

A Study on Effective Tax Rates of Malaysian Listed Companies for the Plantation Sector

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Abstract

The effective tax rate (ETR) has become a focal point for businesses as it reflects the actual taxes paid based on earnings. This study examines the ETR of 42 Malaysian public companies in the plantation sector listed on Bursa Malaysia, providing insights into how tax rates vary across different industries and factors contributing to these differences. The findings can be useful for the policymakers in determining the effectiveness of current tax policy and its intended goal. The study used the ordinary least squares (OLS) method to analyse ETR data from 2012-2021 and to identify factors influencing ETR. Diagnostic tests confirmed linear relationships and addressed non-normal data distribution with transformations. Despite some irregular variance, OLS remained effective for classification and hypothesis testing. The data reveal an average ETR of 22.2%, below the corporate tax rate of 24.5%. Factors influencing ETR include company size, return on assets (ROA), company leverage, capital intensity, and inventory intensity. Prior studies suggest that corporate tax burdens vary widely, with larger companies occasionally paying lower ETR, although outcomes differ across sectors. OLS indicates a weak positive correlation between capital intensity and ETR, while ROA shows a negative correlation with company size, suggesting that larger companies may not effectively leverage profits. The R^2 statistic indicates that the independent variables explain only 2.8% of the variance in ETR, highlighting the complexity of tax liabilities influenced by broader economic conditions and regulatory changes. All independent variables exhibited a positive influence on the ETR, with capital intensity showing a significant influence. The study suggests further research on the factors influencing ETR to support the plantation sector and what extend it is going to impact ETR can be suggested for further research.

Keywords: Effective Tax Rate, Corporate Tax System, Plantation Sector

Introduction

The effective tax rate (ETR) imposed on businesses is a hot topic in the United States and around the world because it expresses the actual tax rate paid based on the company's earnings. The main objective of a tax system is to provide the government with the revenue

to fund its administrative functions (Palil & Mustapha, 2011). Many taxpayers find ways to avoid paying their tax obligations (Loo, 2016). During special voluntary disclosure programme period, over 6,000 corporate taxpayers disclosed zero tax or non-submission of tax returns (Ahmad et al., 2022). The complexity of tax regulations significantly influences corporate taxpayer compliance (Sharaja, Kasipillai, & Cyril, 2014). It could also be a result of the combined effects of various tax incentives (Harris & Fenny, 2000). Taxpayers, including companies, have employed a variety of tax planning tactics to decrease their tax burden and limit their pre-tax income (Dhamara & Violita, 2018; Lazăr, 2014). Countries appear to be competing to reduce their ETR in order to attract more businesses and thus improve their economies. However, the United States appears to be losing this competition. According to Controller's Report (2011), for tax years 2006–2009, Forbes Global 2000 companies headquartered in the United States had an average corporate ETR of 27.7%. Companies with similar headquarters in other countries had an average ETR of only 19.5%. In Malaysia, Fazliza (2016) discovered that multinational corporations in the manufacturing sector enjoyed the lowest average ETR of all sectors in 2015, at 17.77%. As a result, tax authority is considering implementing tax types to enhance government revenue (Rahmayanti et al., 2020). According to Maybank Kim Eng's head of regional equity research Anand Pathmakanthan, Malaysia's plantation sector, which is the most highly taxed sector in the country, is likely to be subjected to the recently-announced prosperity tax under Budget 2022 (Khalid, 2021). Thus, the aim of this study is to examine the ETR of Malaysian public listed companies on Bursa Malaysia for the plantation sector. The study's main contribution is in acquiring an average ETR and providing an insight, especially on the factors influencing the ETR in Malaysia's plantation sector.

Research Background and Problem Statement (2012–2021)

Looking at the shares of economic sectors in the global gross domestic product (GDP) from 2010 to 2020, agriculture contributed the highest (4.01%) in 2020 and the least (3.87%) in 2010 to the global GDP (Statista, 2022). In Malaysia, agriculture accounted for roughly 8.19% of the country's total domestic output in 2020. Between 2012 and 2021, the base price of crude palm oil (CPO) in Malaysia was RM3,078/ton in 2012 and plummeted to the lowest of RM1,929/ton in August 2014. The greatest increase was from May 2020 to December 2021 with a hike of approximately RM2,600/ton, peaking at RM4,697/ton in December 2021 (Trading Economics, 2022). Thus, agriculture remains one of the important sectors of the country's economy. Despite the importance of agriculture to the Malaysian economy, the government announced the prosperity tax in Budget 2022 amidst the significant increase in CPO prices between 2020 and 2021. However, little research has been done on the ETR of the plantation sector.

Research Questions & Objectives

Research questions:

1. What is the ETR level for the plantation sector in Malaysia?
2. What are the factors influencing the ETR of the plantation sector in Malaysia?

Research objectives

1. To examine the ETR of Malaysian public listed companies on Bursa Malaysia for the plantation sector.
2. To investigate the factors (company size, return on assets, company leverage, capital

intensity, and inventory intensity) influencing the ETR of listed plantation companies in Malaysia.

Literature Review

Most previous studies have included company size, profitability, leverage, capital intensity, inventory intensity and return on assets as determinants of the effective tax rate across industry sectors (Derashid et al., 2003; Mladineo et al., 2016; Delgado et al., 2018;) Delgado et. Al. (2014) used other determinants such as size, intensity of inventories and profitability for companies and concluded that inventory intensity and profitability were significant for companies with lower effective tax rates, while debt played a crucial role for companies with higher effective tax rates. This framework has yet to be examined in the context of the plantation sector in Malaysia. Hence, it has been selected for this study.

Effective Tax Rates (ETR)

Financial accountants define corporate ETR as the income tax expense for financial reporting purposes divided by pre-tax accounting income (Sansing, 2004). ETR is influenced by a range of definitions and measurement selections (Oliveira et al., 2022). In literature, the numerator of the ETR, denoting tax expenses, can be defined in varied ways. It may encompass solely the current tax or a combination of the current tax and the deferred tax (Janský, 2023). This study aligns with the recognition of tax amounts in accordance with the principles outlined in International Accounting Standard (IAS) 12. The numerator encompasses the aggregated sum of current-year tax and movement in deferred tax balances. With respect to the denominator, different measurements have been employed in previous studies such as using the cash flow from operation, operating income or profit before interest and tax. This study chooses profit before tax to reflect the ratio of profit subject to taxation which is consistent with ETR's definition in IAS 12.

Harris and Fenny (2000) regard ETR as a fundamental summary statistic of tax performance that describes how much a company pays in taxes in relation to its gross profit. There are empirical findings showing that not all companies are subjected to the same tax burden or pay the same tax rate (Adhikari, Derashid, & Zhang, 2006). Thus, the use of a statutory tax rate (STR) to calculate the tax burden is insufficient since it ignores factors such as temporary differences, compensation of negative tax bases, deductions and exemptions, and so on. Some items of income or expenses are included in accounting profit in one period but included in taxable profit in a different period. This divergence or temporary difference occurs because accounting profit adheres to International Financial Reporting Standards (IFRS) principles while taxable profit is governed by the tax regulations set forth by the tax authorities (Media, 2023, p.164). The ETR, on the other hand, proves to be a good predictor of tax burden because it is calculated using all the essential elements of taxes (Fonseca, Fernández, & Martínez, 2011). Hence, it is the best or the most accurate way for assessing the actual corporation tax burden of the company. Tax burden imposed on profit is an important aspect given its consequences in company management and the formulation and development of national policies (Giannini & Maggiulli, 2002).

Much research has been conducted on the effects of various factors on ETR. Derashid and Zhang (2003) studied the relationship between ETR and a set of possible factors for Malaysian companies listed on the KLSE (now known as Bursa Malaysia) for a ten-year period between

1990 and 1999. They considered assets (company size), leverage, capital intensity, inventory intensity, return on assets (ROA), market book (growth companies), and percentage of government equity ownership in the company as possible factors. They found that manufacturing companies and hotels paid the lowest ETRs among all the sectors listed on the KLSE. These sectors had the type of performance that allowed companies to pay lower ETRs. In addition, it appeared that large Malaysian companies did not suffer a political cost, as indicated by a negative and significant relationship between company size and ETR. There was no evidence indicating that large Malaysian companies paid a higher ETR than small Malaysian companies. Another study looked at the corporate ETR of 316 Malaysian listed companies from 1993 to 2006. The study considered factors such as company size, ROA, leverage, capital intensity, and inventory intensity. The findings lent support to political cost theory, which holds that larger companies face higher ETRs. Meanwhile, lower ETRs were significantly associated with highly leveraged companies, higher fixed asset investment, and lower inventory investment. Also, companies with higher ROA had lower ETRs. Companies in trading and services, as well as properties and construction sectors, recorded larger ETRs (Noor, Fadzillah, & Mastuki, 2010). Another study conducted in Germany by Francisco, Elena, and Antonio (2018) found that leverage, inventory intensity, and ROA were key predictors of ETR.

Corporate Tax System

Income Tax Act 1967 is the Malaysian law that establishes the imposition of income tax. Before the year of assessment 2022, income tax was imposed on any person for income accrued in or derived from Malaysia or received in Malaysia from sources outside Malaysia. However, effective from the year of assessment 2022, income tax is exempted on income arising from sources outside Malaysia that is received in Malaysia by a non-resident person. Companies in Malaysia are taxed based on profit before taxation from Statement of Profit or Loss after some adjustments. Previously, companies were allowed to carry forward unabsorbed business losses indefinitely. However, effective from the year of assessment 2019, unabsorbed business losses can only be utilised within a period of 10 years. Any unabsorbed losses at the end of year seven would be deemed to be zero. However, unabsorbed capital allowances can be carried forward indefinitely. All resident companies incorporated in Malaysia with a paid-up capital of RM2.5 million and below are taxed at 17% on the first RM600,000 chargeable income and 24% on subsequent chargeable income; resident companies with a paid-up capital above RM2.5 million are taxed at a flat rate of 24% (Choong, 2021). The average tax rate of a resident company with a paid-up capital above RM2.5 million for the years of assessment 2012–2021 was 24.5% (2012: 26%, 2013–2015: 25%, 2016–2021: 24%). According to Revenue Statistics in Asia and the Pacific 2021 – Malaysia (OECD, 2021), corporate income tax contributed the highest (45.0%) to the tax revenues of Malaysia in 2019.

Malaysia offers a wide range of tax incentives to promote investments in selected industry sectors such as traditional manufacturing, agriculture, and other sectors that are involved in Islamic financial services, ICT, education, tourism, healthcare, and research and development. Although Malaysia is not a tax haven or a low tax jurisdiction, for companies eligible for the tax incentives, the ETR would be significantly lower than the normal corporate tax rate of 24%. According to Bursa Malaysia, companies engaged in the cultivation, planting, and/or replanting of crops are classified under the plantation sector. The tax incentives available for

the agriculture sector are pioneer status, investment tax allowance, reinvestment allowance, promotion of exports, and accelerated capital allowances (2022 Budget). Tax incentives are also available to a group of companies participating in an approved forest plantation project which suffers losses on the first forest plantation project and companies involved in food production activity (2022 Budget).

Company Size

The equity value, sales value, and asset value may all be used to determine the size of a company (Rahman & Sunarti, 2017). Due to the notion known as economies of scale, company size is a crucial component in determining a company's profitability (Ardyansah, 2014). Economies of scale demonstrate major organisations' low-cost advantages by allowing them to create things at low unit prices. Large companies acquire large quantities of raw materials (input production) to gain larger discounts (quantity discounts) from suppliers. A previous study has shown that the tax burden changes according to the size of the company (Wu et al., 2012).

Previous studies have looked at the link between company size and ETR, and inconsistent results have been obtained. A positive relationship, for example, has been documented, explaining why a company with a larger size would pay a higher tax rate (Delgado, FernandezRodriguez, & Martinez-Arias, 2014; Kraft, 2014; Noor et al., 2010). A negative relationship has also been reported (Adhikari, Derashid, & Zhang, 2006; Derashid & Zhang, 2003; Hadjidema, Stamatopoulos, & Eleftheriou, 2016; Gita et al., 2021). Yet, an insignificant relationship has also been reported (Adhikari Hussin & Noor, 2012; Liu & Cao, 2007; Stickney & McGee, 1982). Mascagni and Mengistu (2019) discovered that, despite a proportionate tax rate, small businesses experienced a higher effective tax burden than bigger businesses, with middle-sized businesses bearing the least cost. Based on the above discussion, the researcher has developed the following proposition:

Hypothesis 1: Company size negatively influences ETR.

Return on Assets (ROA)

ROA is a metric that assesses a company's capacity to generate profits from all of its assets (Hanafi, 2003). It is a ratio that analyses the amount of profit made by the total assets held or utilised (Wahyudi, 2020). By comparing net income before taxes to total assets, ROA demonstrates the agent's success in achieving the overall profit. This ratio can assist management and shareholders in determining how successfully the company is able to turn its assets into profit or loss. A higher ROA shows that the company is making more money and that management is making better use of its assets. Vamela et al. (2021) conducted a study on the impact of ROA on ETR. Their findings revealed that ROA had a considerable favourable impact on ETR. From the existing research results, the researcher has developed the following hypothesis:

Hypothesis 2: ROA negatively influences ETR.

Company Leverage

Leverage is defined as the amount of debt in a company's capital structure, and it is measured using the debt to assets ratio (Maskanah & Islahuddin, 2019). A company's capital structure affects its ETR through the relief gained via the deduction of interest expenses generated by the debt of the company (Hazir, 2019; Lazar, 2014). In other words, companies that opt for

debt financing have lower tax burden because interest expenses are tax-deductible, whereas companies that choose equity financing would not enjoy any tax deductions on their dividends (Rosmaria, Chek, & Roshaliza, 2021). Additionally, companies have the tendency to increase their debts as they own more tangible assets, which could be put up for collaterals (Myers & Majluf, 1984). Accordingly, this research suggests that leverage influences ETR, as formalised in the following hypothesis:

Hypothesis 3: Leverage negatively influences ETR.

Capital Intensity

Capital intensity is defined as tangible assets as a proportion of the total assets. Previous literature has confirmed the existence of a negative relationship between capital intensity and ETR. Salaudeen and Eze (2018) investigated the corporate ETR of 123 non-financial companies listed on Nigerian Stock Exchange. They discovered that companies with high capital intensity and leverage tended to enjoy lower tax burdens. In addition, Hazir (2019) revealed that larger Turkey companies had several common features, such as high levels of profitability, leverage, and capital intensity, but with lower inventory intensity. The researcher further justified that capital intensive companies were inclined to reap the benefit not only from the deductions of depreciation expenses but also from other tax policies. Hence, this research suggests that capital intensity influences ETR, as formalised in the following hypothesis:

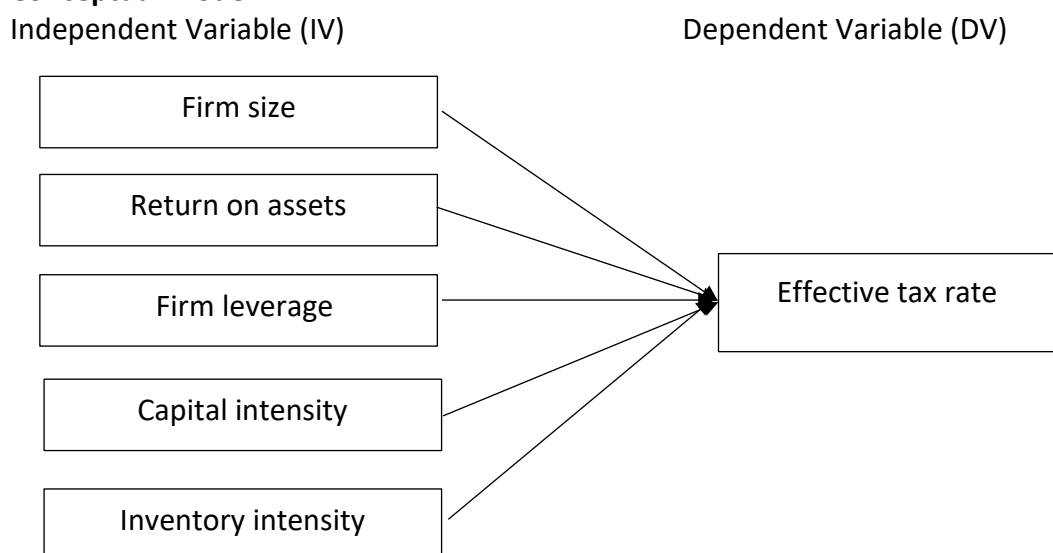
Hypothesis 4: Capital intensity negatively influences ETR.

Inventory Intensity

Inventory intensity refers to inventory divided by total assets (Rosmaria, Chek, & Roshaliza, 2021). Earlier research reported a positive relationship between inventory intensity and ETR, suggesting that a company investing in a high amount of inventory will pay higher ETR because there is no deduction available for inventory (Salaudeen & Eze, 2018). Contradictorily, Andreas and Savitri (2017) examined the ETR of top 45 Indonesian listed companies from 2009 to 2014 and discovered an inverse relationship between inventory intensity and ETR. The plausible rationale is that companies are incapable of utilising their resources wisely, resulting in lower profitability and income tax rates. Therefore, this research suggests that inventory intensity influences ETR in the following way:

Hypothesis 5: Inventory intensity negatively influences ETR.

Conceptual Model



Methodology

Data for this study were obtained from the annual reports published on Bursa Malaysia website. The sample consisted of 43 companies in the plantation sector, listed on Bursa Malaysia's Main Market. Data were collected for a ten-year period from 2012 to 2021. This study attempted to determine the factors influencing ETR in Malaysia's plantation sector.

The ordinary least squares (OLS) method was adopted because it is the most commonly used linear model analysis in social sciences. The estimated equation in OLS regression is determined by finding the equation that minimises the sum of squared distances between the sample's data points and the values predicted by the equation (Farahani, Rahiminezhad, Same, & Immanezhad, 2010). Before conducting the regression analysis, the study performed a diagnostic test on the raw data set for the OLS assumptions of linearity, normality, multicollinearity, and homoscedasticity. The linearity test showed that all the points were not randomly dispersed, and the plots suggested a pattern in the analysed data, indicating the existence of linear relationships between variables. The degree of unevenness of distribution and the kurtosis for the independent and control variables indicated heaviness of distribution, denoting non-normal distribution. Thus, the data were transformed to a normal distribution using operating square roots and the natural log function. The multicollinearity test showed that the entire model fulfilled the basic assumptions of multicollinearity with a mean variance inflation factor (VIF) of less than 10. The homoscedasticity test showed that Breusch-Pagan's test rejected the H_0 hypothesis with irregular variance of the residuals (Vaicondam, Annuar, & Ramakrishnan, 2016). Although OLS may produce predicted values outside the range of (0, 1), the technique can still be used for classification and hypothesis testing (Pohlmann & Leitner, 2003).

Empirical Results

Table 1

Descriptive Statistics of Variables

Statistics

	ETR	Company Size	Return on Assets	on Company Leverage	Capital Intensity	Inventory Intensity
N Valid	414	414	414	414	414	414
Missing	0	0	0	0	0	0
Mean	.22193112	20.53418619	.53383441	.16430220	.44419150	.03727189
Median	.20718167	20.80198033	.02954088	.14750957	.42946161	.01883161
Mode	.000000	18.682687 ^a	.000000	.000000	.000000	.000000
Std. Deviation	.404723394	3.450727379	3.119464924	.148921544	.231975991	.043287202
Variance	.164	11.908	9.731	.022	.054	.002
Minimum	.000000	.150543	.000000	.000000	.000000	.000000
Maximum	5.548983	24.135678	20.463583	.544512	.965403	.238870

Table 2
Correlation Results
Correlations

		ETR	Company Size	Return on Assets	Company Leverage	Capital Intensity	Inventory Intensity
ETR	Pearson Correlation	1	.023	-.001	.076	.128**	.083
	Sig. (2-tailed)		.644	.982	.123	.009	.090
	N	414	414	414	414	414	414
Company Size	Pearson Correlation	.023	1	-.926**	.213**	.264**	-.101*
	Sig. (2-tailed)	.644		.000	.000	.000	.040
	N	414	414	414	414	414	414
Return on Assets	Pearson Correlation	-.001	-.926**	1	-.095	-.302**	.297**
	Sig. (2-tailed)	.982	.000		.053	.000	.000
	N	414	414	414	414	414	414
Company Leverage	Pearson Correlation	.076	.213**	-.095	1	.154**	.267**
	Sig. (2-tailed)	.123	.000	.053		.002	.000
	N	414	414	414	414	414	414
Capital Intensity	Pearson Correlation	.128**	.264**	-.302**	.154**	1	-.133**
	Sig. (2-tailed)	.009	.000	.000	.002		.007
	N	414	414	414	414	414	414
Inventory Intensity	Pearson Correlation	.083	-.101*	.297**	.267**	-.133**	1
	Sig. (2-tailed)	.090	.040	.000	.000	.007	
	N	414	414	414	414	414	414

** Correlation is significant at the .01 level (2-tailed).

* Correlation is significant at the .05 level (2-tailed).

Table 3
Regression Results
Model Summary

Model	R	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. Change
1	.167 ^a	.028	.401486924	.028	2.337	5	408	.041

a. Predictors: (Constant), Inventory Intensity, Company Size, Capital Intensity, Firm Leverage, Return on Assets

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.884	5	.377	2.337	.041 ^b
	Residual	65.766	408	.161		
	Total	67.650	413			

a. Dependent Variable: ETR

b. Predictors: (Constant), Inventory Intensity, Company Size, Capital Intensity, Company Leverage, Return on Assets

Coefficients^a

Model		Unstandardized Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.038	.366		-.102	.918
	Company Size	.005	.018	.044	.289	.773
	Return on Assets	.008	.020	.061	.386	.699
	Company Leverage	.079	.146	.029	.544	.587
	Capital Intensity	.246	.091	.141	2.707	.007
	Inventory Intensity	.755	.556	.081	1.357	.175

a. Dependent Variable: ETR

Discussions

This section presents the results of the study for the research questions. There were 43 companies listed in the plantation sector on the Main Market of Bursa Malaysia. However, data on one of the companies were not available on Bursa Malaysia. Thus, the study collected data on 42 plantation sector companies listed on Bursa Malaysia's Main Market for the period of 2012–2021.

Table 1 shows the descriptive statistics for the dependent variable (ETR) and independent variables for the 42 companies. The statistics include means, median, mode, standard deviation, variance, minimum, and maximum. The dependent variable had a mean score of 0.222, indicating that the average ETR for Malaysian plantation companies listed on Bursa Malaysia was 22.2%. Thus, the ETR of Malaysian public listed companies in the plantation sector was less than the average corporate tax rate of 24.5%.

The mean scores of the independent variables ranged from 0.037 to 20.534, while standard deviation scores were between 0.043 and 3.451. With values of 20.534 and 3.461, respectively, company size had the highest mean and standard deviation among the variables. Inventory intensity had the lowest mean (0.037) and standard deviation (0.043). Company size was more dispersed from the average, whereas inventory intensity was concentrated close to it.

Transforming total assets into their natural logarithm form helps in data normalization and facilitates the use of linear models. Overall, the company has low leverage, with debt financing only 16.4% of its total assets. Plant, machinery, and equipment constitute approximately 44.4% of total assets, while inventory accounts for about 3.7%. Regarding profitability, the return on assets stands at 53.3%.

Pearson's correlation, shown in Table 2, measures the linear correlation and does not account for possible nonlinear relationships. With a number between -1 and +1, it measures the

strength and direction of the relationship between two variables. It illustrates the variables or factors influencing ETR in the plantation sector in Malaysia. Five tests of the hypotheses were conducted. The data set does not have a significant multicollinearity issue because the correlation coefficient is quite low. The highest correlation between the dependent variable and independent variables is between ETR and capital intensity of .128, which was close to 0, showed that ETR had a weak positive correlation with capital intensity. The *P* value of .0009 indicated that the relationship was highly significant. The result is consistent with an earlier study conducted in Indonesia (see Maha Putra et al., 2023).

The highest correlation between independent variables is $-.926$, it showed the existence of a negative relationship between ROA and company size. It is likely that there was a relationship between the two variables in both the population and the sample because the relationship was highly significant at the significance level of .000. As a company grew in size, ROA declined (a negative relationship), suggesting poorer ROA for larger companies.

Table 3 presents the regression results. The R^2 value of .028 implied that 2.8% of the variance in ETR was explained by the independent variables.

The difference in the mean of ETR among the variables was statically significant, as indicated by the significance value of .041 ($<.05$). According to the OLS findings, capital intensity was the only independent variable that significantly influenced ETR, suggesting that companies with higher capital intensity tend to have higher ETR. Since the significance level of capital intensity (.007) was smaller than .05, the null hypothesis was rejected. This implied that capital intensity was statistically significant. Thus, capital intensity and ETR had a significant positive relationship, as shown by the positive and statically significant coefficient for capital intensity of .246. This implies that capital-intensive companies for the plantation sector in Malaysia are not using their asset mix to reduce taxable income, nor are they utilizing tangible assets to achieve tax savings. The rise in tangible assets aimed at boosting profits resulted in a higher tax burden. This finding is in line with the result of an earlier Indonesian study by Suciarti (2020).

Other independent variables that influenced ETR marginally and positively included company size (coef = .005, significance level = .773), ROA (coef = .008, significance level = .699), company leverage (coef = .079, significance level = 0.587), and inventory intensity (coef = .755, significance level = 0.175). These results revealed that those independent variables had a marginal influence on the ETR of Malaysia's plantation sector but did not show statistically significant impacts on the ETR.

Conclusion

This study examined the ETR of Malaysian plantation companies listed on Bursa Malaysia's Main Market from 2012 to 2021. The ETR for the study period was approximately 22.2%. All of the independent variables had positive effects on ETR. However, only capital intensity had a significant influence on ETR. This could be explained by the highest increase in CPO prices by nearly RM2,600/ton, peaking at RM4,697/ton in December 2021 and resulting in increased revenue and profit, allowing companies to increase their investment in tangible assets to boost efficiency. Therefore, capital intensity had a positive influence on ETR.

The findings could be used by the government or regulatory agencies to evaluate the current policies and formulate enhanced policies. A previous study (Derashid & Zhang, 2003) found that manufacturing companies and hotels paid much lower effective taxes than other sectors. In addition, the plantation sector in Malaysia is labour intensive. While it is undeniable that CPO is currently enjoying prices, there is a shortage of manpower to cultivate the fresh fruit bunches, resulting in huge losses. Therefore, the government should look into the factors that significantly influence the ETR to extend their support to the plantation sector.

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