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Inland Revenue to set up business support unit

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THE Inland Revenue Board (IRB), which collected RM41.79 billion in direct taxes last year, will set up a Business Support Unit (BSU) to improve tax compliance among small- and medium-scale enterprises (SMEs).

IRB chief executive and director-general Datuk Zainol Abidin Abd Rashid said the business unit will kick off next year and will initially focus on the SMEs, including small traders and hawkers at major towns in the country.

"We are now gearing up... we are training our people to be in the unit," he told Business Times when met after the opening of the National Tax Conference 2002 in Seri Kembangan yesterday.

Prime Minister Datuk Seri Dr Mahathir Mohamad officiated at the one-day conference, which was jointly organised by IRB and the Malaysian Institute of Taxation.

Some 500 people, comprising tax professionals, senior revenue officials and tax specialists, attended the conference themed "Globalised Tax System in a Borderless World".

Zainol Abidin said the BSU will assist the SMEs such as those with employees of between 10 and 20 people in tax-related matters.

"Many of these small businessmen don't know how to keep proper financial records and so on. Once the unit is established, we will ask them to attend half-day course for the companies' owners or financial managers," he said.

On tax collection this year, Zainol Abidin said it is expected to be more than last year's collection of RM41.79 billion.

He said tax collection in the first six months this year already surpassed collection during the same period last year.

Tax collected by IRB last year - the highest ever collected by IRB - was a 43.29 per cent increase from 2000's collection.

The corporate sector was the main contributor to last year's tax collection, with 51.64 per cent, followed by individual income tax (20.09 per cent) and the rest from petroleum revenue, stamp duties, property, cooperative, Labuan offshore business activities and others.

Tax collection from the corporate sector rose 49.6 per cent to RM20.8 from 2000's RM13.9 billion. The increase is attributed to the self-assessment system (SAS) implemented for the corporate sector for the assessment year of 2001. The SAS for individuals and trust bodies will be implemented in the assessment year of 2004.

Earlier in his speech, Zainol Abidin said BSU aims to enhance IRB's services to taxpayers, especially the SMEs, starting from their registration.

"The setting up of the unit is also part of the IRB's transparent move to have an effective tax system," he said.

The IRB had earlier established a Corporate Service Division in its move to study tax issues from a global perspective. The agency will also try to give greater emphasis to customer service by setting up a one-stop counter at all its branches nationwide.

Zainol Abidin said an e-learning unit will also be introduced where IRB officials can have tax-related information at their fingertips with the help of computers.