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BUDGET-TAX ADMINISTRATION

IRD TO MODERNISE AND STREAMLINE TAX ADMINISTRATION SYSTEM

KUALA LUMPUR, Oct 23 (Bernama) -- In a move to modernise and streamline the tax administration system, the Inland Revenue Board is proposing to change the tax assessment of income tax, based on the income received in the preceding year, to that of the current year beginning from the year 2000.

Prime Minister Datuk Seri Dr Mahathir Mohamad, in his 1999 budget presentation today, said the change is aimed at increasing efficiency and responsiveness in the collection of income tax to ensure that the cash flow of the government reflects the current performance of the economy.

He also said that this measure would improve the level of tax compliance since the new system will be able to relate directly to economic performance and the ability to pay.

Dr Mahathir, who is also First Finance Minister, proposed that the tax on income derived in 1999 be waived while losses incurred in that year be allowed to be carried forward.

In addition, he also proposed that the present assessment system, which is based on the Official Assessment System, be changed to a Self Assessment System in stages commencing in the year of assessment 2001 for companies.

For businesses, partnership and cooperatives the Self Assessment System will be implemented in the year 2003 and for the salaried group it will be done in the year 2004.

The prime minister explained that this measure will improve revenue collection in line with the increase in tax compliance among taxpayers.

To implement the proposal, he added that the IRD will upgrade its information system as well as intensify tax educational programmes. --
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