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CORRECTION MAHATHIR-TAX

DR MAHATHIR ADMONISHES LOCAL GOVTS ON LAX TAX COLLECTION

BANGI, Dec 20 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today criticised local governments and authorities for being lax in their tax collection responsibilities in the past.

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

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

The Prime Minister, however, commended the IRB and Customs employees for having carried out their tax collection duties well.

The efficiency of the IRB had resulted in more than RM40 billion in tax collections so far this year, he added.

Dr Mahathir, who is also the finance minister, said in jest that given that many politicians served on the boards of local governments, efficient tax collections might make them unpopular.

Earlier, the chief executive of the IRB, Datuk Zainol Abidin Abdul Rashid, said although there was a record tax collection last year, this year's collection could rise by 12 to 15 percent.

The prime minister said although the country's tax collection had risen, 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.

Dr Mahathir said at each national budget, income taxes had been lowered and non-taxable allowances were increased.

In view of this, he said only one million citizens out of 24 million people in Malaysia paid income taxes.

In the other countries, he said their governments had decreed that all their citizens need to pay income taxes 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 the corporate tax has been reduced from 48 percent to 28 percent.

"Although there are calls for the tax to be reduced further, we cannot do so. If we reduce it to 25 percent, other countris will follow suit," he said.

As such, he said that the government was not planning to reduce the corporate tax this year and next as other taxes have already been reduced.

He said that some countries had rules in tax collection while in certain countries, one could bargain to the extent that the country does not have enough financial resources to resuscitate the economy.

However, Dr Mahathir said that Malaysia's financial position was healthy as the government's expenditure was based on its affordability while amenities built were for the people.

Besides this, the government was able to reduce the people's financial burden through subsidies such as the usage of highways which was way cheaper compared with other countries as well as the petrol subsidy.

"However, if there were too many subsidies, there would be distortions to the economy. As such, there is a need to reduce subsidies," he said.

He said that the people's burden 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. --
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