

Drop income tax to 15pc for high-tech experts, says Guan Eng
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KUALA LUMPUR, March 25 — The DAP proposed today for experts in high-technology sectors to be levied a maximum income tax rate of 15 per cent instead of the existing 25 per cent payable by Malaysians.

Secretary-general Lim Guan Eng told Malaysians in Melbourne today this would retain and attract talent in critical “sunrise industries” such as biotechnology, electronics, renewable energy and certain ICT sectors.

“Incentives must be provided if Malaysia wishes to retain our best and brightest as well as attract new talents. One of the incentives would be to reduce the maximum personal income tax rate of these professionals from a maximum of 25 per cent to 15 per cent,” the Penang chief minister said.

Datuk Seri Najib Razak had announced last April his administration would offer a flat income tax rate of 15 per cent for five years to Malaysians coming home under the Returning Experts Programme (REP), drawing surprise from delegates at last year’s Invest Malaysia conference.

Lim had responded then by saying the tax discount was discriminatory and should be extended to local-based Malaysians.

He said giving Malaysians overseas incentives to lure them back may actually backfire and encourage more professionals here to leave.

His new proposal ostensibly aims to encourage Malaysians to enter these crucial fields in which “innovation can propel Malaysia to escape the middle-income trap to become a high-income economy.”

Malaysia is considered badly affected by brain drain, with the number of departing citizens rising from 9,576 in 1960 to 1,489,168 in 2005, according to the World Bank.

It also warned that a lack of human capital is a “critical constraint” in Malaysia’s ambition to transform itself into a high-income nation by 2020.

Some 43 per cent of Malaysians living abroad surveyed by the institution said they were unsure about returning to Malaysia for good, with another 26 per cent saying they would not come back.

Today, the Bagan MP said more incentives such as the proposed tax discount were necessary as Malaysia “continues to face a brain drain rather than brain gain,” noting that 75,000 Malaysians comprising mainly of talented professionals and students live in the Australian state of Victoria alone.

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