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Tax

NO TAX DEDUCTIONS FOR 320,000 WORKERS

KUALA LUMPUR, Dec 14 (Bernama) -- Employers have been directed not to make tax deductions from 320,000 workers next year when the pay-as-you-earn system comes into force nationwide.

Inland Revenue Board (IRB) assistant director-general of operations Hasmah Abdullah said this figure comprised those who started working after Jan 1, 1995 and workers in Sabah and Sarawak.

The IRB started sending out the directive to employers last week, she told a press conference here today.

Employers had been given names of those exempted from tax deductions next year and those eligible but not on the list should check with the IRB office, she said.

She said these workers would be free from tax deductions next year because they had been paying taxes for the current year's incomes under the Schedular Tax Deduction (STD) scheme.

However, this exemption does not apply to the estimated 800,000 workers who joined the workforce before Jan 1, 1995 because their STD payments are based on the previous year's assessment.

When tabling the 1999 Budget last October, Prime Minister Datuk Seri Dr Mahathir Mohamad said incomes earned in 1999 would be exempted from tax in a move to streamline the country's tax collection system.

This means that from the year 2000 all tax deductions made will be for the current year.

Hasmah said Sabah started STD based on current year incomes in 1956 and Sarawak in 1960.

She advised employers who are not clear about the new tax collection system to contact the IRB.

-- BERNAMA

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