

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

26 JUNE 2012 (The Edge) - Malaysia collects only 21% of GDP in tax, lower than the majority of Group of Eight (G8) and Brazil, Russia, India and China (BRIC) nations, said international accounting and consultancy network UHY.

"Malaysia collected US\$49.8 billion (RM158.9 billion) of taxes from GDP of US\$238.8 billion in the most recent tax year."

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

UHY Malaysia senior partner Alvin Tee said the tax burden in Malaysia is highly competitive by global standards.

"Even among BRIC nations, Malaysia imposes lower taxes than 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 had studied tax and GDP data for 23 countries across the international network the G8 and 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. - Bernama