

21/09/2002

Tax collection to fall significantly: IRB

THE Inland Revenue Board (IRB) expects tax collections next year to decline "significantly" as a result of the proposed tax cuts in Budget 2003.

The board plans to opt for a stricter enforcement policy to compensate for the "losses" arising from the tax cuts, IRB chief executive Datuk Zainol Abidin Abd Rashid said yesterday.

"We have yet to rule out further measures to be undertaken, but we will ensure that they will not burden the taxpayers," he said at a press conference after the tabling of Budget 2003.

Collections from the small- and medium-scale industries (SMIs) for next year are expected to be slashed by RM270 million.

The IRB, however, has yet to make an estimated reduction in overall collections next year.

"We foresee the overall collections to be reduced significantly," he added.

The IRB is expected to collect RM43.9 billion in taxes this year and about RM48 billion in 2003, according to the Economic Report for 2002/2003.

According to Zainol Abidin, the board contributes between 36 and 40 per cent to Malaysia's revenue per year.

Prime Minister and Finance Minister Datuk Seri Dr Mahathir Mohamad yesterday proposed a reduction in corporate tax for the SMI sector, from 28 per cent to 20 per cent, on chargeable income up to RM100,000.

However, companies making more than RM100,000 income will still be subjected to 28 per cent tax.

Zainol Abidin said that although the reduction is significant, it is expected to help boost the SMI sector and further stimulate foreign direct investment in the country.

"There has not been any cut in corporate tax for the past three years. Although it is not what some may hope for, at least there is something to stimulate the economy," he said.

The last corporate tax cut was made in 1998 when the rate was reduced to 28 per cent from 30 per cent.

Apart from the tougher policy, the board will also set up service counters at shopping complexes for the public to make enquiries and to check on their account status.

"We do not want taxpayers to shy away. Some of them are 'genuine' payers, but they just don't have the time to do so. This is how we can help them," he said, adding that the IRB form will also be simplified.