



## Tax Espresso (Special Edition) Pre-Budget 2016 Commentaries

### Greetings from Deloitte Malaysia Tax Services

It is expected that the upcoming Budget 2016 would be in tandem with the 11th Malaysia Plan (11MP), focusing on a balance between a capital economy and a people's economy, economic growth and sustainable financial position with consideration of the current challenging

#### Events

##### Deloitte TaxMax – the 41st series

Date	Venue
4 Nov 2015	Kuala Lumpur
11 Nov 2015	Kuching
12 Nov 2015	Kota Kinabalu
12 Nov 2015	Penang
13 Nov 2015	Ipoh
13 Nov 2015	Johor Bahru
13 Nov 2015	Sandakan
18 Nov 2015	Melaka

**Deloitte Tax Challenge 2015**  
- Final & Gala Dinner:  
12 November 2015

global economic development, depreciation of ringgit as well as low commodity prices. Against the above backdrop, we are of the view that the Budget 2016 should give due consideration to the following aspects:

**Understanding GST Risks:  
Conducting GST Post  
Implementation Review**  
Date: 22 October 2015  
Venue: Eastern & Oriental Hotel  
Penang

### Promote Export



- The softening ringgit will undoubtedly enhance our export competitiveness. The Government should encourage more Malaysian companies to export their goods and services. The Government may consider giving manufacturing companies that have export capabilities an extended five-year period of reinvestment allowance incentive.
- Income-tax exemption can be offered to businesses in the sectors that have shown a significant increase in revenue from foreign clients.

### Attract Foreign Direct Investments (FDI)



- Master developers who develop special industrial or commercial zone such as high-tech industry park, halal food processing hub, regional financial services and shared service centre should be given packaged incentives in terms of income tax exemption and withholding tax exemption.
- Similar tax incentives should also be given to investors that set up their business activities in the designated zones.

### Retain Talents



- The ringgit depreciation, political instability and dwindling skilled jobs availability may lead to talents exodus. To attract and retain talents, the highest tax rate of 25% should be trimmed to 20% over a period of 3 years.
- Further, the tax bracket should be widened especially at the middle income band of RM50,000 to RM100,000.

### Increase Disposable Income



- The current personal tax relief of RM9,000 could be increased to RM12,000 to help taxpayers cope with the rising cost of living.
- Temporary voluntary reduction of employees' 11% contribution to the Employees' Provident Fund (EPF) by 1% to 2% to increase liquidity and boost spending.

- 1Malaysia People's Aid (BR1M) rate should be increased to assist the lower income group to cope with the rising cost of living.
- The Government should take measures to control the prices of goods.

## Affordable Homes

- To assist the first time home buyers, the Government should re-instate the Developer's Interest Bearing Scheme (DIBS).
- More funds should be allocated to Private Affordable Ownership Housing Scheme (MyHome) which was introduced in 2014 where a subsidy of RM30,000 is given for each unit built by the developers.
- Deduction of housing loan interest expense of RM10,000 per annum against total income for up to three years should be reintroduced.
- Government should supply more land to private developers at reasonable prices through joint venture and sale agreements to enhance development projects so that more affordable homes can be built for the lower and middle income groups.

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