

MALAYSIA WEEKLY ECONOMIC NEWS

(6 August 2018 – 10 August 2018)

Topics	Highlights
<p>MOF: New SST will involve less manufacturers than GST</p>	<p>The higher sales threshold of RM500k would require only 27,456 manufacturers to be registered under the SST scope, as compared with 32,725 manufacturers under the GST regime. This will then reduce imposition and administration cost to small-sized manufacturers. Apart from that, tax free input benefit would be provided as per tax exemption to manufacturers, similar to previous SST implementation. The exemption is for raw materials, components, packed items and manufacturing aids that are imported or those that are bought by registered manufacturers. MOF said traders need not to worry about delayed input tax refunds which was the case under the GST regime, as the sales tax scheme is not based on the refund. With the financial burden reduced on consumers, World Bank estimates the country's GDP growth to rise by 0.2%. Items proposed to be exempted from the SST include household groceries, motorcycles below 250cc, sanitary pads, baby diapers, baby food, and milk bottle, adult diapers and medical equipment for the aged, such as wheelchairs and walking stick.</p> <p style="text-align: right;"><i>(Source: The Edge Markets, 7 August 2018)</i></p>
<p>Malaysia June IPI up 1.1% y-o-y; mining output down 9.4%</p>	<p>Malaysia's industrial production index (IPI) rose by 1.1% year-on-year in June 2018, supported by increases in manufacturing and electricity output. IPI for both manufacturing and electricity segments increased by 4.5% (May'18: 4.1%) and 3% (May'18: 2.6%) respectively. The increase in manufacturing output was driven by major sub-sectors i.e. electrical and electronic equipment products (5.4%); petroleum, chemical, rubber and plastic products (3.4%) and non-metallic mineral products, basic metals and fabricated metal products (5.2%). The mining sector output however, registered a decline of 9.4% in June 2018 as compared to the same period of the previous year, contributed by the decrease in the natural gas index (-15.7%) and crude oil index (-2.2%).</p> <p style="text-align: right;"><i>(Source: The Edge Markets, 10 August 2018)</i></p>
<p>Malaysia's manufacturing sales up 7.8% to RM67.1 billion in June</p>	<p>Malaysia registered a 7.8% growth in manufacturing sales to RM67.1 billion in June 2018 against RM62.3 billion in the same month a year ago. The growth was driven by the increase in electrical and electronics products (+9.2%); petroleum, chemical, rubber and plastic products (+7.3%); and non-metallic mineral products, basic metal & fabricated metal products (+6%). Total employees engaged in the manufacturing sector in June 2018 was 1.07 million people, an increase of 2.2% or 22,556 persons as compared with 1.05 million people in June 2017. Salaries & wages paid rose by 10.2% or RM357.2 million to RM3.86 billion in June 2018, equivalent to an average salaries & wages per employee of RM3,602. Sales value per employee was up by 5.5% to RM62,665 versus the same month of the previous year.</p> <p style="text-align: right;"><i>(Source: The Sun Daily, 10 August 2018)</i></p>

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