

20 SEP 2002

BUDGET-WITHHOLDING TAX

RATE OF WITHHOLDING TAXES BE REDUCED TO 10 PCT FOR COMPANY, 3 PCT FOR
EMPLOYEE

KUALA LUMPUR, Sept 20 (Bernama) -- The government has proposed that the rate of withholding tax be reduced from 15 percent to 10 percent for the company and from five percent to three percent for its employee.

Minister of Finance, Datuk Seri Dr Mahathir Mohamad said in tabling the Budget 2003 in parliament here today.

Currently, he said any payment to a non-resident contractor for services rendered under a contract is subject to withholding tax of 15 percent for purposes of income tax of the company and five percent for its non-resident employee.

He said that this withholding tax is an advance payment as the actual amount of tax payable by the company and its employee will be finalised upon completion of the contract.

He added that the withholding tax rates have not been viewed despite several reductions made to the corporate and individual income tax. --

BERNAMA

FAY KTC