

Budget Round-up: Services tax increases to 6%
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THE GOVERNMENT has proposed that the service tax on all taxable services be increased to six per cent from five at present to generate additional tax revenue for national development.

The effective date of implementation of the proposal is Jan 1, 2011, it was stated in the Budget 2011 proposals tabled in Parliament on Friday.

This rate is not applicable to credit cards where the service tax is charged at a specific rate of RM50 annually on principal cards and RM25 for supplementary cards.

EPF can now invest up to 20% in foreign market

Government-linked investment companies (GLICs), such as the Employees Provident Fund, can now invest up to 20 per cent overseas of the total assets managed as compared with seven per cent previously.

"GLICs will be allowed to increase investment in overseas markets to explore opportunities for better returns," said Najib in the Parliament.

GLICs will also divest their shareholdings in major companies listed on Bursa Malaysia to increase liquidity and trading velocity in the market.

Private pension fund next year

The Government will set up a Private Pension Fund (PPF) next year to benefit private sector employees and the self employed, said PM.

The existing income tax relief of up to RM6,000 for employees' contribution to Employees Provident Fund (EPF) would be extended to the contributions made to the PPF, including the self-employed, he said.

This will provide an option for the people to invest for their old age, said Najib.

Employers would also be given tax deduction on contributions made on behalf of their employees, he added.

Stamp duty exemption on housing loans/transfer agreements

In an effort to ensure every citizen owns a residential property, the government has proposed stamp duty exemption on instruments of transfer and loan agreements for residential property.

To encourage ownership of the first residential property, it has proposed that a stamp duty exemption of 50 per cent be given on instruments of transfer of a residential property priced not exceeding RM350,000.

The exemption is granted for the first residential property purchased by a Malaysian citizen and it can be claimed once only within the exemption period, according to Najib.

Residential properties include terrace houses, condominiums, apartments or flats, he said.

The effective date for the exemption is for sales and purchase agreements executed between Jan 1, 2011 and Dec 31, 2012, said Najib.

As for the stamp duty exemption on loan agreements for residential property, he said there would be also a stamp duty exemption of 50 per cent for residential property prices not exceeding RM350,000.

This exemption is applicable for sales and purchase agreements executed from Jan 1, 2011 to Dec 31, 2012.

Sales tax exempted for mobile phones

The government has proposed sales tax exemption for mobile phones, effective 4pm on Friday.

"To harmonise tax treatment on Personal Digital Assistant (PDA) with Global System Mobile (GSM) and ordinary mobile phones, it is proposed that mobile phones be exempted from sales tax," said Najib.

Currently, ordinary mobile phones are subject to 10 per cent sales tax, whereas PDA and GSM, which may also function as mobile phones, are given sales tax exemption under the Sales tax (Exemption) Order 2008.

Therefore, sales tax treatment on mobile phones and that of other equipment, which may also function as mobile phones such as PDA with GSM, is not the same.

No toll hike on four PLUS highways for five years, says Najib

The toll rates on four highways owned by PLUS Expressways Berhad will not be raised for the next five years as a means of alleviating the burden of highway users, according to the PM.

He said the government was very concerned with the rising transport cost borne by the people.

Najib, who is also the finance minister, said RM15.2 billion was allocated to construct new hospitals, increase the number of doctors and nurses as well as to obtain supplies of medicines and equipment.

He also said that since last year, 51 1Malaysia clinics were in operation and the government would provide an additional 25 1Malaysia clinics.

"The government is committed to ensuring that access to quality healthcare is available to all the people," he said.

Another skyscraper in Kuala Lumpur

Permodalan Nasional Bhd (PNB) will undertake an integrated development project costing RM5 billion, which will include a 100-storey tower, to be completed in 2020, said Najib.

"We take pride in our national icon, the Petronas Twin Towers. It signifies the spirit of Malaysia Boleh. Another landmark to be developed by PNB is Warisan Merdeka, expected to be ready by 2020," he said.

The tower will be the tallest in Malaysia.

The project will retain Stadium Merdeka and Stadium Negara as national heritage.

Total project cost is RM5 billion, with the tower expected to be completed by 2015, he added. - Bernama

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