

19 OCT 2001
BUDGET-INCOME TAX
INDIVIDUAL INCOME TAX CUT BY ONE PC TO 28 PC

KUALA LUMPUR, Oct 19 (Bernama) -- The Prime Minister cum Finance Minister Datuk Seri Dr Mahathir Mohamad in his 2002 budget presentation at the Dewan Rakyat today, reduced personal income tax by between one and two percent with the present maximum income tax at 29 percent cut to 28 percent.

"These measure will result in a revenue loss to the government amounting to RM873 million. However, this amount will be available for consumers to spend, thereby stimulating economic activities and contributing to the growth of the Gross Domestic Product (GDP)" he said.

Mahathir said the maximum individual income tax rate which is currently at 29 percent would be reduced to 28 percent, thus harmonising it with the corporate tax rate.

He added with a view to rewarding efforts, the chargeable income subject to the maximum tax rate would be increased from more than RM150,000 to more than RM250,000.

Mahathir said that, in line with this reduction, the income tax rate for cooperatives would be reduced by one percent while the income tax rate for non-residents would be reduced from 29 percent to 28 percent.

Currently, the income tax rates for resident individuals and cooperatives range between zero percent and 29 percent.

For residents individuals, chargeable income exceeding RM150,00 is subject to the maximum tax rate, while in the case of cooperatives, it is for chargeable income exceeding RM500,000.

For non-resident individuals, the income tax rate is at a flat rate of 29 percent. -- BERNAMA

ER SEL