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Tax Alert 2/2016

# Tax Alert

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Welcome to Grant Thornton Malaysia Tax Alert. This newsletter provides information on the latest tax updates.

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## Eleven recalibrated measures

Prime Minister, Datuk Seri Najib Tun Razak on 28 January 2016 had announced a revised Budget 2016 to optimise the country's developmental and operational expenditures in the face of slower economic growth.

The revised budget will include precautionary and proactive measures in managing national revenue and expenditures, while ensuring that the well-being of the people remained a priority.

### **Eleven recalibrated measures were announced as follows:**

1. EPF contributions by employees will be reduced by 3%. This is with effect from March 2016 to December 2017. However, the percentage of employers' contribution remains the same.
2. A special tax relief of RM2,000 to individual taxpayers with a monthly income of RM8,000 or below for the Year of Assessment 2015 only.
3. To reduce cost of living, Government to liberalise APs for agricultural products including coffee beans and meats.
4. Domestic Trade, Cooperatives and Consumerism Ministry ordered to increase enforcement and action against unethical traders.
5. 30% of contributions to the human resource development fund to be utilised for skills training, including those who are unemployed.
6. MyBeras programme to be introduced until December 2016. Each hardcore poor family will be given 20kg of rice every month.
7. The Government will update the management system of foreign workers, with levies clustered into two categories, not including foreign maids.
8. Government will exercise prudent spending on supplies and services and to continue with grant rationalisation.
9. Development budget to focus on projects and programmes that place the people first, have high multiplier effect and reduce imports.
10. Development of financial institutions and Government venture capital funds to increase allocations by RM6bil for benefit of start-ups and SMEs.
11. GLCs urged to implement initiatives to reduce the income gap between senior management and workers, to be monitored by the Economic Planning Unit.

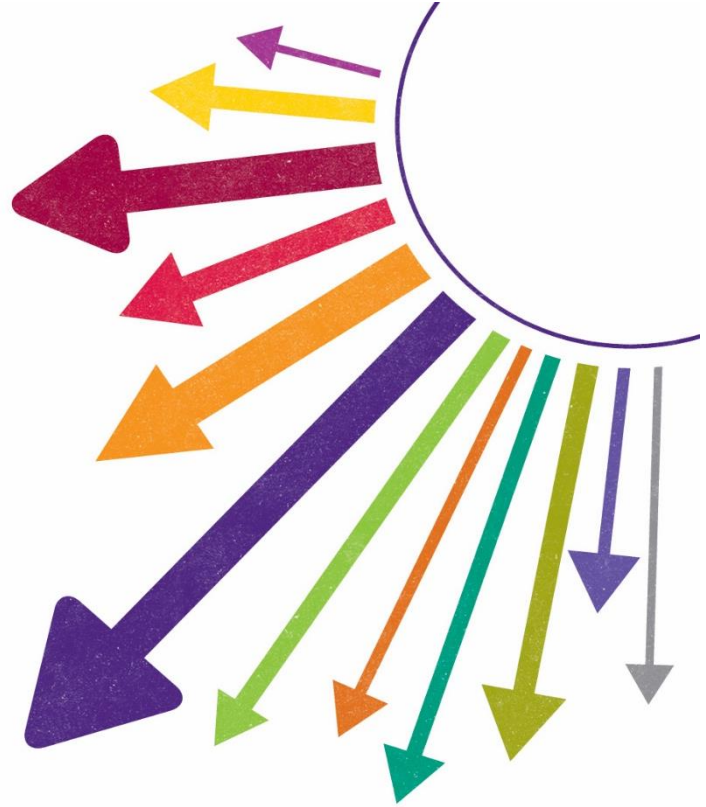
In addition to the above, the Government will:-

1. Double compliance and auditing efforts on tax evaders.
2. Consider relaxation for penalty on taxpayers to encourage them to come forward and declare their past years' undeclared income. The tax arrears must be settled before 31 December 2016.
3. Retain the Goods and Services Tax (GST) rate at 6%.
4. Not resort to imposing capital controls and pegging the Ringgit.
5. Provide visa exemption for Chinese tourist visiting Malaysia between 1 March 2016 to 31 December 2016 subject to specific conditions that the period of stay does not exceed 15 days.

**Note: The above information was extracted from THE STAR ONLINE portal.**

## Contact us

For further enquiries on any information included in this Tax Alert, please get in touch with your local Grant Thornton Malaysia team in our offices.



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