

Guan Eng: Unfair to give tax incentive only in Iskandar
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The BN-led federal government has lied to the people by denying that it practises tax discrimination in the country, says Penang Chief Minister Lim Guan Eng.

The government was providing an income tax incentive of 15 percent to the Iskandar Development Zone only, for foreign experts and Malaysians who returned to the country under the Returned Experts Programme.

dap special meeting 110313 lim guan eng Describing the practice as "one country, two systems", Lim (left) said it was unfair that the income tax incentive of 15 percent is not enjoyed throughout the country.

"There is no logic why it is not enjoyed by those in Sabah, Sarawak and the other states. Don't these states also need experts?" asked Lim, who is also DAP secretary-general.

He was referring to a written reply in parliament to him from the Ministry of Finance that said the incentive was necessary to compete with the lower income tax rates imposed in neighbouring countries such as Singapore (15 percent) and Hong Kong (17 percent).

NONEThe ministry said the 15 percent incentive was not a practice of "one country, two systems" as it was only applicable for a period of five years and that the income tax rate of 25 percent for those earning RM100,000 and more would be imposed after that.

"This reply shows that the tax incentive, which is only enjoyed in the Iskandar zone, is not fair to the other states. It is as if the other states, such as Sabah and Sarawak, are not part of Malaysia," Lim said in a statement today.

On July 15, Lim, in his written parliamentary question to the Finance Ministry, asked if the 15 percent tax incentive within the Iskandar zone for returned expatriates would be extended to include other states and for local experts as well so that there would not be a situation of "one country, two systems".

