

## MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD  
(Incorporated in Malaysia – Company No. 524989-M)

The Star, Starbizweek- Thursday, October 18<sup>th</sup>, 2018 (C)

# MSWG: Capital gains tax will dampen Bursa performance

**KUALA LUMPUR:** The Minority Shareholder Watchdog Group (MSWG) hopes the capital gains tax (CGT) will not be introduced in the near term as it will further dampen the performance of Bursa Malaysia, said chief executive officer Devanesan Evanson.

He also stressed that the introduction of the tax on capital gains would be counter productive as the government had plans to reduce shares owned by government-linked investment companies (GLICs).

“If they introduce the capital gain tax now, it would affect the market, which is now trading on a bearish mode, which will subsequently bring down the values of shares,” he told reporters on the sidelines of the Association of Chartered Certified Accountants (ACCA) Global Ethics Breakfast Event yesterday.

Asked on the suitable time for the capital gains tax introduction, Devanesan said the government could revisit the idea later after the local market had stabilised.

“Not now, but maybe after the government completes the debt rationalisation plan,” he added.

Commenting on the external factors, he noted that Malaysia had always been exposed to external factors, however, these factors were



**Market dampener:** Devanesan says if the CGT is introduced now, it would affect the market which is on a bearish mode.

beyond the government's control. Therefore, they were not significant in the decision to implement the tax.

The government has previously hinted that new taxes would be introduced, which saw the market speculating on three potential taxes, namely capital gains tax, inheritance tax and tax on the digital economy.

The government had also set up a

Tax Reform Committee on Sept 12 to look at the current tax structure and how to broaden the tax base.

Apart from that, Devanesan also urged the government to reduce its shareholdings in listed companies to give way to foreign investors.

“There are very little free float of shares in the market, which makes Malaysia more unattractive to the investors, hence, by letting go of

these shares, it allows the market to be more liquid,” he added. It was reported that seven GLICs, including Khazanah Nasional Bhd, the Employees Provident Fund and Lembaga Tabung Haji, control important companies in the economy.

They have majority ownership of 35 public-listed companies and in terms of market capitalisation, they control about 42 per cent of the entire Bursa Malaysia.

Meanwhile, chairman of ACCA Malaysia Advisory Committee Datuk Merina Abu Tahir said ACCA Malaysia would conduct a series of interactive activities on building awareness on ethics and to reinforce the understanding on the matter.

“We have come out with “Doing The Right Thing” i-Pledge campaign which requires Malaysians to pledge on ‘doing the right thing’ and we targeted to achieve 5,000 pledges,” she said.

She added that this campaign was in line with the Global Ethics Day and advocating the practice of good ethics, as the theme for this year's Global Ethics Day is “Doing the Right Thing”.

The campaign will run from today until Nov 16, 2018 and pledges can be made at [www.accaethicspledge.com](http://www.accaethicspledge.com). — Bernama