

Thorough study needed for new taxes: economist

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KUALA LUMPUR, Oct 16 (Bernama) -- A thorough study is needed before the introduction of any new tax mechanism in Budget 2019 as a potential new revenue stream, says an economist.

In making the call, Alliance Bank Malaysia Bhd Chief Economist Manokaran Mottain said new taxes such as the capital gains tax would affect the capital market.

A capital gains tax is a tax levied on capital gains or profits from the sale of specific types of assets.

The most common capital gains are realised from the sale of stocks, bonds, precious metals and property.

“When you impose that on Malaysia, foreign fund managers will run away from here. We do not have domestic fund managers quick enough to support (the market). I would say you need to have a thorough study on that, maybe not now, next year you can introduce,” he added.

Manokaran was speaking to reporters on the sidelines of the Malaysian Economic Summit 2018 organised by Kingsley Advisory and Strategic Initiatives here today.

He said he did not expect the government to increase corporate tax as it would deter new investments.

Prime Minister Tun Dr Mahathir Mohamad had indicated that the government’s budget for next year, to be tabled on Nov 2, will be austere.

The budget will entail many measures such as new forms of taxes as the government looks to boost its revenue.

In 2017, the official total government debt and contingent liabilities were at RM686.8 billion and RM238.1 billion respectively.

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