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Bernama - Resident Individuals' Income Tax Rate Reduced By 1 Percentage Point

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KUALA LUMPUR, Nov 6 - The government has announced a one-percentage point reduction in income tax for resident individuals for the chargeable income band of RM50,001 to RM70,000, which is expected to benefit 1.4 million taxpayers.

Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said this was one of the key initiatives to alleviate the people's financial burden during the ongoing health crisis.

Another initiative is reducing the minimum employee Employees Provident Fund (EPF) contribution rate from 11 per cent to nine per cent starting January 2021 for a period of 12 months to increase take-home pay.

“This will benefit EPF contributors with a potential cash flow of up to RM9.3 billion,” he said.

Tengku Zafrul also announced the facility to withdraw EPF savings from Account 1 on a targeted basis.

The amount allowed will be RM500 per month with a total of up to RM6,000 over 12 months.

“This withdrawal will assist members who have lost their jobs and is expected to lighten the financial burden of about 600,000 affected contributors,” he said.

He said taking into account both i-Lestari and this Account 1 withdrawal facility, the total allowed withdrawal would be up to RM12,000.

“It is projected that total withdrawals from Account 1 will involve RM4 billion. Eligible contributors can apply beginning January 2021,” he added.

Themed ““Resilient as One, Together We Triumph”, the budget tabled saw the government allocated RM322.5 billion for 2021.

-- Bernama

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