

## **Deloitte: Malaysia's tax policies sound**

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More than two-thirds of tax executives in Asia-Pacific rated Malaysia's tax system as consistent and reliable, the results of the Deloitte 2014 Asia-Pacific Tax Complexity Survey revealed today.

"Contrary to local sentiments, the survey indicated that Malaysian tax laws are deemed to be relatively much easier to interpret and understand by tax executives in the region.

"Additionally, Malaysia is predicted to be one of the least complex tax jurisdictions in Asia Pacific in the next three years, merely behind Brunei and Singapore among Southeast Asian countries," said Deloitte Malaysia's country tax leader Yee Wing Peng.

"Looking back, apart from changes in the Real Property Gains Tax (RPGT) regime and impending Goods and Services Tax (GST) implementation, there were no other major tax reforms," he added. "Moreover, those changes were well predicted and were compelled by... the needs of the nation."

The Deloitte Asia-Pacific Tax Complexity Survey findings released today are the latest since the inaugural 2010 report and a comparison of the two reports revealed a shift by businesses in placing greater focus on consistency of tax policies. Previously, businesses placed greater emphasis on complexity and predictability of tax policies when deciding to enter or exit a market within the Asia-Pacific region.

Consistency in tax policy was singled out as a key factor for investors in making investment decisions. Achieving this consistency should be carefully considered as 85% of respondents consider tax policy a high priority when making investment decision in the region.

The report covers the broad spectrum of Asia-Pacific tax regimes – from mature to developing markets – concluding that overall, tax has become more complex, less consistent and less predictable than it was three years ago.

High growth markets such as China and India continue to have challenges in providing consistent and predictable tax regimes for taxpayers, while the mature

markets of Japan, Korea and Australia are seeing more complex regimes as a result of slowing economic growth. More than 80% of respondents believe that India, Mainland China and Indonesia are expected to be the three most complex tax regimes by 2017.

As usual, key regional operating hubs Hong Kong and Singapore scored well and were rated among the least complex tax systems in Asia-Pacific.

“What we have found is that tax regimes in Asia Pacific have got increasingly more complex, bringing with it risk and uncertainty to businesses operating in the region, said Alan Tsoi, Deloitte’s Asia-Pacific regional managing director for tax and legal. However, this “greater responsibility” also presents “opportunity.”

The report surveyed over 800 financial and tax professionals in 20 jurisdictions across Asia Pacific, highlighting key tax trends facing businesses operating in the region.

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