

Published by: The Brunei Times, 17<sup>th</sup> March 2010

URL:

<http://www.bt.com.bn/en/business-national/2010/03/17/business-welcomes-tax-reduction>

## **Business welcomes tax reduction**

Wednesday, March 17, 2010

BUSINESS executives yesterday welcomed the news of the corporate tax cut slated for 2011. Some said they would soon plan how to utilise the extra capital expenditure for the benefit of their businesses.

Second Minister of Finance, Pehin Orang Kaya Laila Setia Dato Seri Setia Hj Abdul Rahman Hj Ibrahim recently announced the reduction of the corporate tax to 22 per cent in 2011 at the sixth session of the State Legislative Council.

In an interview with The Brunei Times, Haslina Hj Mohd Taib, chief executive officer of BAG Networks, said that she thought the prospective tax cut was great news.

"We're really excited at BAG to hear this!" she said. "We feel that corporations' efforts are being recognised and appreciated by the government. For mature companies, such as ourselves, we see it as a direct recognition from the government of our position as an important asset to the national economy."

She also noted that with this helping hand from the government, the company could re-invest in its human resources, which was an important element of their success.

"We've still got a margin to maintain, but this means we can look at things like taking on more trainees and investing the proper time to get them to the right level, because it takes quite a while to train new recruits in the field of IT (information technology)," she said.

Haslina also spoke on the possibility of using extra profits that might be gained through the reduction of the corporate tax for expansion plans.

Highlighting the company's collaborative projects, Haslina said this would mean "BAG will have a better position in training recruits and (we) can look at getting new equipment for future research projects".

The tax cuts also meant Brunei would be more competitive in the Asean region, she said, adding that "(BAG is) very happy to have this come into effect, so we can prioritise on improving various sectors of the company and reinvest into our human resources. That's really important for us".

A businessman from the local construction industry echoed Haslina's reaction.

"I wasn't aware of the news about the corporate tax reductions but I'm very happy to hear it!" he said, asking not to be named. He said his company would use this as an opportunity to get more projects and possibly increase salaries.

He said he was not sure how the tax cut could help curb the level of unemployment in the nation.

"Maybe that's more about finding people with the right skills for the right jobs," he said. "On the subject of the Employee Trust Fund (TAP) and Supplemental Contributory Pension (SCP) contributions being 100 per cent deductible (against tax liabilities), I think this is a good thing for local companies as we can still support our employees with their TAP and SCP payments and still maintain a reasonable profit margin to survive in this tough market".

A local financial executive, who declined to be named, said any reductions in corporate taxations, and TAP/SCP contributions by employers, would be "definitely all positive".

These are also good steps in ensuring Brunei remained competitive with other Asean countries in terms of ease of doing business (Brunei currently sits at 22nd in world rankings), citing Brunei's current corporate tax as low compared to other Asean countries.

"It's more of a progressive taxation kind of thing that's taking place now, and it could be a move to localise the market," he added.

Vincent Cheong, CEO of the Brunei Economic Development Board, said the tax cut would help Brunei to better attract foreign investors and ensure Brunei's business competitiveness in the region. The Brunei Times