The furniture and plastics manufacturing industries, which largely comprise small and medium-scale companies, are set to benefit significantly from the budget. In particular, the industry bodies welcomed the reduction in the corporate tax rate for SMCs.

Malaysian Furniture Industry Council (MFIC) executive director Paul Wang said the budget showed that the country was on track for full recovery.

"The tax rate cut is a sign that the government recognises the contribution from the industries," he added. "When the government gives us a carrot, we run for it. And this is a juicy carrot."

Malaysian Plastics Manufacturers Association (MPMA) president Callum Chen said the proposals would provide financial relief to members in the present trying business conditions.

SMCs make up about 85% and 70% of the memberships of MFIC and MPMA respectively.

MFIC was also happy about the special incentives proposed to boost exports. "I was jumping up and down for that one," said Wang.

"As an export-driven industry, we look to increasing exports every year. These incentives will come in handy."

He singled out the tax exemption for penetrating new markets as a "brilliant idea", adding that this would encourage local manufacturers, who already exported to over 160 countries, to work harder to expand their markets.

The council is upbeat about the proposed incentive to increase the planting of rubber trees to supply wood for furniture. Wang said this would hopefully make investors see that there was money to be made in planting rubber trees to meet the demand from the growing furniture industry.

The move to change the sales tax valuation method for locally manufactured goods is also expected to be a boon for furniture makers.

Currently, sales tax on such goods is based on the open market price and it is up to the manufacturer to prove the open market price. This is different from the sales tax valuation for imported goods, which is based on the transaction value.

As such, local goods may attract higher sales tax. The budget proposes to standardise the valuation method from locally manufactured goods with that for imports.

Wang of MFIC said this move indicated that the local industries had matured and that there was trust between the government and them.