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BUDGET-WITHHOLDING TAX

NON-RESIDENT SPARED 10 PCT WITHHOLDING TAX FOR SERVICES RENDERED ABROAD

KUALA LUMPUR, Sept 20 (Bernama) -- The government has proposed that payments to non-residents for services rendered abroad be not liable to Withholding tax of 10 percent.

The move is to reduce the cost of doing business and would come into effect tomorrow, Prime Minister Datuk Seri Dr Mahathir Mohamad said when presenting the 2003 Budget here today.

Currently, payments for services rendered by non-residents are subject to a Withholding tax of 10 percent, regardless of whether the services are rendered within or outside Malaysia.

Such payments are for services rendered to obtain technical advice, assistance or technical services in relation to management or administration of any project.

These payments are deemed to be derived from Malaysia if the responsibility for payments lies with the government or a resident and such payments are charged as an outgoing or expense in the accounts of a business carried on in Malaysia. -- BERNAMA

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