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BUDGET-PROFESSIONAL

SERVICES TO COMPANIES WITHIN SAME GROUP EXEMPTED FROM SERVICE TAX

KUALA LUMPUR, Sept 20 (Bernama) -- The Budget 2003 proposed that professional services provided to companies within the same group be exempted from service tax, to reduce the cost of doing business.

Currently, a service tax of 5.0 percent is imposed on taxable services provided by any person, including professional services rendered by a company to companies within the same group.

Prime Minister Datuk Seri Dr Mahathir Mohamad, who is also Finance Minister, made the proposal in the Budget 2003 tabled in the Dewan Rakyat here today.

The services involved are provided by the following professionals which include public accountants, advocates and solicitors, engineers, architects, surveyors including valuers, assessors and real estate agents, consultants and management service providers.

To reduce the cost of delivering goods abroad, it is also proposed that courier service provided from a point within Malaysia to a destination outside Malaysia be exempted from service tax.

At the present position courier service is subject to 5.0 percent service tax, regardless whether delivery is to destinations within or outside the country.

To further stimulate the printing industry and help reduce the cost of printing books and other reading materials within the country, it is proposed that import duty and sales tax on quality paper be abolished.

Currently, quality paper is subject to import duty of 5.0 percent or 10 percent and sales tax of 10 percent whereas books and other reading materials are not subject to any tax.

This does not encourage the printing of books and other reading materials within the country, Dr Mahathir said. -- BERNAMA

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