

Medical device makers want tax perks review

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GEORGE TOWN: Medical device makers in Malaysia are asking the government to review the tax incentives currently offered to them, to facilitate the flow of more investments to the country.

Contending that current incentives are only tied to long-term capital investments committed by an investor, the Association of Medical Industries (AMMI) is also asking for incentives in research and development to be tied with other components like talent development and patent filing.

Incoming AMMI chairman Hitendra Joshi yesterday said with increased research and development reinvestments expected from some of its members in the next two to three years, Malaysia stands in good stead to move up the value chain and serve as a global research and development hub.

"We should not only serve as a production board for medical device makers, but instead offer an environment and supporting incentives since the growth for the medical devices sector in Malaysia looks promising," he told reporters after outgoing AMMI chairman Daniel Lim presented the association's 2011 findings of an industry survey.

Hitendra said AMMI's wish-list for Budget 2013 has been conveyed to the government and this included the request that once Malaysia implements its Goods and Services Tax (GST) structure, medical devices should be placed in the same zero-rated category as pharmaceuticals.

Zero-rated supplies are taxable supplies which are subject to a zero rate, which is not liable to GST at the output or input stage.

Established in 1989, AMMI is made up of 43 member companies which collectively account for over 60 per cent of the country's RM11.7 billion total export revenue for medical devices. Its members include names like B. Braun, Dupont, 3M, Teleflex and St Jude Medical.

These companies and a host of others are located in the Northern Corridor Economic Region and Klang Valley.

Lim said there also appears to be a third cluster of medical device makers emerging in the Iskandar Development Region in Johor, with the entry of several players.

When presenting the findings of AMMI's 2011 Industry Survey, he said member companies last year had chalked up RM4.9 billion in sales, employed 21,952 people and boasted cumulative investments of RM2.82 billion.

"Of the total investment, RM45 million was in research and development," Lim added.

He said the industry is positive about registering RM5 billion in sales this year. "The outlook for medical devices - including glove production from Malaysia - continues to look positive until 2015."

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