

TARIKH : 29 JULAI 2023
AKHBAR : THE STAR
MUKA SURAT : 9

'Our economy is still recovering'

'Our economy is still recovering'

Survey: Malaysian households show slight improvement from effects of Covid-19

By FAZLEENA AZIZ
fazleena@thestar.com.my

PETALING JAYA: Malaysian household incomes have only recovered "moderately" from the dampening effects of the Covid-19 pandemic, reveals data from the Household Income and Expenditure Survey.

Socio-Economic Research Centre (SERC) executive director Lee Heng Guie said the country had yet to fully recover from the pandemic.

"Our income is still considered to be on the lower side, and coupled with EPF withdrawals, you can feel that growth is moderate."

"Moderate growth in disposable income would restrain household spending due to inflation and the rising cost of living, as well as the increased cost of servicing debt at a higher interest rate," he said in response to the survey unveiled by the Statistics Department of Malaysia (DOSM) yesterday.

In layman's terms, he said household income is the income that is available for final consumption after expenditure and savings.

Disposable household income shows whether households have money (after deduction of taxes



Moderate growth: An employee of the Statistics Department of Malaysia, Tengku Mazlin Tengku Ab Hamid, showing a copy of the survey report at the department in Putrajaya. — FAIHAN GHANI/The Star

and mandatory contributions) to be spent or saved to maintain their current levels of consumption and savings, Lee added.

The survey showed both median and mean household income had increased by 2.5% and 2.4% to RM6,338 and RM8,479, respectively, in 2022.

Mean disposable income grew by 1.7% to RM7,111 in 2022, from RM6,764 in 2019, while median disposable income also increased by 1.9% to RM5,413 (from

RM5,116 in 2019).

As the country transitioned out of the pandemic only in April 2022, the moderate income can be attributed to the lingering impact of the pandemic, Sunway University professor of economics Dr Yeah Kim Leng pointed out.

"The report reveals how much Malaysian households were earning in 2022. The median income, which is the midpoint of the frequency of households ranked by income, recorded a 2.5% decline

in 2022.

"On the other hand, mean household income, which is the total income divided by the number of households in the country, showed an increase of 2.4%.

"The difference between these two measures is due to the unequal household income distribution.

"Overall, the 2022 income survey shows many households are worse off, especially if adjusted for the annual inflation rate of 3.3%," he said.

Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) treasurer-general Datuk Koong Lin Loong said compared with Indonesia or Thailand, the data showed that Malaysia was stuck in the middle-income bracket.

"We were supposed to be a high-income nation by 2020, but the data does not reflect that. This is because our disposable income has decreased.

"Things are more expensive, but our income has not seen a significant increase. Malaysian companies are still struggling to earn higher profits, which is why they are unable to pay higher salaries.

"Salaries are derived from the gross profit of the company, so

when it is not enough, you cannot pay people more. So, this means there are no improvements, leading to lesser savings," said Koong, who added that many people are basically left with little room to manoeuvre financially.

A tax lawyer with Rosli Dahlan Saravana Partnership, S. Saravana Kumar, laid out how the data impacts taxes.

He said the financial impact faced by the M40 group would be relieved to some extent by the lower tax band that was introduced this year.

"The chargeable income band between RM35,001 and RM100,00 is reduced by 2%.

"The T20 category should be broken further into T5 and T15. This could enable the government to seriously study the introduction of a wealth tax or inheritance tax on the super-rich.

"The T5 group is a small number, yet they possess very high disposable income and wealth. As such, a higher or additional tax on the T5 would not have a major financial impact on this group," he said, adding that it was time for the government to evaluate whether it was serious about reducing the disparity between the super-rich and the masses.