**TAX INITIATIVES/ REFORMS TO STIMULATE THE GROWTH OF MSMES AND INCREASE TAX COMPLIANCE IN BRUNEI DARUSSALAM.**

In an effort to stimulate the growth of Micro Small Medium Enterprises (MSMEs) which represents 97.2 percent (in 2017) of the total enterprises in Brunei Darussalam, Revenue Division (RD), Ministry of Finance and Economy (MOFE) have implemented the following initiatives:

1. Exemption from tax for company with gross sales or turnover less than BND1 million;

As a measure to encourage the development of local MSMEs in Brunei Darussalam, companies with gross sales or turnover not more than BND1 million are exempted from paying tax. With the available additional capital resources, these companies hope to be able to grow and help spur further economic growth in Brunei Darussalam.

1. Audit exemption;

Companies which are:

* Private companies that
  + have revenue in the relevant financial year that does not exceed $1 million;
  + have beneficial interest in its shares that is not held (directly or indirectly) by any corporation; and
  + Consist of not more than 20 members
* Dormant companies (no accounting transaction occurs) from the time of its incorporation or since the end of the previous financial year.

The types of companies listed above are not required to have their accounts audited by auditors, provided that the accounts are presented to the member of the company at the AGM. This exemption will help companies especially MSMEs from having to bear the cost to hire auditors to prepare documents required for tax filing.

1. Universalization of Capital Allowance for Plant and Machinery (25 percent);

* This measure was introduced to help lower the cost of companies especially MSMEs in Brunei Darussalam when filing for tax return.

RD, MOFE has also started to conduct monthly Income Tax workshops to help increase tax compliance in Brunei Darussalam. The workshops aims to assist and educate newly established companies and companies who fail to file tax return on the Income Tax obligation in Brunei Darussalam. As of October 2019, RD, MOFE have conducted the workshops to more than 450 companies in Brunei Darussalam.