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Rafizi: No new tax sceme for now

HSBC ASIAN BUSINESS FORUM

RAFIZI: NO NEW TAX SCHEME FOR NOW

Government needs to achieve good governance, be prudent in spending first

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THE Goods and Services Tax (GST) should be implemented only when the majority of citizens are paying taxes.

Economy Minister Rafizi Ramli said before introducing any new tax scheme, the government must practise prudent spending, particularly on project developments, and ensure there would be no completion delays or ballooning costs.

"The government has a lot to prove to the rakyat first that it's

serious about good governance and being prudent. I think once we cross that, we should be able to implement new tax measures," he said on the sidelines of the HSBC Asian Business Forum yesterday.

Rafizi said there was no need to introduce a new tax scheme in the next 12 to 15 months.

He also said the individual income tax collection in Malaysia was not necessarily effective as the process involved taxpayers submitting yearly assessments to the Inland Revenue Board and tax agents checking the assessment forms one by one.

Currently, only about four per



Economy Minister Rafizi Ramli says Malaysia is able to reduce the national deficit to five per cent this year. PIC BY ROHANIS SHUKRI

cent of 33.5 million Malaysians are considered as "eligible" taxpayers.

"The collection of the individ-

ual income tax is more tedious than the GST. The GST is collected by businesses on behalf of the government, so there's no

need (for taxpayers) to file tax assessments (every year)," he said.

Rafizi added that in most countries where the majority of citizens were taxpayers, GST would be collected while the percentage of individual income tax would be reduced.

For Malaysia to follow suit, he said the government needed to ensure that the fiscal deficit was reduced, in order to push the income level higher so that there would be more eligible taxpayers in the country.

"At this moment, we have enough fiscal space that we can consolidate internally with the existing revenue. That's why without many new taxes, we'll be able to reduce the national deficit from 5.6 per cent last year to five per cent this year," he said.