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Malaysia has tax burden lower than most G8, BRIC nations'

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KUALA LUMPUR: Malaysia collects just 21 per cent of gross domestic product (GDP) in tax, lower than the majority of G8 and BRIC nations, according to UHY, the international accounting and consultancy network.





On average, both the G8 and the fast-growing "BRIC" nations take 28 per cent of GDP in tax. China and Brazil collect a higher proportion of GDP in tax than Malaysia. Among the G8, only Russia collects less tax than Malaysia (19pc).

Malaysia collected US\$49.8 billion (RM159 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 US\$22.7 billion.

UHY research shows that the three major eurozone economies - Germany, France and Italy - collect on average 43.4 per cent of GDP in tax.

France imposes the highest tax burden among the nations studied, taking 44 per cent of GDP in tax. Even the UK, which is seen as a relatively low tax country by some of its European competitors, is struggling with a burden of 34 per cent of GDP.

Alvin Tee, senior partner of UHY in Malaysia said: "The tax burden in Malaysia is highly competitive by global standards. Even among the 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 investment." **Bernama**

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