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IRB optimistic of meeting RM50.5b in tax collection

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THE Inland Revenue Board (IRB) is optimistic of meeting its targeted RM50.5 billion in tax collection this year despite various tax relief announced in the recent economic package.

IRB chief executive and director-general Datuk Zainol Abidin Abd Rashid

said the IRB will work harder to realise the targeted revenue, which was set last year.

He said although tax breaks contained in the economic package will slightly affect tax collection, IRB can make up for the shortfall by collecting taxes from other sources.

"Definitely, any measure which gives some exemption to taxpayers will affect our collection in one way or another.

"But that doesn't mean that our revenue will fall as we can concentrate

on getting revenue from other areas," he told a news conference held to announce tax incentives contained in the economic package in Kuala Lumpur yesterday.

Tax incentives in the economic package announced by Prime Minister Datuk

Seri Dr Mahathir Mohamad last Wednesday include pioneer status or double investment tax allowance to research and development companies, full income tax exemption for operational headquarters and suspension of income tax instalment payments by travel agencies.

Others include tax exemption of RM5,000 for houses between RM100,000 and RM180,000 on loan interests, exemption of stamp duty for purchase of houses below RM180,000 and exemption on real property gains tax.

Zainol Abidin said it is hard to estimate the loss of tax revenue resulting from incentives announced by the Government.

To gain other revenue sources to make up for the shortfall, he said, the IRB will enlarge its tax base as well as go after tax evaders and defaulters.

"It is a matter of switching resources from some area to other areas.

We are now improving our services to encourage more taxpayers to come to us,

enhancing staff capability through training and strengthening our enforcement on errant taxpayers and defaulters," he said.

Zainol Abidin declined to disclose the amount of tax collected so far this year, but said "it is healthy despite the general perception that the

economy is affected by the war and Severe Acute Respiratory Syndrome".

He said tax relief for companies and house buyers will actually improve

tax collection when companies and individuals earn more as the economy

recovers.

Last year, IRB collected RM44.9 billion in taxes, 0.1 per cent shy of the targeted RM45 billion.

Zainol Abidin said the corporate sector contributes about 80 per cent to the total taxes collected.

In 2000, IRB collected RM29 billion in taxes while in 2001, the collection jumped to RM41.7 billion.