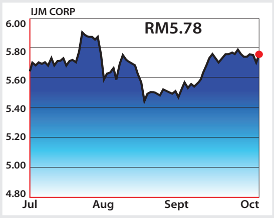
## HotStocks

### Kuantan Port sale positive for IJM



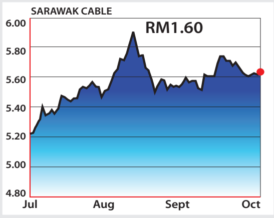

**DIVERSIFIED** group IJM Corp Bhd's shares closed six sen higher at RM5.78 yesterday with 2.799 million shares traded.

BIMB Securities Sdn Bhd has a target price of RM6.27 for the stock better known for its engineering and construction business.

The brokerage said IJM's decision to sell its 40% stake in Kuantan Port Construction Sdn Bhd to Guangxi Beibu International Port Group Ltd from China will impact positively on the company and reduce its gearing level slightly from 0.44 times to 0.4 times. IJM had sold the stake for RM334.4 million

The stock price upside for the moment could be contained by its shareholder, Zelan Bhd, announcing plans to reduce its stake in IJM to settle debts and bank borrowings.

### Cabling projects lift Sarawak Cable




**SARAWAK** Cable Bhd's will have an active order-book after securing RM600 million cabling project from Sarawak Energy Bhd last September.

Its shares gained two sen to close at RM1.60, a 10-day-high, and some 370,00 shares traded yesterday. AmResearch Sdn Bhd has a target price of RM1.94 per share for the cable maker.

The company's wholly owned subsidiary Trenergy Infrastructure Sdn Bhd and joint-venture partner Sinohydro Corp clinched two packages — Mapai-Lachau transmission network (worth RM353 million) and the Lachau-Tondong line (worth RM266 million). Work for both lines started on Oct 1, 2013.

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# GST may debut at 5%, says tax expert

*'6% would be a better number but 5% would be a good introductory level'*

**by PREM KUMAR PANJAMORTHY**

The govt is mulling to provide incentives for SMEs to seek technological expertise's assistance in adopting GST, says Thanneermalai

**THE** Malaysian government is expected to introduce the Goods And Services Tax (GST) at 5%, said Chartered Tax Institute of Malaysia president SM Thanneermalai.

He said in a recent interview that 5% would be the ideal introductory level for GST, as anything below the number will not help the government to widen its tax revenue.

Thanneermalai's opinion differs slightly to the wide expectation from industries and economists of a 4% GST.

"Currently, the sales and service tax provides the government about RM4 billion annually. Even though GST is a more wider tax, it will not make an impact if it is introduced at 4%.

"Six percent would be a better number but 5% would be a good introductory level," said Thanneermalai, who is also a member of the National Tax Review Panel.

He said the government should announce, as widely anticipated, an indication of GST implementation in the upcoming Budget 2014, as the environment is very timely.

"The tax review panel, the logistics and the Inland Revenue Board (IRB) are all ready. It is now on the hands of the government.

"And this time, it is more certain than ever, as the government seriously needs more money. The more they delay, the later would be the implementation of the tax," he stressed.

The GST will replace a sales-and-service tax of between 5% and 10%.

Asked if the small and medium enterprises (SMEs) are ready to adopt the new taxation mechanism, Thanneermalai said there will be definitely issues pertaining the acceptance of a new tax.

However, he said the government is mulling to provide incentives for SMEs to seek technological expertise's assistance, in adopting GST.

A tax deduction or subsidy to acquire GST accounting technology, might also be given to SME to help them to buffer the incurring expenses, during the implementation of GST.

"It is my personal opinion that the IRB should not penalise any SMEs pertaining to GST technological glitches, unless it's a proven fraud," he said.

The Finance Ministry had previously said that the GST will only come into force 14 months after its announcement.

Thus, if announced in the upcoming budget, the new taxation mechanism will only be implemented in 2015, as the 14-month period is needed to enhance technological assistance and linkages to support the new tax system as well as to give grace period for industries and consumers to understand how it is implemented.

The GST was scheduled to be implemented by the government during the third-quarter of 2011, but has not yet been implemented.

Its purpose is to replace the sales and service tax which has been used in the country for several decades and to raise additional revenue to offset its budget deficit and reduce its dependence on revenue from Petroliam Nasional Bhd, Malaysia's state-owned oil company.

The GST Bill was tabled for reading in the Parliament in December 2009 but its second reading, originally planned for March 2010, was postponed.

# Malaysia should look at capital gains tax too

**MALAYSIA** should explore possibilities of introducing new taxation mechanisms, such as the capital gains tax and offshore income gains tax, to widen the country's tax collection base which is at present largely relying on corporate and personal income tax.

PricewaterhouseCoopers Taxation Services senior ED SM Thanneermalai said the much-awaited proposed Goods and Services Tax (GST) is a very positive move by the government to that cause, however it should not be resting on its laurels.

He said the Malaysian government plans for more infrastructure development in years to come which means it will need to fork out more funds from its coffer.

Thus, the government must keep increasing its revenue from tax collection which is only possible through new tax structures, he told *The Malaysian Reserve.*

"Furthermore, Malaysia is territorial in system and we have no capital gains tax. May-be due to that factor, a lot of Malaysians' wealth are lying abroad.

"It doesn't seen to equate. There are so much of wealth outside, the wealth have gone there from Malaysia but the question is whether they have been taxed for that," he said.

Thanneermalai said other than Hong Kong and Singapore, almost all economies in the Asian region have the capital gains tax and offshore income gains tax.

"We have RPGT (Real Property Gains Tax) and only now proposing GST. Don't we need to think about something new before revenue derived from GST gets exhausted?" he pointed out.

Malaysia operates a unitary tax system on a territorial basis, where tax residents of Malaysia, whether corporate or individuals, are taxed on income accruing in or derived from Malaysia or received in Malaysia from outside the country.

However, resident companies (except for those carrying on banking, insurance, sea or air transport operations) and resident individuals are exempted from income tax on foreign-sourced income remitted to Malaysia.

Non-residents are only taxed on income accruing in or derived from Malaysia.

A capital gains tax is a tax on capital gains, the profit realised on the sale of a non-inventory asset that was purchased at a cost amount that was lower than the amount realised on the sale.

The most common capital gains are realised from the sale of stocks, bonds, precious metals and property.

There is no capital gains tax for equities in Malaysia, but was used to have a capital gains tax on real estate but the tax was repealed in April 2007, replaced by RPGT.

Malaysia had also imposed capital gain tax on share options and share purchase plan received by an employee starting year 2007. — *by PREM KUMAR PANJAMORTHY*

## SnapNews

### ▶ Symphony Life sets exercise price of warrants

**SYMPHONY** Life Bhd has fixed the exercise price of its warrants to be issued pursuant to the proposals of a combination of new securities at RM1.10 a warrant. The price represents a premium of approximately 0.92%, based on the five-day weighted average share price up to and including Oct 14, 2013, of RM1.09, the property developer said in an exchange filing yesterday. The multiple issuance includes bonus issue of warrants, issuance of warrants to employee share trust scheme and issuance of warrants to directors.

### ▶ Zhulian net profit up 40% in 3Q

**ZHULIAN** Corp Bhd's net profit rose 40% to RM39.6 million in the third-quarter (3Q) ended Aug 31, 2013, as against RM28.2 million during the same period last year. Overseas sales contributed most of its revenue of RM124 million during the period compared to RM110.4 million in the preceding corresponding quarter. Earnings per share for the quarter was 8.61 sen and the Penang-based fine jewellery maker declared an interim dividend of three sen per share which is payable on Nov 29, 2013, an exchange filing yesterday noted.

### ▶ Low Chee Thean resigns as LNG MD

**LNG** Resources Bhd announced its MD Low Chee Thean resigned from his post due to health reasons on Oct 16, 2013. In a filing to Bursa, LNG said the 54-year-old Low, a co-founder of the company, owns six million shares in the company. The precision engineering and precision plastic injection moulding services is yet to name Low's successor.

### ▶ Atlan net profit down 70% in 2Q

**ATLAN** Holdings Bhd's net profit fell 70% to RM4.6 million in the second-quarter (2Q) ended Aug 31, 2013, compared to RM15.8 million for the same period last year due to poor performance of its core sectors — duty free segment, automotive, property and hospitality businesses. The company announced earnings per share of 1.82 sen, compared to 6.24 sen for the same period under review. Revenue for the period was RM174.3 million compared to RM199 million in the preceding corresponding quarter, its exchange filing yesterday noted.

### ▶ Tan Chong to pay additional tax to Vietnamese authorities

**TAN** Chong Motor Holdings Bhd's 74%-owned Nissan Vietnam Co Ltd (NVL) has been notified by the Vietnamese customs authorities to pay a total of US$16.98 million (RM53.93 million), being additional import duties payable by NVL in respect of the importation of completely knocked down (CKD) parts and kits for the period from 2010 to 2012. In a Bursa filing yesterday, the motor vehicle assembly, marketing and distribution company said that Vietnam customs was of the opinion that it was not entitled to preferential import rate for the importation of CKD parts.

### ▶ SapuraKencana announces demise of its director

**SAPURAKENCANA** Petroleum Bhd announced the demise of its ED Chong Hin Loon. Chong was sitting on the board of Kencana HL Sdn Bhd and several private companies within SapuraKencana Petroleum Group. His direct interest in the company is through 110.8 million shares and indirect interest of 480.2 million shares, an exchange filing yesterday said.

### ▶ APM's Myanmar investment approved

**APM** Automotive Holdings Bhd said the Ministry of National Planning and Economic Development of Myanmar has approved the registration of APM Auto Components Myanmar Co Ltd (APM Myanmar) which will be the company running the manufacturing and marketing of automotive parts and modules in the industrial area of Bago Region, Myanmar. In a Bursa filing yesterday, the automaker said APM Myanmar will have an authorised capital of US$10 million (RM31.76 million) and the minimum required capital, which is internally funded, is US$150,000 of which US$75,000 has been paid up. The manufacturing permit is for a period of 50 years, and extendable for further periods of two terms of 10 years each. The manufacturing plant in Bago, sited on a 30-acre leased land, will make and market automotive parts and modules by the APM Group.

### ▶ Octagon regularisation plan cancelled

**OCTAGON** Consolidated Bhd said regularisation plan involving OGPC Holdings Sdn Bhd and the shareholders of OGPC Sdn Bhd and OGPC O&G Sdn Bhd (OGPC shareholders) have agreed to mutually terminate an agreement that had been entered into on May 14, 2013. In a Bursa filing, the manufacturer and trading of customised industrial paints said that the negotiations between the parties had faced several challenges especially on the revised distribution to the financial lenders and the parties could not conclude on further definitive agreement for the purpose of regularisation plan. OGPC Holdings principal business is the provision of specialised engineering, technical support services and the supply of specialised equipment for the oil and gas (O&G), petrochemical and power industries. Its paid-up capital is RM0.5 million. OGPC O&G is principally involved in the provision of specialised engineering, technical support services and the supply of specialised equipment for the O&G, petrochemical and power industries. Its paid-up capital is RM1 million. OGPC is jointly owned by Azman Karim (52.5%), Abdul Manaf Shariff (17.5%) and Khoo Kok Seng (30%).