

Joy and discontent over tax-free bonus for civil servants

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KUCHING: Bonuses given to civil servants will no longer be taxable, Datuk Seri Anwar Ibrahim said in a surprise announcement that has brought mixed reactions from various sectors.

While the union for civil servants was elated, others said any such exemption should apply to all workers.

The Prime Minister said he had decided on making bonuses tax-free for all civil servants - both at federal and state levels - after a request from Sarawak Premier Tan Sri Abang Johari Tun Openg.

"At present, the bonus given by the state government is subject

to tax.

"After Abang Johari's urging, which I think is reasonable because the bonus amount is not high, it will be exempt from tax," he told a press conference after chairing the Malaysia Agreement 1963 (MA63) implementation action council here yesterday.

"Although the proposal came from Sarawak, we will implement the tax exemption for all civil servants," he said.

In December, Abang Johari announced that the Sarawak government would give a bonus of one-and-a-half months' basic salary or a minimum of RM2,000 to state civil servants for 2022.

He also announced that a special incentive of RM500 for 137,000 federal civil servants

serving in Sarawak.

Anwar's announcement was understandably welcomed by Congress of Unions of Employees in the Public and Civil Service (Cuepacs) president Datuk Adnan Mat.

He said bonuses received by the civil service aren't high at all.

"Most of the bonuses averaged between RM700 and RM2,000 per person," he said in a statement yesterday.

Adnan said the tax exemptions would not greatly affect the government's revenue collection.

"Cuepacs also understands that the amount of taxes collected by the Inland Revenue Board has surpassed targets in 2022.

"There are also some state governments that pay bonuses in phas-

es and not in a lump sum, so this is reasonable," said Adnan.

Groups representing employers and private sector employees, however, want the tax exemptions to apply to them, too.

"This is indeed sweet news to all civil servants and is a form of reward in recognition of their services," said Malaysian Employers Federation (MEF) president Datuk Dr Syed Hussain Syed Husman.

However, private sector employees also contribute towards national development, and their contribution should be equally recognised, he added.

Nevertheless, Dr Syed said the tax exemption on bonuses for civil servants would be helpful in helping them enhance their disposable income.

Malaysian Trades Union Congress (MTUC) president Mohd Effendy Abdul Ghani also said the tax exemption should include workers in the private sector.

This was because private sector workers were also feeling the effects of the rising cost of living, he said.

"Whether in the private or public sector, the tax exemption on bonuses should be given to Malaysians across the country," said Mohd Effendy.

"It will be unfair to only give exemptions to civil servants," he said.

He also said Anwar did not specify if the tax exemption for bonuses was for all civil servants or only those in the B40 or M40 income groups.