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Sun Life Takaful hopes tax deduction revised

Company says present tax allowance no longer suitable due to inflation impact

BUDGET 2016

by FARAH ADILLA

SUN Life Malaysia Takaful Bhd hopes the government will revise the income tax deduction for insurance premium in the upcoming

Budget 2016.

Its CEO/ED Muhammad Fikri Mohamad Rawi (picture) said the present tax allowance is no longer suitable as inflation has increased with the implementation of the Goods and Services Tax and it is affecting a large number of middle-income earners.

"There is also a concern on the protection gap at RM250,000, according to the Malaysian Takaful Association's recent survey. It can't be stagnant at the current level.

"For a middle-class family

to continue their lifestyle, the breadwinner needs to earn more. The current average income of middle-class families is surely not enough," he told reporters after signing a four-year bancatakaful agreement between Sun Life Takaful and Bank Kerjasama Rakyat Malaysia Bhd (Bank Rakyat) in Kuala Lumpur yesterday.

Last year, the Life Insurance Association of Malaysia (LIAM) had asked the government to provide more incentives in Budget 2015 to promote

financial planning among the Malaysians, including raising the income tax relief for Employees Provident Fund and insurance premiums.

LIAM president Vincent Kwo Shih Kang was quoted as saying that the RM6,000 tax deduction had not been revised since 2005 but inflation had increased.

The insurance association noted that the current tax incentive system did not differentiate the two elements in financial planning — savings and protection.

Meanwhile, Sun Life Takaful is targeting RM600 million in premium during the four-year bancatakaful agreement with Bank Rakyat.

Muhammad Fikri said the figure is derived from a projected RM150 million premium per year, which Sun Life Takaful had already achieved through the previous two-year agreement with the bank.

He said the partnership will see both firms leveraging on their strengths to meet the increasing demand of takaful protection in Malaysia.



Picture: Inmali Chai Raa