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In May 2000, I was faced with a difficult situation of accepting the University Malaya offer do MBA (Accountancy) since my closest brother was admitted in Intensive Care Unit fighting for his life after an Asthma attack. As my loving 34 year old brother slipped into coma, I made the decision to pursue my studies to keep my mind away from his thoughts. After almost three years of toil, I am now at the threshold of my MBA. My completion of this MBA would be more of an emotional victory. Apart from the grace of God, there are so many people who played a role in my making my dream of getting a MBA a fact and deserve to be acknowledged at this juncture.

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Q

**TAXATION AND ITS IMPACT ON ECONOMIC DEVELOPMENT OF
MALAYSIA**

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ABSTRACT

This study reports on the impact of taxation on selected sectors in Malaysia. Sectors selected to conduct this study are manufacturing, tourism, property, free-trade zone and the Multimedia Super Corridor. No analysis is done with regards to free-trade zone due to lack of data. As taxation covers a wide area this study is confined to the sectors mentioned above.

The Malaysian economy was growing at an average of 7% annually until 1997. Subsequently, the country had a negative growth of 2% and now it is steadily growing to achieve its previous growth rate of 7%. The regional financial crisis, global recession and weaknesses in Malaysian economic planning led to the collapse of the capital market and withdrawal of foreign investments in 1997. The government through various measures tried to reinstate investors' confidence and put the country back onto the right track. One of the various measures is through taxation. The study found that certain sectors benefited from the tax incentives while other sectors had a negative impact on their growth.

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