

M'sia should enhance its level of market competitiveness

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By Firdaus Azil Tuesday

KUALA LUMPUR: Malaysia needs to enhance its level of competitiveness among Asian countries as a step to ensure the country remains as a preferred business destination, says a tax expert.

Jennifer Chang, a senior executive director of PricewaterhouseCooper Taxation Services (PwC) said to make it achievable, the government has to focus more on improving the quality of tax incentives and identify proper countries for Double Taxation Agreement (DTA).

“Malaysia is among the top 15 (globally) in terms of convenience of paying taxes. People will always look at these kind of comparison if they want to penetrate into our market.

“In terms of incentive in Malaysia, we are ranked ahead of Japan, New Zealand and United Kingdom. And we had entered deals of DTA with almost 70 countries.

“Relatively we have been dealing with a lot of countries, but we have to revise the quality of those incentives,” she told the audience at the CEO Forum 2013 organised by the Perdana Leadership Foundation (PLF) today.

Citing a few examples of tax incentives such as industrial building allowance, operation headquarters, tax rebates, and tax holidays, Chang explained that these are the areas that the government has to focus more in order to attract more investments.

She also stressed that the government should try to improve on the period needed to complete tax incentives application.

“On paper it (tax incentives) looks so good; but clients are questioning why is it taking so long to complete the application.

“Maybe the government can try to improve the time needed to complete the process of tax application,” she said, adding that all these areas must be addressed to ensure Malaysia remains as a preferred destination for business players.

She also said that the government has to be more aggressive in promoting the tax incentives offered as she claimed not many big companies are aware of it.

Other panelists in the session titled ‘A SWOT Analysis of Malaysia: Taking a Realistic View of the country’, included Federation of Investment Managers Malaysia (FIMM)’s chief executive officer Ahmad Zakie Ahmad Shariff who said the government should not be too dependent on foreign investments as it may be risky for the economy due to the uncertainties in global markets.

He proposed the government to focus more on expanding the viability of local small and medium-sized enterprises (SMEs) as the core engine to spur economic growth.

“We still continue to rely heavily on international trade, it makes us vulnerable if anything happens in the foreign market.

“To counter this threat, we need to improve and develop SMEs,” he said.

This, Ahmad Zakie said, would be the answer to deal with other threats such as level of competitiveness in the region, human resource shortage in key industries as well as covering the subsidies.

He also said that government should be spending more on research and developments (R&D) to find effective solutions on improving the economic situation.

“Our R&D is 2.6 per cent of the total annual budget spending, (and) that is quite small compared to Singapore or South Korea.

“It is relatively low and we need to push that up a bit,” Ahmad Zakie said.

The forum titled Better Times For Malaysia: Trends, Predictions and Outlook for 2013 – 2020, had more than 35 speakers including former Prime Minister Tun Dr Mahathir Mohamad. They spoke about issues related to Malaysia and the challenges it faces globally.

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