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Budget-Compensation/BM

TAX EXEMPTION FOR COMPENSATION FOR RETRENCHED WORKERS RAISED TO RM6,000

KUALA LUMPUR, Sept 20 (Bernama) -- The government has proposed that the compensation received by an employee, who had been retrenched or had accepted the voluntary separation scheme (VSS), which is exempted from income tax be increased to RM6,000 from RM4,000.

The proposal, effective from the year of assessment 2003, was contained in the 2003 Budget tabled by Prime Minister and Finance Minister Datuk Seri Dr Mahathir Mohamad at the Dewan Rakyat today.

The move is to alleviate the increasing cost of living.

Currently, compensation received by an employee who had been retrenched or had accepted the VSS is exempted from tax up to RM4,000 for each completed year of service.

The government also proposed to give a building allowance of 10 per cent of the cost incurred for 10 years to those who construct or purchase buildings to be used as old folks care centres.

The proposal, effective from the year of assessment 2003, is aimed at increasing the number of such centres to improve the well-being of the old folks.

The care centres must be approved by the Social Welfare Department.

It is also proposed that the double deduction on expenses incurred for the promotion of export be extended to five professional services.

They are the legal, accounting (including taxation and management consultancy services), architectural (including town planning and landscaping services), engineering and integrated engineering (including valuation and quantity surveying) and medical and dental services.

The proposal is effective from the year of assessment 2003.

Currently, the incentive is given to companies registered with the Registrar of Companies and not to professional services provided by partnerships or sole proprietors registered with the Registrar of Business.

To promote the consolidation of management of smallholdings and idle land, the government proposed that a company that invests in a wholly-owned subsidiary company involved in the consolidation of management of smallholdings or idle land be allowed a deduction equivalent to the amount of investment.

Applications for this should be submitted for the approval of the Finance Minister through the Primary Industries Ministry from tomorrow.

It is also proposed that a wholly owned subsidiary company involved in the consolidation of management of smallholdings or idle land be exempted from service tax.

This proposal will be effective Jan 1 next year.

Currently, the consolidation of the management of smallholdings is undertaken by public agencies like Risda and Felcra while participation of private companies is not very encouraging.

-- BERNAMA

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