CHUR ASSOCIATES
TOPIC
BUDGET 2020
Speaker
Chris Tan
15/10/2019 (Tues)
3:00pm-5:00pm
The CAstle
aka Chur Associates

BELANJAWAN
2020
Lim Guan Eng to
Announce Stuff
#belanjawan2020
#kemakmuranbersama
LIM GUAN ENG

GDP

4.7%: 2019

4.8%: 2020

Inflation Rate: 1.9%

X GST GROW & SHARE TOGETHER **(respect the mandate)**

Budget 2020

RM250Billion Revenue

RM50Billion Borrowing

Total RM300Billion Expenditure

80% OPEX

20% CAPEX

Corporate Tax

SME

17% tax up to RM600k profit (from RM500K)

Allowable Expenses:

Secretarial Fees and Tax filing up to RM15K

Sponsorship of art/cultural/ heritage: RM1million a year

PTPTN: Payment on behalf of employees (extended to 2 years 2020/2021)

Listing costs up to RM1.5million (Bursa/ Ace/ Leap)

Corporate Tax

Tax Deduction:

Deductible Donation (Charity/ Sports/ National Interest/ Religion):

Up to 10% aggregate income

Expanded to include Environment Preservation, Heritage Conservation.

Capital Allowance:

Up to RM2000 in the first year for Small Value Asset

Sectorial/ Activities Driven Tax Incentives

- **Angel Investor:** subject to SC up to 2023
- **VC:** Extended for 4 years, subject to SC up to 2023
- **MICE:** 100% Tax exemption for (at least 500 foreign participants) (2020 to 2025)
- **Green Technology:** Income Tax Exemption and Investment Tax Allowance subject to MIDA (2020/2023)

Sectorial/ Activities Driven Tax Incentives

- **National Dual Training System:** subject to MOHR (2020/2021)
- **REITs:** (2020/2025)
- **Tourism:** (Theme Park/ Sports) Pioneer Status/ Investment Tax Allowance subject to MIDA
- **Industrial Automation** (expanded to cover Service Sector) subject to MIDA (up to 2023)

Sectorial/ Activities Driven Tax Incentives

- **Issuance Sukuk Wakalah:** (up to 2025)
- **Issuance of Sustainable and Responsible Sukuk** (up to 2023)
- **Structured Internship Programme** (up to 2021)
- **Management Fee Income** for Sustainable and Responsible Investment Funds/ Shariah Compliant Fund (up to 2023)

New Tax Incentives

- **IP Income:** 10 years tax exemption; apply to MIDA up to 2022.
- **Locally Assembled Tourism Vehicle**, MoF up to 2021
- **Customized Packaged Investment Incentive** – Fortune 500 and Global Unicorns, as well as Malaysian Exporters.
- **Solar Leasing Activities** (70% Tax Exemption on Statutory Income)
- **Arts, Cultural, Sports and Recreational Activities** (50% income tax exemption, approved by MOTAC and MoY and Sports)

Personal Tax

- **Women returning to work force:** 4 years tax relief, TalentCorp (by 31 Dec 2023)
- **Super Rich Tax:** 28% to 30% for income RM2million per annum
- **Non Resident Tax:** Flat 30%
- Tax Relief to include fertility treatment
- **Tax Relief:** Fees for Childcare and Kindergarten (from RM1000 to RM2000)

Property Tax

- **RPGT** basis changed from 1 January 2000 to 1 January 2013 – for disposal from 12 October 2019 onward
- **Foreign Currency Loan**: Stamp Duty RM500 increase to RM2000 (2020 onward)
- **Stamp Duty Exemption – For Rent to Own Scheme:** Full Stamp Duty for first residential home priced up to RM500,000.00: (1/1/2020 to 31/12/2021)
- From Housing Developer to Financial Institution; and
- from Financial Institution to Homebuyer.

Increased Costs of Business:

1. Eligibility for Overtime: from less than RM2000 to now less than RM4000
2. Minimum wage in major cities: RM1200 effective 2020
3. Digital Service Tax: starting 2020, Netflix, Spotify and Google Adsense etc (2020)
4. Extended Maternity Leave for Private Sector: 60days to 90days (2021)

Budget Commentary

Property

- 600k issues
- RPGT basis (2013 and not 2000)
- RentToOwn (like HP for car) (5 years with option to purchase)
- HOC (21k houses = RM12.44Billion)
- Bank Negara Housing Fund (Approval Rate 77.9%, 983 applications, RM15.6Billion)
- Youth Housing Scheme (BSN 10% Loan Guarantee, RM200 per month)
- Bandar Malaysia/FELDA/Carey Island

FDI

- Fortune 500 and Unicorns
- Special Chinese Channel

- taking side in trade war + belts and roads initiative

Economic Direction

Service Economy

> Entrepreneur Economy

> Digital Economy

- Digital Malaysia
- 5G
- esports
- ewallet

Malaysia@Work

- Graduates@work
- Women@work
- Local@work
- Apprentice@work

Financing

- **FI Merger:** Bank Pembangunan, Dana Jamin, SME Bank & EXIM Bank
- SC to leverage ECF/ P2P to help SME
- **Digital Bank:** Framework H1 2020, 1st Digital Bank by H2 2020

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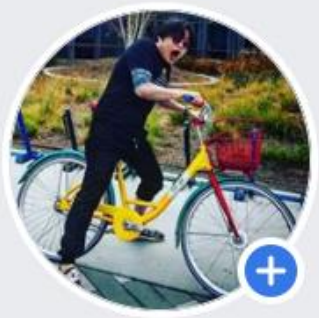

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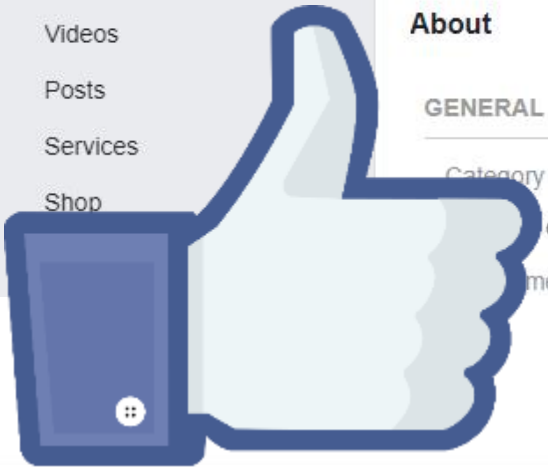

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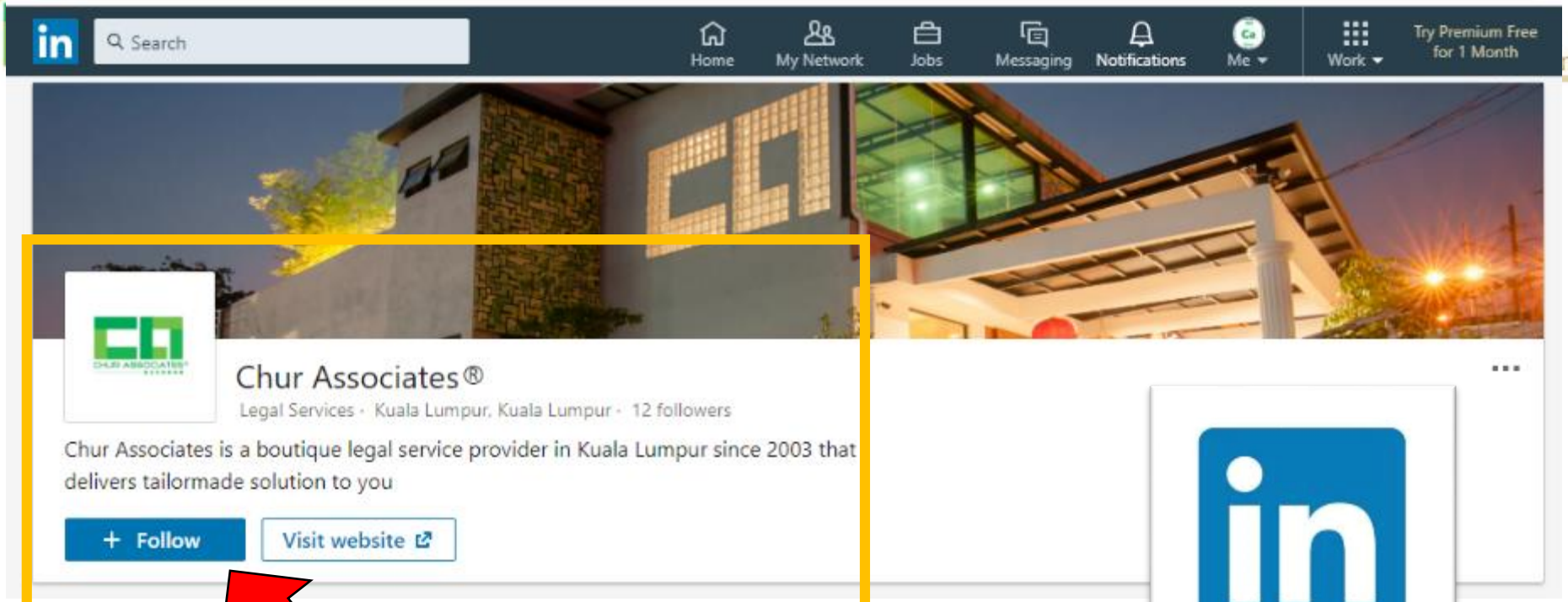
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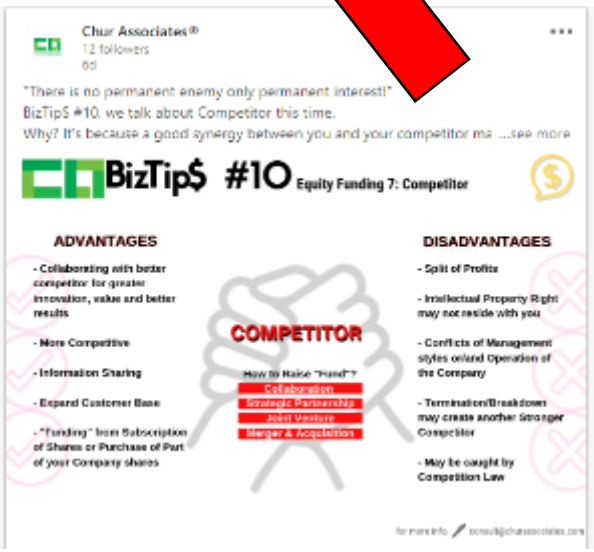
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"There is no permanent enemy only permanent interest!"
BizTip$ #10, we talk about Competitor this time.
Why? It's because a good synergy between you and your competitor ma ...see more
BizTip$ #10 Equity Funding 7: Competitor
ADVANTAGES
- Collaborating with better competitor for greater innovation, value and better results
- More Competitive
- Information Sharing
- Expand Customer Base
- "Funding" from Subscription of Shares or Purchase of Part of your Company shares
COMPETITOR
How to Raise "Fund"?
Collaboration
Strategic Partnership
Joint Venture
Merger & Acquisition
DISADVANTAGES
- Split of Profits
- Intellectual Property Right may not reside with you
- Conflicts of Management styles on/and Operation of the Company
- Termination/Breakdown may create another Stronger Competitor
- May be caught by Competition Law

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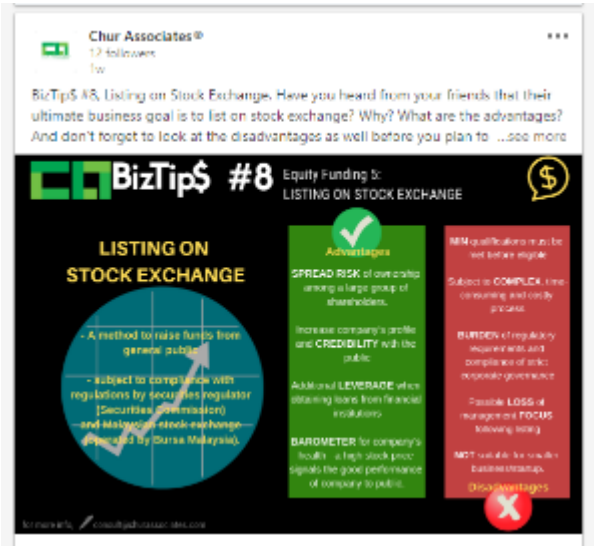
BizTip$ #9, Stakeholders, a method to raise funds through existing shareholders service providers, suppliers, customers and etc. Sounds easier to get the funding because these people know you and the business? Let's study it. ...see more
BizTip$ #9 Equity Funding 6: Stakeholders
DUE DILIGENCE
LONGER REPAYMENT
BUSINESS
DEVELOPED
FUNDS
COMPETITOR
POTENTIAL CONFLICTS
PROPER APPROVAL
STAKEHOLDERS
"A method to raise funds through existing stakeholders such as existing shareholders, service providers, suppliers, customers and etc."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BizTip$ #8, Listing on Stock Exchange. Have you heard from your friends that their ultimate business goal is to list on stock exchange? Why? What are the advantages? And don't forget to look at the disadvantages as well before you plan to ...see more
BizTip$ #8 Equity Funding 5: LISTING ON STOCK EXCHANGE
LISTING ON STOCK EXCHANGE
- A method to raise funds from general public
- subject to compliance with regulations by Securities regulator (Securities Commission) and Malaysian stock exchange (Bursa Malaysia).
Advantages
SPREAD RISK of ownership among a large group of shareholders.
Increase company's profile and CREDIBILITY with the public
Additional LEVERAGE when obtaining loans from financial institutions
BAROMETER for company's health - a high stock price signals the good performance of company to public.
Disadvantages
BURDEN of regulatory requirements and compliance of strict corporate governance
Possible LOSS of management FOCUS following listing
NOT suitable for smaller business/startups

TURNINGGREEN™

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