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Issued on behalf of UHY, a Malaysian Partnership

Malaysia has one of the most balanced tax systems for both high and low earners

Research supports Malaysia's competitiveness. National ambition of achieving high income nation closer to reality.

- **Research by UHY, the international accounting and consultancy network**

Malaysia has one of the most balanced tax systems of any major economy for both low and high earners, reveals research from UHY, the international accounting and consultancy network.

Malaysia is ranked in the middle of a table of 19 countries according to how much on employee's salary is taxed upon. The tables (below) rank countries from highest tax burden first to the lowest tax burden last.

UHY studied tax data in 19 countries across its international network, including members of the G8 as well as key emerging economies. Each country was asked to calculate the 'take home pay' for low and high income workers taking into account personal taxes and social security contributions. Low earners were defined as workers earning USD\$25,000 per annum while high earners were defined as workers earning USD\$200,000 per annum. The calculations are based on a single, unmarried taxpayer with no children.

Malaysia is the 11th highest taxing country for low earners and the 10th highest taxing for high earners out of the 19 countries studied.

While Malaysia imposes a lighter tax burden on both high and low earners than most Western – particularly European – countries, many of the emerging market economies in the study have more competitive tax systems.

Malaysia vs. the G8 countries

Net pay after tax and social security* per country in US dollars
(from lowest to highest)

**Salary after tax*
(based on gross pay of
\$25,000)**

**Salary after tax *
(based on gross pay of
\$200,000)**

Net pay after tax	Germany	\$18,149	72.6%	Italy	\$108,189	54.1%
	France	\$18,750	75.0%	Germany	\$111,953	56.0%
	Italy	\$18,800	75.2%	France	\$117,519	58.8%
	UK	\$20,799	83.2%	UK	\$121,819	60.9%
	Malaysia	\$21,140	84.6%	Canada	\$129,340	64.7%
	Canada	\$21,204	84.8%	Malaysia	\$137,128	68.6%
	Russia	\$21,750	87.0%	USA	\$139,709	69.9%
	USA	\$22,660	90.6%	Japan	\$144,083	72.0%
	Japan	\$22,704	90.8%	Russia	\$174,000	87.0%

*Salary after tax/net pay after tax and social security is defined as the net amount after making statutory deductions for Income Tax, Social Security Organization (SOCSCO) and Employees Provident Fund (EPF).

Alvin Tee, Senior Partner of UHY in Malaysia comments: “We are proud to see that Malaysian tax ranks well in terms of take home pay, not just amongst countries that were surveyed, but also amongst UHY peers worldwide.

Coupling this with the recently announced flat tax rate of 15% for employment income of qualified returning Malaysian professionals under the Returning Expert Program, Malaysia has effectively taken a successful leap forward on its effort to attract and sustain top talents for the country.”

“Governments are facing tough choices at the moment. Many are grappling with record deficits. Achieving a more sustainable fiscal position will be difficult without raising taxes, but higher taxes will reduce competitiveness and are likely to hinder economic growth. If countries raise taxes as part of their deficit reduction strategies, Malaysia could benefit.”

For high earners the difference in the amount of tax collected between the highest taxing country – Italy – and the lowest taxing (excluding Dubai) – Russia – is USD\$65,811, which means that a person earning USD\$200,000 per annum in Italy would pay over three times as much tax and social security as the equivalent person in Russia.

All 19 countries surveyed by UHY

Net pay after tax and social security* per country in US dollars (from lowest to highest)

**Salary after tax*
(based on gross pay of
\$25,000)**

**Salary after tax*
(based on gross pay of
\$200,000)**

Net pay after tax	Germany	\$18,149	72.6%	Italy	\$108,189	54.1%
	India	\$18,663	74.7%	Netherlands	\$109,417	54.7%
	France	\$18,750	75.0%	Ireland	\$111,905	56.0%
	Italy	\$18,800	75.2%	Germany	\$111,953	56.0%
	Estonia	\$19,518	78.1%	Israel	\$112,363	56.2%
	Mexico	\$20,534	82.1%	France	\$117,519	58.8%
	UK	\$20,799	83.2%	UK	\$121,819	60.9%
	Egypt	\$20,847	83.4%	Spain	\$127,332	63.7%
	Brazil	\$21,023	84.1%	Canada	\$129,340	64.7%
	Netherlands	\$21,087	84.3%	Malaysia	\$137,128	68.6%
	Malaysia	\$21,140	84.6%	USA	\$139,709	69.9%
	Israel	\$21,177	84.7%	India	\$141,163	70.6%
	Canada	\$21,204	84.8%	Japan	\$144,083	72.0%
	Spain	\$21,328	85.3%	Mexico	\$146,377	73.2%
	Russia	\$21,750	87.0%	Brazil	\$148,088	74.0%
	USA	\$22,660	90.6%	Estonia	\$152,515	76.3%
	Japan	\$22,704	90.8%	Egypt	\$160,847	80.4%
	Ireland	\$23,937	95.7%	Russia	\$174,000	87.0%
	Dubai	\$25,000	100.0%	Dubai	\$200,000	100%

*Salary after tax/net pay after tax and social security is defined as the net amount after making statutory deductions for Income Tax, Social Security Organization (SOCSCO) and Employees Provident Fund (EPF).

The UHY research reveals that for low earners – excluding Dubai – the difference in the amount of tax collected between the highest taxing country – Germany – and the lowest taxing – Ireland – is US\$5,788, which means than a person earning US\$25,000 per annum in Germany would pay over six times as much in tax and social security as the equivalent person in Ireland.

Tim Tee, Executive Director of Investment Services, UHY Tax Advisory in Malaysia adds: “As our Prime Minister pointed out in his Invest Malaysia 2011 speech, Malaysia is a gateway to ASEAN that allow investors to engage with new and emerging centres of economic growth with a talent pool of 600 million people in 10 nations. I truly believe that Malaysia’s favourable tax regime and some expected good news in the upcoming federal budget 2012 would provide attraction for international corporations to further invest and work in Malaysia.”

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Notes for Editors

About UHY in Malaysia

UHY, a Malaysian partnership, has 3 offices and more than 160 professional staff. The firm has service capabilities in audit, advisory, tax, forensic, litigation support and valuation areas.

UHY, a Malaysian partnership, is a member of UHY, an international network of independent accounting and consulting firms with offices in major business centres throughout the world. Further information can be found at www.uhy.com

Additional information for Editors

About UHY

UHY is proud to celebrate its 25th Anniversary in 2011. Established in 1986 and based in London, UK, UHY is a network of independent accounting and consulting firms with offices in nearly 240 major business centres in 78 countries. Over 6,300 staff generated an aggregate income of US\$583 million in 2010, ranking UHY the 23rd largest international accounting and consultancy network. Each member of UHY is a legally separate and independent firm.

For further information on UHY please go to www.uhy.com

UHY is a full member of the Forum of Firms, an association of international networks of accounting firms. For additional information on the Forum of Firms, visit www.ifac.org/Forum_of_Firms

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