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REACTION-CORPORATE

MORE WAYS FOR CORPORATE SECTOR TO BENEFIT, SAYS MACPA

KUALA LUMPUR, Oct 19 (Bernama) -- The absence of corporate tax cut in Budget 2002 may dissappoint some quarters but there are other proposals that benefit the corporate sector, said the Malaysian Association of Certified Public Accountants (MACPA).

The incentives include the extension of the reinvestment allowance period to 15 years from five, the abolition of bonus restrictions, incentives offered for offshore trading via websites in Malaysia and other industry specific allowances and tax exemptions.

"There's no corporate tax cut but there are other incentives," said MACPA's president Dr Abdul Samad Alias.

MACPA's vice-president Beh Tok Koay said the current corporate tax of 28 percent is considered competitive as Malaysia does not impose tax on dividends paid to shareholders.

He said although some countries pegged their corporate tax at 25 percent or 26 percent, tax on dividend was an addition to corporate tax, thus the effective tax was actually higher in those countries.

Prime Minister Datuk Seri Dr Mahathir Mohamad announced a 1-2 percentage point reduction in personal income taxes when he presented the Budget 2002 but corporate taxes were left unchanged.

Beh also lauded the move to make the individual tax at par with corporate tax level of 28 percent.

"It's very good in terms of restructuring our tax system. Now, there will be less tendency for people to think about setting up companies just to save on tax payments," he said.

He also said the salary increase for civil servants and personal income tax cuts are positive for consumption.

Beh said consumer confidence in Malaysia was "not eroding that badly" compared with the situation in some other countries; as such the consumers would utilise the extra cash in their pockets to spend.

However, those who had undergone bad experiences like having family members who were retrenched may opt to save their disposable money instead.

Sime Darby Bhd' group finance director Martin G. Manen said although the Budget 2002 cover broad-based industry areas, the property sector does not see direct measures especially for property developers who are still grappling with unsold properties. -- BERNAMA

LES SEL