

IRB told to focus on international taxation issues

By SA'ODAH ELIAS

KUALA LUMPUR: Prime Minister Datuk Seri Dr Mahathir Mohamad has told the Inland Revenue Board (IRB) to focus more on international taxation issues such as transfer pricing and electronic trade to prevent the country from losing out on corporate tax.

Dr Mahathir, who is also Finance Minister, said there were various ways which companies could use to make their profits appear less to avoid paying the 28% corporate tax. "Sometimes they use trans-

fer pricing and various other means to make their profits in Malaysia appear less so that they pay less tax. This is because our corporate tax is 28% while in some countries it is only 16%.

"So, if they transfer their profits to other countries, they will pay lower taxes," he said when opening a national conference on taxation at the Palace of the Golden Horses yesterday.

He said that for 2001, direct taxes collected by the IRB totalled RM41.79bil, an increase of 43.29% compared with the previous year, with

companies being the major contributors at 51.64% while individual taxpayers accounting for only 20.09%.

Dr Mahathir said that continuous efforts were being made to enhance compliance by taxpayers, including the introduction of the self-assessment tax system.

Speaking to reporters later, he indicated that there might not be much surprises in the Budget 2003 scheduled for tabling on Sept 20, especially in terms of tax increases on certain goods.

To a question on whether there would be "any surprise

in store," Dr Mahathir said:

"I don't think so ... but we have to change our strategy in so far as stimulating our economy.

"We are studying various suggestions on how to have some kind of paradigm shift, in terms of policies, taxation and allocation of funds."

The Government, he said, had to be very careful when deciding on whether to raise taxes because tax increases could lead to a rise in smuggling activities.

It also need not necessarily result in an increase in government revenue, he added.

Asked whether the Government planned to sell bonds in view of the improved ratings on Malaysia, Dr Mahathir said there was no such plan because the Government could easily source funding through domestic means.

"For example, at the end of the year, the Employees Provident Fund will have RM210bil. It has to place the money somewhere, so if we want to borrow, it is easier for us to borrow within the country than go abroad," he said.

Meanwhile, Bernama

reports that Dr Mahathir would table Budget 2003 at the Dewan Rakyat at 4pm on Sept 20.

Parliament public relations officer Ishak Momin said the third sitting of the fourth session of Dewan Rakyat would begin on Monday and end on Nov 12.

The sitting would see the tabling of the Election Offences (Amendment) Bill, the Land Bill (Group Settlement Area) and the Malaysian Law Academy Bill, he said.

The Dewan Negara will sit for 12 days, from Nov 11 to 28.