

MALAYSIA WEEKLY ECONOMIC NEWS

(8 April 2019 – 12 April 2019)

Topics	Highlights
<p>Malaysia Feb IPI up 1.7% y-o-y on electricity, manufacturing output growth</p>	<p>Malaysia's industrial production index (IPI) saw a year-on-year increase of 1.7% in February 2019, following electricity and manufacturing output growth. Chief statistician Department of Statistics Malaysia (DOSM), Datuk Seri Dr Mohd Uzir Mahidin said the IPI's electricity segment increased by 4.9%. Manufacturing output increased by 3.7% in February 2019, after growing 4.2% in January 2019. Meanwhile, the index of mining recorded a decline of 5%. The major sub-sectors which recorded an increase in February 2019 were: food, beverages and tobacco products (6.3%), non-metallic mineral products, basic metal and fabricated metal products (4.6%), and electrical and electronics products (3.1%). Meanwhile, the mining sector's decline by 5% in February 2019 due to the decrease in the natural gas index (-5.6%) and crude oil index (-4.3%).</p> <p><i>(Source: The Edge Market, 11 April 2019)</i></p>
<p>Manufacturing sales up 5.5% to RM65.8b in February</p>	<p>Malaysia's manufacturing sales grew by 5.5% in February 2019 to RM65.8b compared with last year's RM62.3b, says DOSM. On a month-on-month growth, sales value fell by 9.3% (RM6.7b), while on seasonally adjusted terms, the sales value decreased by 2.4%. The increase was driven by growth registered in transport equipment and other manufactured products (9.1%), E&E products (5.7%), and petroleum, chemical, rubber and plastic products (4.8%). The total number of employees engaged in the manufacturing sector in February 2019 was 1,087,120, an increase of 2.0% or 21,271 compared with 1,065,849 last year. Salaries and wages paid amounted to RM4.03b, up by 7.2% or RM269.8 million in February 2019 compared with the same month last year. Simultaneously, the sales value per employee grew by 3.4% to RM60,487 year-on-year, while the average salaries and wages per employee was RM3,706 in February 2019.</p> <p><i>(Source: The Malay Mail, 11 April 2019)</i></p>
<p>Malaysia fixes digital tax rate at 6%</p>	<p>The digital service tax set to be implemented starting 1 January 2020 has been fixed at 6% p.a., with annual threshold of RM500,000. Deputy Finance Minister, Amiruddin Hamzah said this when tabling the Service Tax (Amendment) 2019 Bill in the Dewan Rakyat to introduce the tax on foreign registered persons providing digital services to consumers in the country. This means digital services such as Spotify, Netflix and Steam will be taxed beginning 2020. The digital tax is to provide a level playing field among local and foreign companies, as well as between online and offline service providers. The Minister emphasised that this isn't a new tax. Local digital service providers are required to pay the tax and to extend this to providers that are based in other countries would level the playing field. According to Amiruddin, the Malaysian government has the power to enforce the law if the service providers are overseas as there is a government-to-government (GTG) cooperation among countries under OECD. The Bill was later approved by lawmakers setting the stage for Malaysia to be the second South East Asian nation to introduce a digital tax after Singapore. Under the Bill, tax defaulters can be fined up to RM50,000, imprisonment up to 3 years, or both, upon conviction.</p> <p><i>(Source: Digital News Asia, 9 April 2019)</i></p>

Economics and Policy Division
SME Corp. Malaysia
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