

PKR deflects Najib's attack on Pakatan's budget

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PKR today rubbished Prime Minister Najib Abdul Razak's accusation that Pakatan Rakyat's proposed Capital Gains Tax (CGT) in its alternative budget will cause capital flight and result in the stock market crashing.

Pandan MP Rafizi Ramli called Najib's assertion "unfounded and silly", stating that CGT which Pakatan is proposing as an alternative to the controversial Goods and Services Tax (GST) implemented by BN has been used in many other developed nations.

"We don't see capital flights in these countries. Malaysia has no CGT but we have massive capital flights.

"I would like to remind the prime minister that the main cause of capital flights are bad governance, corruption, poor democracy and political extremism, all of which, unfortunately, we have in abundance," he told a press conference at the Parliament lobby this afternoon.

Rafizi quoted "The Colour of Inequality: Ethnicity, Class, Income and Wealth in Malaysia" by author Muhammad Abdul Khalid, which cited government statistics that 10 percent of the country's wealthiest controlled 77 percent of financial assets in the country.

"CGT is a tax on profits from the transaction of financial assets. The most common financial assets are shares and bonds. So, only people who buy and sell bonds and shares will pay.

Furthermore, Rafizi said CGT will also help curb speculation in the stock market.

"In 1997 and 1998, our economy experienced a crash because of hot money where investment only comes in for the or three months because some people can spend billions.

"What we want are real investors, in Malaysian companies, with a long term prospect and CGT can deter hot money like this," he said.

Meanwhile, Kelana Jaya MP Wong Chen said CGT is not aimed at punishing the poor as it is not imposed on them.

Instead, he said it is only imposed if the wealthy make profits from share transactions.

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