TARIKH 2.7.2019 (SELASA)
MEDIA NEW STRAITS TIMES
MUKA SURAT 18

World Bank: Focus on fiscal buffers, private investments

PUTRAJAYA: The government should focus on rebuilding fiscal buffers, supporting private investment and ensuring adequate social protection for low-income earners, said the World Bank.

The government could diversify its revenue sources through realignment of tax incentives, expansion of personal income tax and broadening of the Sales and Services Tax, it said.

In its Malaysia Economic Monitor report, the World Bank suggests a widening of the government's revenue base be accompanied by efforts to expand and improve the social protection system.

"The government's planned move to a more targeted fuel subsidy framework could lead to potential savings for reinvestment in core social welfare programmes."

The report also recommends reforms to mobilise public sector revenues to diversify away from unstable oil-related revenues and support future public investment.

The World Bank said Malaysia's revenue from personal income and consumption taxes were well below the average levels seen in other upper middle-income economies and high-income countries.

It said evidence from across the world showed that progressive taxes and social transfers could be effective at reducing income inequality.

World Bank country director for Brunei, Malaysia, Philippines and Thailand, Dr Mara Warwick, said Malaysians could better enjoy its prosperity if the country practised stronger governance and higher standards of accountability, as well as transparency.

"Over the medium term, Malaysia will need to focus on boosting human capital outcomes and accelerating productivity growth," she added.