

RM1b in taxes

lost each year

AP holders under declare car prices

The Star - 3/6/2005

IMPROPER conduct by some approved permit (AP) holders has resulted in the country losing an estimated RM1bil a year, reported *Utusan Malaysia*.

Quoting an industry source, the paper said they declared the landed price of their imported cars way below the actual price, causing the Government to lose a huge amount in tax revenue.

"The Government imposes import tax, excise duty and sales tax, based on the price declared by the AP holders.

"What happens is, the AP holders will declare the price of a car, for example, at RM11,000 when it should be RM18,000.

"This results in the Government losing tax revenue of RM7,000 for the car. The price declared is believed to only cover the cost of making the engine and transmission system of the imported model."

The source said the estimation was based on a price survey of various models in Malaysia compared with those in Singapore and South Korea.

For instance, the price of a 1.0 litre popular car model that is declared in Singapore at RM15,800 is declared in Malaysia at RM8,762.

"Incorporating the government tax, the total cost of the car for the importer is only

RM22,868; but it is sold at RM46,000 to buyers.

The issue was raised when Tun Dr Mahathir Mohamad, who is Proton Holdings Bhd adviser, proposed on Monday that the names of those given APs to import cars be made public to protect the country's automotive industry.

The AP system, introduced by the Government in 1970, is aimed at encouraging bumiputera entrepreneurs to be involved in the industry.

Since 1987, 269 APs had been given out but 153 had since been withdrawn following misconduct by holders, including selling the APs, not



Dr Mahathir: Had proposed that the names of those given APs be made public

carrying out the business and failure to have a proper accounting system.

Berita Harian reported that the Social Security Organisation (Socso) plans to be stricter with study loan applications this year to ensure that contributors' children eligible for the loans settle them according to schedule.

It quoted Socso chief executive officer Dr Soh Chee Seng as saying that the move was due to failure of 697 contributors' children to settle their loans amounting to RM32.7mil since 1999.