

Relieving Flood Damages In Malaysia through Tax Policies And Measures: A Comparative Analysis

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Abstract : As a result of its geographical location, flood is a natural disaster that happens regularly in Malaysia. Every year, heavy rainfall is brought by the cyclical monsoon to the East coast of Peninsular Malaysia. In recent years, the occurrence of unexpected heavy downpour somehow connected to climate-change phenomena is also on the increasing trend. Ironically, despite that Malaysians have suffered significant monetary losses as a result of the recurring floods in past many decades, little has been done by the government from the perspective of taxation. Perhaps due to political reason or as a populist measure, the federal and local government are more inclined to offer small cash handout than rolling out long-term tax policy or measure in relieving the financial and tax burden of the victims and affected business entities. Except for the one-off tax break granted to affected businesses in 2007, the authors have not found any income tax exemption or deduction order gazetted with regard to flood disaster. Hence, it is imperative for this study to explore the need and challenges of implementing flood inflicted disaster tax relief or credit in Malaysia. This research consists of two major parts. First, the assessment of relevant tax policies/ measures with regard to non-government organisations and other affected parties. Content and thematic analyses will be applied on current tax legislations and orders issued for this part. Second, a comparative analysis will be conducted benchmarking various disaster tax reliefs and credits implemented in developed countries. Resulting from the increasing climate change-related disasters in Malaysia, the findings of this study will shed light on the importance of introducing disaster tax relief measures to assist individual victims as well as the affected businesses.

Keywords : climate-changed related disaster, disaster tax credits, tax relief for victims, tax measures for disaster recovery

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