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M'sia has lower tax burden than most G8, BRIC economies

26th June, 2012

KUALA LUMPUR: Malaysia collects only 21 per cent of Gross Domestic Product (GDP) in tax, lower than the majority of Group of Eight (G8) and Brazil, Russia, India and China (BRIC) nations, says UHY, an international accounting and consultancy network.

"Malaysia collected US$49.8 billion of taxes from GDP of US$238.8 billion in the most recent tax year.

"Of that total, indirect taxes comprised US$6.2 billion and income taxes accounted for US$22.7 billion," UHY said in a statement.

Alvin Tee, Senior Partner of UHY in Malaysia, said the tax burden in Malaysia was highly competitive by global standards.

"Even among BRIC nations, Malaysia imposes lower taxes than both China and Brazil, which will surprise many people.

"It is crucial that we retain a competitive tax regime if we are to attract foreign investments," he said.

UHY said many G8 nations have raised taxes over the last few years as governments have made efforts to reduce their debt levels.

A higher tax burden, however, is often identified as an important factor inhibiting economic growth.

UHY professionals studied tax and GDP data for 23 countries across its international network, including the G8, as well as, key emerging economies, including the BRIC nations.

The study also showed that, among the G8, there was a wide gulf in the relative value of social security contributions collected as a proportion of total tax revenues.

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