

# 'Collect your taxes'

SUN, 21 DEC 2002

## Dr M scolds local councils for missing revenue targets

**BANGI:** Prime Minister Datuk Seri Dr Mahathir Mohamad yesterday criticised local authorities for being lax in tax collection.

However, he said that action would be taken to help local governments improve their tax collection process.

"This is because if they do not have enough money, they would ask the (federal) government, while we need it for other uses," he said at the Inland Revenue Board's Hari Raya gathering and loyalty pledge ceremony at the National Tax Academy here, Bernama reports.

The prime minister, however, commended the IRB and Customs employees for their efficient tax collection. The IRB's

effectiveness had resulted in more than RM40 billion in tax collected so far this year, he said.

Mahathir, who is also finance minister, said in jest that given that many politicians serve on the board of local governments, efficient tax collection may make them unpopular.

Earlier, IRB chief executive Datuk Zainol Abidin Abdul Rashid said that there was a record tax collection last year but this year's collection could increase by 12 to 15%.

The prime minister said that even though the country's tax collection had increased, there were no complaints from those who had to pay more because the approach and formula adopted by the tax collector had been

accepted by taxpayers.

Mahathir said that at each national budget, income tax had been lowered and non-taxable allowances were increased. In view of this, he said, only one million people in Malaysia pay income tax.

In other countries, he said, the governments had decreed that all their citizens need to pay income tax and health insurance, and those in the higher income bracket had to pay even more.

He said that the government does not want to take everything from businesses as corporate tax had been reduced from 48% to 28%. "Although there are calls for the tax to be reduced further,

we cannot do so. If we reduce it to 25%, other countries will follow suit," he said. As such, he said, the government was not planning to reduce corporate tax this year and the next as other taxes had already been reduced.

He said that some countries had rules on tax collection while in certain countries, one could

turn to **PAGE 2**

## 'Public funds wisely spent'

from **FRONT PAGE**

SUN, 21 DEC 2002

bargain to the extent that the country does not have enough financial resources to resuscitate the economy.

However, Mahathir said, Malaysia's financial position was healthy as the government's expenditure was based on what it could afford and the amenities were for the people.

Besides this, he said, the government was able to reduce the people's financial burden through subsidies for the usage of highways, which was way cheaper than that of other countries, and the petrol subsidy as well.

"However, if there are too many subsidies, there would be distortions to the economy. As such, there is a need to reduce subsidies," he said, adding that the people's cooperation was needed to reduce the government's burden.

"Malaysia provides amenities similar to those offered by developed countries but we don't pay (as much) as their people do," he said.