

MALAYSIA WEEKLY ECONOMIC NEWS

(25 September 2017 – 29 September 2017)

Topics	Highlights
<p>Tourism sector to remain third largest contributor to economy</p>	<p>Aggressive measures taken to boost Malaysia's tourism and hospitality industry, which include hotels, foods, restaurants, chefs, as well as food services equipment and suppliers doing their part, will help maintain the According to data from Tourism Malaysia, the target for tourist arrivals this year was 31.8 million while tourist receipts were expected to reach RM118 billion. The tourism and hospitality industry was recognised as one of the National Key Economic Areas in the government's vision to help make Malaysia a high-income nation by 2020. By 2020, Malaysia is targeted to draw some 36 million tourists with tourism receipts projected at RM168 billion.</p> <p style="text-align: right;"><i>(The Star, 26 September 2017)</i></p>
<p>Digital tax raises concerns among Malaysian consumers</p>	<p>The Government's plan to amend the taxation system to include digital tax is leaving Malaysian consumers concern about the issue of double taxation. This is because the prices of online products sold on e-commerce platforms such as Lazada, Shopee and 11Street have already included the goods and services tax (GST). However, Deloitte Malaysia said the new form of tax, which may be implemented next year, would only affect foreign service providers, namely those businesses that had no establishment or place of business in Malaysia. GST only applies to businesses with 'business establishment' or 'fixed establishment' in the country, while those operating outside of Malaysia were not subject to the tax. However, the implementation of the digital tax may mean that foreign service providers serving Malaysian consumers may be charged with tax. Malaysia has 20.62 million active Internet users in 2016, and many of them have opted to shop online as the prices of products are cheaper compared to the physical stores.</p> <p style="text-align: right;"><i>(The Star, 28 September 2017)</i></p>
<p>Johari: Govt has no plans to raise taxes in Budget 2018</p>	<p>The Government is not planning to raise taxes in Budget 2018 as it will burden the people, said Second Finance Minister YBhg. Datuk Seri Johari Abdul Ghani. He believed the YB Prime Minister would be looking at ways to reduce the effects from the higher cost of living in next year's budget. The country's fundamentals remained strong, judging from the improving exports, trade value, gross domestic product growth, and stabilised global crude oil prices. However, he said the Government also had to take into account external factors such as the current geopolitical tensions between North Korea and the United States. This creates uncertainty in the global economy, especially the regional economy.</p> <p style="text-align: right;"><i>(The Star, 29 September 2017)</i></p>
<p>August producer price index rises 6.7%</p>	<p>The Producer Price Index (PPI) rose 6.7% to 106.9 in August 2017 from 100.2 a year earlier, but was 0.4 point lower compared to the 7.1% increase in July 2017. Sectors which showed significant increases during the period included mining (17.6%), manufacturing (6.3%), agriculture, forestry and fishing (3.2%), electricity and gas supply (1.7%) and water supply (0.8%). On a monthly basis, the PPI for local production increased 0.8% in August after declining over five consecutive months.</p> <p style="text-align: right;"><i>(The Star, 29 September 2017)</i></p>