 2008 to 31st December 2012

2. New Tax Incentives for Listing of Foreign Companies and Foreign Products on Bursa Malaysia

- Tax exemption be given on fees received by corporate advisors for primary listing, dual listing or cross listings of the following on Bursa Malaysia:-
 - o corporations with predominantly foreign based operations;
 - o Exchange Traded Funds and REIT with foreign based assets;
 - o foreign listed securities; and
 - o foreign financial instruments
- Condition: the listing must be approved by the Securities Commission ["SC"]
- Effective from YA 2009 to YA 2013

3. New Tax Incentives for Corporate Advisors on the Issuance and Trading of *Sukuk*

- Tax exemption be given on the following income:-
 - o Fees earned by qualified institutions in undertaking activities related to the arranging, underwriting and distributing of non-Ringgit *sukuk* issued in Malaysia and distributed outside Malaysia; and
 - o Profits received by qualified institutions from the trading of non-Ringgit *sukuk* issued in Malaysia
- Condition: the non-Ringgit *sukuk* and institutions must be approved by the SC
- Effective from YA 2009 to YA 2011

4. Enhancing Tax Incentives for Rearing of Chicken and Ducks Using Closed House System

- Chicken and duck rearers who reinvest to expand the closed house system in existing or new locations approved by the Ministry of Agriculture and Agro-Based Industry will be eligible to reinvestment allowance ["RA"] claim for a period of 15 consecutive YA as follows:-
 - o Projects located in promoted areas
 - RA of 60% on qualifying capital expenditure incurred to set off 100% of statutory income
 - o Projects located outside the promoted areas
 - RA of 60% on qualifying capital expenditure incurred to set off 70% of statutory income
- Before the 2009 Budget proposals, the RA claim was only offered to chicken and duck rearers who reinvest to shift from the open house system to the closed house system

- Effective from YA 2009 to YA 2010

5. Enhancing Tax Incentives for Hotels in Sabah and Sarawak

- The following tax incentives currently offered to new investments in one to three-star hotels undertaken by hotel operators in Sabah and Sarawak be extended to new investments in four and five-star hotels:-
 - o Pioneer status with tax exemption of 100% of statutory income for 5 years; or
 - o Investment Tax Allowance of 100% on qualifying capital expenditure incurred within 5 years to set-off against 100% of statutory income
- Effective for applications made to Malaysian Industrial Development Authority ["MIDA"] from 30th August 2008 to 31st December 2013

6. Stimulating the Development of Venture Capital Industry

- Venture capital companies ["VCC"] investing at least 30% of its funds in venture companies in the form of seed capital, start-up or early stage financing be granted tax exemption for 5 years
- Before the 2009 Budget proposals, only VCC investing at least 50% of its funds in venture companies in the form of seed capital financing or 70% of its fund in venture companies in the form of start-up or early stage financing are able to enjoy tax exemption for 10 years
- Effective for applications made to SC from 30th August 2008 to 31st December 2013

7. Review of Reinvestment Allowance Incentive

- Amendments are made to the following conditions for RA claim:-
 - o The term "manufacturing" is now defined
 - o The business of "processing" be excluded from qualifying project
 - o The minimum operational period of at least 12 months before RA can be claimed be extended to 36 months
 - o The withdrawal (i.e. claw back) of RA for assets disposed of within 2 years from the date of acquisition be extended to 5 years
 - o Assets control transferred from related companies will no longer be eligible for RA claim
- Effective from YA 2009 except for the non-eligibility of RA claim for assets control transferred from related companies which is effective from the date of coming into operation of the Finance Act 2008

D. Stamp Duty

1. Introduction of Payment of Stamp Duty through Electronic Medium

- Electronic payment medium be introduced for payment of stamp duty
- A stamp certificate denoting the amount of stamp duty paid is issued electronically for attachment to the instrument
- Effective from 1st January 2009

2. Abolishment of Adjudication Fee

- Adjudication fee of RM10 payable upon submission of an instrument for adjudication be abolished
- Effective from 1st January 2009

3. Review of Stamp Duty on Loan Agreements and Service Agreements

- All loan agreement and service agreement instruments (except for education loans) be subject to *ad valorem* stamp duty rates of RM5.00 for every RM1,000 or part thereof
- Stamp duty rate for education loan agreements is fixed at RM10
- Effective from 1st January 2009

4. Exemption of Stamp Duty on Loan Agreements for Residential Properties

- Loan agreement instruments executed for the purchase of residential properties not exceeding RM250,000 be given 50% stamp duty exemption
- Condition: Individual Malaysian citizens and limited to the purchase of one residential property
- Effective for sale and purchase agreements executed from 30th August 2008 to 31st December 2010

E. Indirect Taxes

1. Exemption of Sales Tax for Bus Operators

- Bus operators be given sales tax exemption on the purchase of locally assembled buses including air-conditioners installed in buses
- Effective for applications made to the MOF from 30th August 2008 to 31st December 2011

2. Exemption of Import Duty and Sales Tax for Companies Acquiring Equipment to Generate Energy from Renewable Sources

- Import duty and sales tax exemption on solar photovoltaic system equipment for the usage by third parties be given to importers including photovoltaic service providers approved by the Energy Commission
- Sales tax exemption be given on the purchase of solar heating system equipment from local manufacturers
- Effective for applications made to the MOF from 30th August 2008 to 31st December 2010

3. Exemption of Import Duty and Sales Tax for Companies Acquiring Energy Conservation Equipment

- Import duty and sales tax exemption on energy efficiency equipment such as high efficiency motors and insulation materials be given to importers including authorised agents approved by the Energy Commission
- Sales tax exemption be given on the purchase of locally manufactured energy efficiency consumer goods such as refrigerators, air conditioners, lightings, fans and televisions
- Effective for applications made to the MOF from 30th August 2008 to 31st December 2010

4. Exemption of Import Duty and Excise Duty for new CBU Hybrid Cars

- Franchise holders of hybrid cars be given 100% exemption of import duty and 50% exemption of excise duty on new completely built-up ["CBU"] hybrid cars
- Conditions:
 - o the hybrid cars should comply with the United Nations' definition [i.e. a vehicle with at least 2 different energy converters and 2 different energy storage systems (gasoline and electric) on-board the vehicle for the purpose of vehicle propulsion];
 - o limited to new CBU hybrid passenger cars with engine capacity below 2000 cc;
 - o engine specification of at least Euro 3 technology;
 - o hybrid cars certified by Road Transport Department, obtaining Vehicle Type Approval and certified to have achieved not less than a 50% increase in the city-fuel economy or not less than a 25% increase in combined city-highway fuel economy relative to a comparable vehicle that is an internal combustion gasoline fuel; and
 - o emission of carbon monoxide of less than 2.3 gram per kilometre
- Effective for applications made to the MOF from 30th August 2008 to 31st December 2010

5. Increase of Excise Duty on Cigarettes

- Excise duty rates on all cigarettes, cigars, cheroots and cigarillos be increased by RM30 per kilo / RM0.03 per stick
- Effective from 4:00 p.m. 29th August 2008

6. Import Liberalisation on Selected Products

- The following import duties be abolished:-
 - o Import duty between 2% and 25% on food products such as ground nuts, sardines and fruit juices;
 - o Import duty between 5% and 50% on electric goods/components such as voice recorders, generators and washing machine components; and
 - o Import duty of 5% and 25% on fertilisers and pesticides
- The import duty between 5% and 20% on food products such as vermicelli, biscuits, mixed fruit juice and sweet corns in air tight containers be fully exempted
- The following import duties be reduced:-
 - o Import duty between 10% and 30% on food products such as coffee paste, tomato sauce and monosodium glutamate be reduced to between 5% and 15%;
 - o Import duty between 15% and 30% on electrical goods such as blenders, rice cookers, microwave ovens and electric kettles be reduced to between 5% and 20%;
 - o Import duty between 10% and 30% on petrochemical and polymer industrial goods such as rubber mats, tubes made of rubber and plastic bottles be reduced to between 5% and 20%;
 - o Import duty of 20% on port cranes be reduced to 5%; and
 - o Import duty between 25% and 60% on textiles such as carpets and glassware be reduced to between 20% and 30%
- The requirement of import licence for the importation of port cranes such as gantry cranes, hydraulic loading cranes, crawler cranes, etc. and heavy machinery such as bulldozers, road rollers, etc. be abolished
- Effective from 4:00 p.m. 29th August 2008

F. Others

1. Reduction in Road Tax

- Road tax imposed on private saloon and non-saloon diesel vehicles owned by individuals and companies be reduced to be equated with that of petrol vehicles
- Road tax imposed on all types of buses, taxis and hired cars be reduced to RM20 a year
- Current road tax treatment on green diesel vehicles which is 50% lower than diesel vehicles in the whole of Malaysia be withdrawn
- Effective from 1st September 2008