

Deloitte: Cut taxes to create conducive biz environment

THE government should lower corporate and personal income tax rates to 20% each to create a more conducive business environment, says Deloitte Tax Services Sdn Bhd.

Its MD Yee Wing Peng said both tax rates currently remain high at about 25% each, which are not competitive with neighbouring countries.

"To attract more foreign direct investments, we would like to see corporate income tax lowered to 20% in the next three years.

"Similarly, personal income tax must be lowered to 20% to attract more overseas talents as well as retain local talents

here," he said at the Pre-Budget Tax Forum in Petaling Jaya yesterday.

The half-day event was organised by Deloitte and Taylor's University, in conjunction with the launch of the Deloitte Tax Challenge 2015.

Yee said the tax reductions should be one of the government's focus areas during the tabling of the Budget 2016 on Oct 23.

On the weakening ringgit, he expressed optimism on the country's outlook, saying that the current challenges also present plenty of opportunities especially in boosting exports.

"During the upcoming

budget announcement, we also expect the government to come up with incentives to encourage Malaysian companies to export their products and services to neighbouring countries.

"Education is a good example as there are many foreign students here.

"Leveraging on our affordable and quality education system, there is an opportunity to make Malaysia the regional hub for education," he added.

Meanwhile, Taylor's Business School Assoc Prof Dr Subramaniam Pillay said the factors behind the ringgit's decline were the drop in com-

modity prices, shake-up in China and local political issues.

"If we are able to move past the political issues, the fair value of the ringgit should be between 3.7-3.8 against the US dollar," he said.

Pillay also said that Bank Negara Malaysia is doing the right thing by not using its reserves extensively to support the currency.

"We do not want to get into a situation where the reserves are all used up to support the ringgit when the foreign holders of local bonds and stocks decide to let go of their positions," he added. — *Bernama*