

Unpacking Budget 2020

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BEGINNING with the First Malaysia Plan (1966–1970), the government had implemented a series of economic development plans to promote the welfare of all citizens, and improve the living conditions in rural areas, particularly among low-income groups. Now more than 50 years later in a far more matured economy but trapped as a middle-income nation, the vision is to create a united, inclusive, prosperous and equitable society sharing a sustainable economic pie.

In this respect, Budget 2020 addresses the inherent shortcomings and weaknesses in mindsets through a combination of incentives and increased costs for doing things the old way. Additionally, it continues to alleviate the plight of the poor and strives to reduce the income disparity between the high and low-income segments in society.

Our economy needs to be restructured to be more progressive, knowledge-based and high-valued to achieve its full potential. The government has identified Industry 4.0 as the new source of productivity and economic growth and is committed to digital transformation. Incentives are

given for digitalisation of the economy and wider application of new technology such as artificial intelligence, big data and robotics.

The government will build digital infrastructure to construct a Digital Malaysia by implementing the National Fiberisation & Connectivity Plan over the next five years to provide comprehensive coverage of high speed and quality digital connectivity nationwide that includes rural areas, especially in Sabah and Sarawak. It will also build digital applications like 5G technology and partner the private sector to build digital companies which will adopt digitalisation measures for their business operations including point of sale systems, enterprise resource planning systems and electronic payroll systems. And finally, to build Digital Malaysia, the government will introduce Digital Social Responsibility and provide tax incentives to businesses to improve the digital skills of the future workforce with initiatives such as technology scholarships, training and upskilling for digital skills to ensure that our workers are not left behind.

One of the notable initiatives by the government is to make available up to RM1 billion worth



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of customised, packaged investment incentives annually over a five-year period to attract targeted Fortune 500 companies and global unicorns in high technology, manufacturing, creative and new economic sectors. A unicorn is a privately held startup company valued at over one billion dollars, and among the top ten global unicorns are ByteDance, Uber, Digi Chuxing and WeWork. These companies must invest at least RM5 billion each in Malaysia which will generate additional economic activities that will support our small and medium enterprises (SMEs) and create high quality jobs. One of the strategic thrusts of the Shared Prosperity Vision is for SMEs and micro businesses to contribute 50% to gross domestic product (GDP) by 2030 and this

initiative will give them a boost.

Future skillsets required are different from what is currently offered in our school systems. According to the World Economic Forum, an estimated 65% of kids enrolling in primary education today will end up working in jobs that have not been created yet. Students today need to be prepared for STEM careers (science, technology, engineering and mathematics). It is heartening to know that the government has taken action towards this. A new subject on Coding has been taught to 9,000 year-six students in selected schools. These 12 year olds have been exposed to basic programming and web development. From 2020, algorithms will be included in design and technology subjects for 10 to 12-year olds. Robotics and

artificial intelligence will be taught in lower and upper secondary schools, respectively. Local universities will be offering courses like big data.

Technology adoption is still low in the manufacturing and services sector which contributes 79% of Malaysia's GDP. Our ability to build wealth has to evolve in tandem with the rapidly evolving technological capability otherwise it will not be sustainable. More efforts will be required by the government, the private sector and the rakyat to ensure we are not left behind in this digital world.

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