

COVER STORY

Wish list for Budget 2020

Jagdev Singh,
PwC Malaysia Tax Leader

DIGITALISATION

- Incentivise businesses to undertake digital transformation to move away from traditional processes, both in the manufacturing and services sectors
- Investments in automation technology or processes and retraining of the workforce
- It is equally important for the government to progress its own digitalisation plans at a faster pace, which in turn will spur the private sector to do so

**REINVESTMENT**

- For the government to consider a reinvestment-based incentive similar to the previous reinvestment allowance, but on a more targeted basis
- The introduction of the patent box and R&D incentives that are aligned to the OECD's BEPS Action Plan would also encourage businesses to locate their research and development activities within Malaysia

SUSTAINABILITY

- For the government to extend the existing tax incentives for investments in green technology and assets which expire by Dec 31, 2020, in order to increase Malaysia's renewable energy capacity
- Further deduction for businesses that implement measures or undertake campaigns to reduce the use of single-use plastics would be an innovative way for the government to support such initiatives
- For individuals, a personal tax rebate or relief for recycling activities would incentivise the separation of waste at source by households

Sim Kwang Gek,
Deloitte Malaysia Country Tax Leader

REVIEW OF CORPORATE INCOME TAX RATES

- The current corporate income tax rate of 24% is not competitive with our neighbouring countries. Our tax rate could be more competitive to attract more FDI into Malaysia.
- A bold move would be to reduce the corporate tax rate to 20% over a two to three-year horizon.

**REINVESTMENT ALLOWANCE**

- For the incentive to be extended to companies in the services sector and the 15-year cap on this incentive to be removed.
- Relaxation of the current rules where only companies that have been in operation for at least three years are eligible for reinvestment allowance and the relaxation on

the claw back of reinvestment allowances claimed for assets disposed of within five years.

REVIEW OF INDIVIDUAL INCOME TAX RATES FOR M40 GROUP

- More can be done to increase the disposable income of the M40 group and one way is to lower the tax rate by one to two percentage points for those earning an annual chargeable income of between RM50,000 and RM100,000, as well as broadening the income brackets.

REAL ESTATE SECTOR

- To reconsider a housing loan interest relief of RM10,000 per year for three years previously introduced in 2010 for first-time home buyers.

Amarjeet Singh,
EY Malaysia Tax Leader and Asean Tax managing partner

- To see well-crafted policies and directions in response to the increasingly likely global recession, and a clear road map for long-term sustainable growth
- This will help to emphasise to the world that when it comes to investments that will help Malaysia move up the value chain and continue to develop, the country is open for business and will whole-heartedly support investors.



Dr Veerinderjeet Singh,
President of The Malaysian Institute of Certified Public Accountants (MICPA)

- The rakyat meeting their tax obligations and the government facilitating such compliance
- Clear strategies being outlined and followed through
- Adequate focus on the right level of development expenditure which would have spin-off effects
- Targeted transfer payments to the B40 group so that there is no wastage
- Starting the process to move towards a cashless society
- Focused on targeting the right type of investors and investment
- Granting tax incentives to only those who meet clear and robust criteria
- Moving towards curtailing the use of migrant workers through enhanced use of technology/digitalisation
- Assisting SMEs with targeted assistance and promoting this effectively
- Ensuring all ministries work in unison and move in unison towards meeting the set targets
- Measure the effectiveness of all projects/initiatives so that there is a robust cost/outcome mechanism
- Start rating all ministries and their effectiveness

