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PM raps local authorities (HL)

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BANGI, Fri. - Prime Minister Datuk Seri Dr Mahathir Mohamad today took local authorities to task for failing to collect taxes due to the Government.

Dr Mahathir, who is also Finance Minister, said that while the Inland Revenue Board had introduced new measures and enhanced tax collection, the local authorities were "a little lazy" in carrying out their responsibilities.

"Maybe this is because there are local authorities made up of politicians who are afraid that they may be unpopular if they push for the collection.

"But we will take action to ensure that they collect the necessary taxes.

"This is important because they now depend on the Federal Government for funds," Dr Mahathir said, adding that the Federal Government's funds could be channelled to other urgent matters if local authorities improved on their tax collection.

Dr Mahathir was speaking at the IRB's Family Day and Hari Raya gathering at the National Taxation Academy in Bangi this morning.

Congratulating the IRB on its success in raising tax collection, he said awareness programmes carried out by the board to educate Malaysians on their responsibility as citizens was one of the reasons for the improved collection.

"Malaysians are a responsible lot, and based on the (collection) figures, it shows that they take pride in paying tax.

"Although only about one million of our total population are registered taxpayers and our income tax rate is one of the lowest, the IRB had managed to surpass last year's collection of RM41.7 billion ringgit ... this shows that we are a very responsible society with the interest of the nation at heart," Dr Mahathir said.

He said while in some developed nations, the tax regime was extremely high, Malaysia had reduced corporate tax from a high of 48 per cent to the present 28 per cent.

Dr Mahathir said the present level could not be lowered any further as it would have negative effects on foreign investments.

"The governments of investing foreign companies would consider us a tax haven if we push the tax any lower and impose taxes on these companies. This will discourage foreign investments.

"We have to take all this into consideration," the Finance Minister said, stressing that the various costs absorbed by the Government, in the form of subsidies for fuel and high-way toll, must also be gradually reduced to prevent a distortion of the economy.

The Prime Minister said the country's economy was strong mainly due to efficient tax collection by IRB and the people's positive attitude in paying taxes.

IRB chief executive officer Datuk Zainol Abidin Abdul Rashid told reporters that the board expected an increase of between 10 and 15 per cent in overall tax collection for this year compared with the RM41.7 billion collected last year.

"We have already passed last year's collection figures as of last week. I attribute this to greater awareness among the public," Zainol said.

"We have improved our system and procedures."

He added that Malaysians seemed to be very proud that as taxpayers, they were financing the development of the nation.

Also present were Datuk Seri Dr Siti Hasmah Mohd Ali and Second Finance Minister Datuk Dr Jamaludin Jarjis.