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Mahathir-Tax

DR MAHATHIR ADMONISHES LOCAL AUTHORITIES OVER LAX TAX COLLECTION

BANGI, Dec 20 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today criticized local governments and 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.

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 collected so far this year, he said.

Dr 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 per cent.

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.

Dr 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 citizens out of the 24 million people in Malaysia pay income tax.

In the other countries, he said, their 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 per cent to 28 per cent.

"Although there are calls for the tax to be reduced further, we cannot do so. If we reduce it to 25 per cent, 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 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, 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, he said, 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 are 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.

-- BERNAMA

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