

No more new tax for this year, but reforms - PM

BERNAMA

19/03/2019

KUALA LUMPUR, March 19 (Bernama) -- There will be no new tax for this year, except for sugar tax which was announced during the 2019 Budget, Prime Minister Tun Dr Mahathir Mohamad announced today.

"(However), it (implementation) is delayed a bit as we want to ensure that the mechanism is effective to primarily meet our health objectives, " he said at the Invest Malaysia 2019 here.

The excise tax of 40 sen per litre on sweetened beverages which supposed to start on April 1, 2019, however, has been postponed to July 1, 2019.

Finance Minister Lim Guan Eng announced in his Budget 2019 speech last year that the sugar tax would be on beverages that contain sugar exceeding 5 grams per 100 millilitres, as well as juices that contain more than 12 grams per 100 millilitres.

The Prime Minister also said that beginning next year, the government will use the revenue collected from this tax to provide free and healthy breakfast programme for all primary school children.

"We want our kids to be strong and healthy to perform in school, " he said.

On other development, Mahathir said the tax reform committee (TRC) are also in the final process of finalising the proposal in enhancing tax revenue.

The proposal will address measures to reduce tax leakages, how to access the underground economy, enhancing tax administration and finding new sources of revenue, he said.

"We are also rationalising tax incentives for investments, as the current administration and governance structures of investment incentives is highly fragmented, costly, and ineffective."
"

He said Malaysia currently offers over 130 types of incentives administered by 32 Investment Promotion Agencies (IPAs), with varied roles and responsibilities, and several approving agencies.

"Our proposal entails holistic and simplified tax investment incentives that would be attractive for future investments," he said.

Mahathir said incentives will be granted to desired sectors and types of investment that the country needs, and tie the incentives to specific Key Performance Indices.

Agencies involved in granting and approving tax incentives will also be streamlined

The corporate tax rate in Malaysia is already competitive, he said.

For this year, the corporate tax rate will be reduced to 17 per cent from 18 per cent for Small and Medium Enterprises (SMEs) with paid capital below RM2.5 million and businesses with annual taxable income of below RM500,000.

For large companies, while the tax rate is slightly higher, the effective tax rate is less than 10 per cent due to these incentives, he explained.

-- BERNAMA

© 2018 BERNAMA. All Rights Reserved. Disclaimer | Privacy Policy| Security Policy

Source: <http://www.bernama.com/en/news.php?id=1706667>