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Govt told to focus on M40 group, too

REVISED 2023 BUDGET

GOVT TOLD TO FOCUS ON M40 GROUP, TOO

Tax cuts for segment will help ease their tight cashflow, says economist

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MOST discussions, as well as benefits and cash handouts to help ease the impact of soaring living costs, are often centred on the lower income, or Bottom 40 (B40), group.

Hence, it was timely for the retabled 2023 Budget to also focus on the middle-income, or Middle 40 (M40), group, said economists.

Universiti Kuala Lumpur Business School economic analyst Assoc Prof Aimi Zulhazmi Abdul

Rashid said the M40 group needed urgent help, too.

He said the government as well as non-governmental organisations tended to focus on the B40 group and the hardcore poor while disregarding the plight of the M40 group.

"The biggest expenditure for the M40 group is often housing loan and rental payments," said Aimi, adding that house prices averaged RM200,000 in rural areas and RM700,000 in urban areas.

"The increase in house prices has been faster than the growth in the household income.

"Tax cuts for the M40 group



The government, which is trying to ease the impact of the soaring living costs on the Bottom 40 group, has been urged to assist Middle 40 households that are struggling with housing loan and rental payments. BERNAMA PIC

will help to ease their tight cashflow, especially for households in big cities earning RM5,000 to RM10,000 monthly."

World Bank studies have revealed that household debts consisted mainly housing loans and rental payments.

The government might also need to provide targeted subsidies should Bank Negara Malaysia raise the Overnight Policy Rate further, he said, adding that this could be offset through the banks' corporate taxes.

Former Transparency International president and veteran economist Tan Sri Ramon Navaratnam said while the revised 2023 Budget's priority

should be the B40 group, allocations for the M40 and Top 20 (T20) income groups in the earlier 2023 Budget by the previous administration could be maintained.

"The implementation needs to be improved so that there is no wastage," he said.

Navaratnam, who is also a former Finance Ministry deputy secretary-general, said the government needed to increase revenue and reduce wastage.

"There must be some attempt at introducing the Goods and Services Tax or a modified version of the tax. Expenditures should be cut to the bone if possible.

"Prime Minister Datuk Seri An-

war Ibrahim may have to reduce the development expenditure, particularly for projects that have not been started," he added.

Meanwhile, Centre for Market Education chief executive officer Dr Carmelo Ferlito said the government must move in the direction with the more fiscal discipline, given that the previous budget contained too many cash handouts.

"I think we do not have to place too much expectations in the budget, which is an allocation resource tool and not a tool for reforms or for tackling structural issues. Most probably, this will be close to the previous one," he added.