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## **BUDGET: Policyholders To Enjoy Better Returns After 8 Percent Income Tax Removal, Says LIAM**

KUALA LUMPUR, Sept 28 (Bernama) -- The Life Insurance Association of Malaysia (LIAM) said the government's removal of the eight per cent investment income tax on deferred annuity will allow policyholders to enjoy better returns on their retirement savings.

LIAM President Vincent Kwo said the tax relief would spur the development of retirement planning for the people.

"As our country moves towards a high-income nation with an ageing society, there is a dire need for suitable tax efficient retirement products to enable the rakyat to maintain a comfortable lifestyle in their golden years.

"Hence, the unique feature of deferred annuity will provide a regular income after retirement as well as death benefits," Kwo commented on the proposal announced by Prime Minister Datuk Seri Najib Tun Razak in the 2013 Budget.

LIAM said the tax incentives for deferred annuity and the introduction of new group insurance schemes would transform the insurance industry into a major contributor to the economic development of Malaysia.

"LIAM is confident that with greater awareness among the rakyat, the current percentage of population with life insurance, which stood at 43 per cent, will reach 75 per cent by 2020 as targeted in the Economic Transformation Programme," Kwo said in a statement.

Meanwhile, on the proposed angel tax incentive, Cradle Fund Sdn Bhd said it was important for angel investments to plug the funding gap, particularly with the government planning to lessen reliance on government funding in the medium to long-term.

In the 2013 Budget, Najib said the government proposed a tax relief equivalent to the sum of investment by angel investors in start-up companies to be allowed to be deducted from all sources of the investor's income.

Cradle said in the past two years, it has been working to encourage private investments and ensure that Malaysian start-ups have a private sector funding avenue that would allow them to grow.

"Growth in angel investment will impact Malaysian technology development and innovation by generating more funds to accelerate growth, increase the number of technology start-ups in Malaysia and drive the country's economic development towards a high-income knowledge-based economy," it added.

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