

Club Matters



Volume 1 Issue 19

From the treasurer:

Tickie Bottle collection on 8 November 2011

Collection : RM 64.00

Total : RM875.00

Happy Fund : RM 40.00

Total : RM100.00

FROM THE ATTENDANCE CHAIRMAN
FRANCIS LIP :- AS AT 8 November 2011

Membership	57
Excused	5
Effective	52
Present	37
Percentage	71.15%

END

POLIO

NOW

Attendance On 8 November 2011:

Excused:

1. PP Dato Francis Ng
2. PP Dato Dr Singaraveloo
3. PP Chang Teck Mark
4. PP Dato Mokkam Singh
5. PP Dr K N Singh
6. PP Roland Choong
7. PP Lim Kay Hua

Absent:

1. PP Leslie Struys
2. PDG Lim Hock Teck
3. PP Tan beng Sooi
4. PP Kuthubul Zaman Bukhari
5. PP Leong Chee Woh
6. PP Mok Tai Dwan
7. Rtn Cheong Nai Cheong
8. Rtn Kelvin Chua
9. Rtn Dato Teo Shiok Fu
10. Rtn Dr Lee Kim Tiong
11. Rtn Suki
12. Rtn Michael Nordgren

Annual RCJB Trip to Cambodia from 10-17 December 2011

RCJB will visit its sponsored children at Shobana Foundation in Cambodia, RC Phnom Penh and RC Myanmar. Please contact PP Ooi Kao Yang for details

(Rtn Dato Teo Shiok Fu)

Attend weekly club meetings. Enjoy club fellowship. Enrich your professional and personal knowledge. Meet other business leaders in your community. Extend the invitation and grow in strength.....

Congratulations!!

14 - 30 November 2011	Birthday:	Induction Date:	Wedding Anniversary:
Rtn Suki	14		
PE Francis Gopal		14	
Rtn Lee Soo Tong		14	
PP Dr Shan		15	
PP Tony Ong		20	

Secretary's Corner

1. We need about 10 volunteers for the Medical Camp in Kulai and I will be circulating the appeal during our meeting on Tuesday. Please register and we thank you in advance for your kind help.

2. PDG David Tong has agreed to talk to us about the Future Vision Plan on the 13th December. This is part of our Rotary Foundation Month Program.

(Rtn Lee Soo Tong, Secretary)

Economic Scenario - Budget 2012

IPP Dr S Sivamoorthy



IPP Dr Siva gave members of RCJB a rather detailed insight and scrutiny of Budget 2012. Dr Siva is not only the Immediate Past President of the club, but also Immediate Past President of the Malaysian Institute of Taxation (Johor Bahru Branch) and also the National Adviser of the Malaysian Institute of Indian Business Association (apart from the several distinguished credentials that he holds to his credit).

IPP Dr Siva who gives his annual round of talks to rotary clubs on the country's budget for the following year, gave members a review of world economic performance, of key nations, including that of Malaysia's which is predicted at 5.1% in 2012.

The Organization for Economic Co-operation and Development (OECD) has stated that composite lead indicators are signaling deceleration in all major economies. The US has lost its AAA rating, with unemployment rising to 16.5% in August, weak economic growth, problems in the housing sector and consumers cutting back on consumer credit.

In Europe budget cuts are beginning to bite, with monetary conditions tight, rising unemployment and business confidence being battered with the sovereign debt crisis.

In China, economic growth is on the downside with monetary tightening and credit crunch, wages and other costs rising, currency appreciation and the negative impact of slower global demand for its products.

The global demand for Asian exports will also drop, due to the aggravating fall in the prices of commodities, fall in equity markets, increase in capital outflows and a corresponding push down of Asian currencies - relative to the US, inflationary tendencies, political upheaval in the Middle East and North Africa and natural calamities, such as the earth quakes in Japan, floods in Thailand and China; which will cut supply and affect the global supply chain.

IPP Dr Siva then highlighted the critical state of the Malaysian Economy due to several factors such as exports which constituted 107% of the total GDP and which is vulnerable to external shocks; its deficit budget in each of the last 14 years; Federal Government debt at 52% of GDP or RM407 billion in 2010. In 2011, debt service charges is projected to increase by 18.5% to 18.5 billion or 10.3% of the operating expenditure. The population is struggling to meet the rising cost of living due to the 3% inflation and with much of the disposable income going to mortgage payments. To assist certain quarters of the population, the government has pledged financial assistance across the board to lower and middle income groups; starting with half month bonus to civil servants, RM500 to pensioners, a one off payment of RM3000-RM4000 to employees completing their contracts with certain agencies and a one off payment of RM3000 to ex-members of the special constable and auxiliary forces.

Roles of GLCs in Business:

1. ETP & GTP - Government to reduce its involvement in the economic sector. Private investment is projected at RM120 billion in the years from 2010 - 2020 to develop 12 new key economic areas (NKEA).

2. 24 GLCs account for 36% of total market capitalization, which crowds the public sector, creating stress on the government's fiscal position, stifle competition and productivity and drive entrepreneurship to foreign shores (PNB has RM150 billion, while EPF has 300 billion). The lackluster financial performance of GLCs and their mismanagement is disappointing. Key sectors like banking is dominated by GLCs.

Economic Scenario - Budget 2012

IPP Dr S Sivamoorthy



GLCs have been seen to move into the property sector with organizations such as Island & Peninsular, Pelangi, Petaling Garden, E & O and SP Setia.

Corruption is evident in procurement methods and needs serious revitalizing of GLCs through meritocratic recruitment and open tender system. EPF has approved a massive RM55.1 billion to 13 debtors without government guarantee (AG's Report 2010).

The budget focus for 2012 are accelerating investment, generating human capital excellence, creativity and innovation, rural transformation program, strengthening the civil service and easing inflation and enhancing the well-being of the "rakyat."

Budget highlights include the following; for individuals- preferential tax treatment for returning to Malaysia, contribution to a private retirement scheme, exemption of stamp duty and a Real Property Gains Tax.

For companies and unincorporated organizations; double deduction to be given on payments made for use of the services of a contract R & D that fulfills conditions specified by the relevant ministry (MIDA), tax exemption of shipping profits reduced from 100% to 70% of statutory income from Malaysian ships and accessibility to computerized data, which will allow the DGIR to have access to computerized data with password or code.

With this group, the DGIR can now ask from any person for any particulars which may be under his possession and control, within and outside Malaysia. The company is duty bound to furnish details of payment made not later than 31st March the following year and a compensation of 2% per annum (daily rest); an amount of tax refunded late by IRB, made after 90 days from the due date for e-filing or 120 days from the due date of manual tax filing (wef 2013).

For this category, there is also double deduction on expenses incurred on structured internship programs implemented by the Ministry of Higher Education and

Talent Corporation. There is double Deduction for scholarships to Malaysian students pursuing diploma and bachelors degrees in local universities and where the total monthly income of the parents does not exceed RM 5,000.

There is also double deduction on expenses incurred like economy, air fare, accommodation expenses (RM 300 per day), food expenses (RM 150 per day) and publicity and advertisement expenses relating to career fairs abroad.

Tax deduction will be given on franchise fees incurred on local franchise brands. Tax exemption on income received from Private Retirement Scheme (wef YA 2012) will also be given.

Tax deduction will be given on financial contributions made to registered primary and secondary schools, as well as registered places of worship, limited to 7% or 10% of the aggregate for companies.

New tax incentives i.e. Pioneer status and Investment Tax Allowance will be granted to new investors undertaking 4 and 5 star hotels in Peninsular Malaysia (Applications to MIDA from 08/10/2011 to 31-12-2012.)

Future Outlook of Malaysian Economy

1. Spending in excess of the respective allocation – Nine Ministries overspent by RM 3.73 billion with the Ministry of Education and the Ministry of Health as the biggest spenders.
2. Public outcry as to the effectiveness of government internal audit departments and compliance mechanisms - are problems which have been aggravated due to the close links between the civil service and political masters
3. Potential widening of revenue to increase tax revenues - GST needs to be implemented.

