

Budget: Government Proposes New Tax Relief For Private Retirement Scheme And Insurance Annuity
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KUALA LUMPUR, Oct 7 (Bernama) -- The government today proposed a new tax relief up to RM3,000 on contribution to a Private Retirement Scheme and insurance annuity for 10 years.

Thus, the existing relief on Private Retirement Scheme and insurance annuity is rationalised, said Prime Minister Datuk Seri Najib Tun Razak, when tabling the 2012 Budget in Parliament today.

The proposal is to ensure the welfare of retirees upon reaching retirement age to live a comfortable life.

The government also proposed a tax deduction on employers' contributions to a Private Retirement Scheme for their employees and tax exemption on income of the Private Retirement Fund.

In the 2011 Budget, a tax relief of up to RM6,000 for the Employees Provident Fund (EPF) and life insurance was extended to the Private Pension Fund, now known as the Private Retirement Scheme.

The government has also proposed, under the 2012 Budget, that the employers' contribution to the EPF be increased from 12 per cent to 13 per cent for contributors who earned RM5,000 and below.

This measure will benefit 5.3 million EPF contributors.

Currently, retirees have insufficient savings to bear the cost of living upon retiring. A study shows nearly 70 per cent of retirees used up all their savings within 10 years of retirement.

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