

PRESS STATEMENT

PIKOM WELCOMES BUDGET INCENTIVES FOR THE GROWTH OF THE DIGITAL ECONOMY

The National ICT Association of Malaysia (PIKOM) is cautiously optimistic that the measures announced in today's Budget 2019 speech will spur the digital economy.

1. Allocation of more than RM5 billion for the adoption of Industry 4.0

PIKOM looks forward to this allocation for years 2019-2021 to encourage the adoption of the Industry 4.0 for the manufacturing sector. This would benefit many of our members who are already providing solutions in Big Data/IoT, Artificial Intelligence, Cloud Computing and Automation.

2. Matching Grant of RM2 Billion between GLIF (Government-linked Investment Fund) and private sector for high growth tech companies

This will have a catalytic effect on Malaysia's tech funding ecosystem and encourage the expansion of tech companies and to scale their operations globally.

3. An allocation of RM1 billion for the National Fibre Connectivity Plan:

PIKOM applauds the government's proposed plan to offer 30Mbps broadband connectivity outside urban centres within five years under the National Fiberisation and Connectivity Plan as part of its commitment towards the digitalisation of Malaysia's economy. This will have a catalytic effect in the ICT Industry especially spurring the growth of the e-commerce sector in Malaysia.

4. An allocation of RM50 million for the Co-investment Fund for Equity Crowd Funding and Peer-to-Peer (P2P)

This allocation will help start-ups at the seed and Series A funding-level, resulting in the creation of more local tech Intellectual Property (IP).

5. Allocation of RM10 million for e-Sports

PIKOM welcomes the news as the association recognises the growing importance of e-Sports through the formation of our new Special Interest Group on e-Sports in 2019. This is part of our drive to attract the e-gaming community.

6. Customs Department to scrutinise online services

Starting Jan 1, 2019, the government will tax imported services to ensure that local service providers such as architects, graphic designers, software developers can compete more competitively. We urge the government to implement this measure in consultation with the respective industries.

7. Exemption of SST on services for B2B

We understand this exemption is to address the cascading effects of the SST for services in specific sectors but we will require more details. This would certainly lower the cost to businesses which has been a bane for the industry.

8. Reduction of corporate tax by 1%

Any reduction of tax is a welcome move as it will increase business spending which will have a ripple effect on the economy.

PIKOM is however concerned with the following:

9. Lack of incentives for **corporate sector** (beyond manufacturing sector) in ICT and venture capital for increased start up investment and productivity. This includes tax rebates and exemptions.

10. No incentives for **personal relief** to drive consumer spending. For example, personal tax reduction and Employees Provident Fund withdrawal scheme for purchase of devices.

PIKOM CHAIRMAN

Ganesh Kumar Bangah

November 2nd 2018

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About PIKOM

PIKOM, THE NATIONAL ICT ASSOCIATION OF MALAYSIA is the association representing the information and communications technology (ICT) industry in Malaysia. Its membership currently stands at over 1,000 companies involved in a whole spectrum of ICT products and services which commands about 80% of the total ICT trade in Malaysia. PIKOM works to improve the business climate in the interests of all its member companies and to promote industry growth in line with national aspirations. PIKOM's membership is open to all Malaysian companies who supply ICT products and services in the computing and telecommunications industries. However, non-ICT companies are also welcome to join the Association as associate members.

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