



Publication	The Edge	Section / Page	81	Date	1/11/2021
Headline	These Companies May Be Subject To The One-Off 33pc Prosperity Tax				

These companies may be subject to the one-off 33% prosperity tax

BY SEAH EU HEN

Investors' fear of a surprise corporate taxation came true when Finance Minister Datuk Seri Tengku Zafrul Abdul Aziz announced a one-off 33% *cukai makmur* (prosperity tax) on companies with chargeable income over RM100 million for the year of assessment 2022.

The *cukai makmur* is a one-off tax measure proposed by the federal government in Budget 2022, whereby chargeable income above the RM100 million mark will be taxed at a rate of 33%, instead of the blanket 24% rate previously. Tax is levied on a company's chargeable income and not its net profit.

Among over 900 public-listed companies on Bursa Malaysia, 145 of them earned over RM100

million in their financial year 2019 (FY2019), while there were only 125 such companies in FY2020, based on Bloomberg data.

Only 113 companies managed the same level of pre-tax earnings across the last two financial years, according to Bloomberg data.

Banks and big plantation companies are seen as the obvious targets.

The FBM KLCI constituents such as Malayan Banking Bhd, Public Bank Bhd, Tenaga Nasional Bhd, Top Glove Corp Bhd and Petronas Chemicals Group Bhd were among the 113 companies that managed over RM100 million consistently across the two financial years (see table).

Glove makers such as Careplus Group Bhd and Rubberex Corp (M) Bhd as well as semiconductor au-

tomated testing equipment (ATE) and packaging companies, such as ViTrox Corp Bhd and Unisem (M) Bhd also saw their pre-tax earnings rise in FY20 compared with FY2019.

It is unclear if the *cukai makmur* will apply to all companies as the current year of assessment differentiates tax rates depending on the paid-up capital of the company according to the Inland Revenue Board.

For the year of assessment 2020, companies with a paid-up capital of less than RM2.5 million are charged a 17% tax rate for their first RM600,000, while the extra income will be subjected to 24% tax rate. Companies with paid-up capital of above RM2.5 million, however, will be subject to a tax rate of 24% regardless of their income generated. ■

Some of the companies on Bursa making more than RM100m pre-tax profit in FY2020

Company	Market cap at Oct 29, 2021 (mil)	Pre-tax income 2020 (mil)	Company	Market cap at Oct 29, 2021 (mil)	Pre-tax income 2020 (mil)
MALAYAN BANKING BHD	96,291	8,657	SUPERMAX CORP BHD	4,974	680
PUBLIC BANK BERHAD	81,525	6,285	PRESS METAL ALUMINIUM HOLDIN	44,096	655
TENAGA NASIONAL BHD	55,257	4,235	MMC CORP BHD	5,999	654
HONG LEONG FINANCIAL GROUP	20,981	3,300	GAMUDA BHD	8,119	585
HONG LEONG BANK BERHAD	40,970	2,989	ALLIANCE BANK MALAYSIA BHD	4,242	568
RHB BANK BHD	23,108	2,644	IHH HEALTHCARE BHD	57,291	568
PETRONAS GAS BHD	33,401	2,610	HARTALEGA HOLDINGS BHD	19,274	555
TOP GLOVE CORP BHD	20,738	2,166	KLCCP STAPLED GROUP	12,276	547
SIME DARBY PLANTATION BHD	28,631	1,990	SCIENTEX BHD	7,164	544
PETRONAS CHEMICALS GROUP BHD	69,600	1,857	DRB-HICOM BHD	3,190	540
MAXIS BHD	36,783	1,852	FRASER & NEAVE HOLDINGS BHD	10,013	523
AMMB HOLDINGS BHD	11,231	1,783	IJM CORP BHD	6,652	518
DIGI.COM BHD	33,666	1,622	SUNWAY BHD	8,703	513
CIMB GROUP HOLDINGS BHD	53,663	1,530	BURSA MALAYSIA BHD	6,102	507
KOSSAN RUBBER INDUSTRIES	6,022	1,441	UNITED PLANTATIONS BHD	5,869	506
PPB GROUP BERHAD	26,261	1,421	UOA DEVELOPMENT BHD	4,095	480
TELEKOM MALAYSIA BHD	21,963	1,278	MR DIY GROUP M BHD	23,600	458
SIME DARBY BERHAD	15,510	1,275	MALAKOFF CORP BHD	3,983	445
BATU KAWAN BHD	8,854	1,265	LPI CAPITAL BERHAD	5,593	434
KUALA LUMPUR KEPONG BHD	23,476	1,186	MALAYSIA BUILDING SOCIETY	4,590	428
AXIATA GROUP BERHAD	36,416	1,171	SYARIKAT TAKAFUL MALAYSIA KE	3,317	427
HAP SENG CONSOLIDATED	19,718	1,107	YTL POWER INTERNATIONAL BHD	5,631	425
IOI PROPERTIES GROUP BHD	7,048	897	TIME DOTCOM BHD	8,215	423
WESTPORTS HOLDINGS BHD	15,345	865	YTL CORP BHD	6,907	419
ASTRO MALAYSIA HOLDINGS BHD	5,162	863	O.S.K. HOLDINGS BHD	1,866	411
IOI CORP BHD	24,709	827	UMW HOLDINGS BHD	3,972	401
DIALOG GROUP BHD	16,137	747	AFFIN BANK BHD	3,653	394
ALLIANZ MALAYSIA BHD	2,347	730	AEON CREDIT SERVICE M BHD	3,569	390
BANK ISLAM MALAYSIA BHD	6,643	728	MEGA FIRST CORP BHD	3,410	389
NESTLE (MALAYSIA) BERHAD	31,470	725	PETRONAS DAGANGAN BHD	20,147	386
SERBA DINAMIK HOLDINGS BHD	1,298	706	FGV HOLDINGS BHD	5,436	346
			LINGKARAN TRANS KOTA HLDGS	2,073	343

SOURCE: BLOOMBERG