



Petronas hires adviser  
for Selenia financing

P38

Higher take-up seen  
for directors insurance

P48-49

FRANCHISING 51  
Call for  
tax perks



NEW STRAITS TIMES

THURSDAY  
October 11, 2007  
www.btimes.com.my

# BUSINESS TIMES

NEW STRAITS TIMES

FRANCHISING

THURSDAY, October 11, 2007

## Govt urged to give local players tax perks

■ **By Hamisah Hamid**  
hamisahhamid@nstp.com.my

A MALAYSIAN franchise consultant has proposed that the government come up with tax packages for domestic franchise players to hasten growth of the industry.

Affandy Faiz, president and chief executive officer of Francorp Malaysia Sdn Bhd, said the government, which is highly committed to developing the local franchise industry, may want to consider giving tax incentives in addition to various grants made available to local franchisors and franchisees.

Affandy said such incentives would also encourage successful local franchisors to expand overseas and establish Malaysian brands globally.

"We think the government should provide tax incentives, where revenue from franchise activities or money earned abroad by franchisors from royalty and franchise fee, are exempted from tax.

"It could be something like giving pioneer status to the franchise companies for the first five years, where all revenues from franchise activities are tax-exempted," he said in an interview with Business Times in Kuala Lumpur.

Affandy said franchisees could be exempted from tax on their capital expenditure, such as when they spend on renovation, purchase of equipment and machinery.

For franchisors expanding abroad, their revenue received from foreign master franchisees and their expenditure in supplying the equipment abroad should be tax-exempted.

"This would encourage more local franchisors to expand their franchise network overseas," he added.

He also observed that only a handful of local franchisors advertise their products and services.

This is mainly because they could not afford to spend too much money on advertisement in print media or

television.

"There needs to be a tax rebate for their expenses on advertisement," he said.

Affandy said the country's local franchise sector, although in an infancy stage, is growing rapidly.

He said the registration of local franchisees has increased tremendously, especially during the past five years.

Franchise consultancy Francorp Malaysia is the master franchisee for franchise consultancy group, Francorp USA.

Established in April 2004, Francorp Malaysia holds the franchise for Malaysia, Singapore, Thailand and Indonesia.

Besides providing clients with one-stop franchising solutions and consulting services with the proven Francorp System, Francorp Malaysia also holds weekly seminars in Kuala Lumpur to enhance awareness of franchise opportunities, mainly for business owners.



Such incentives will also encourage successful local franchisors to expand overseas and establish Malaysian brands globally.

— Affandi Faiz

