

## **'Najib, overrule your deputy on RON95 price'**

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MP SPEAKS I urge Finance Minister (and Prime Minister) Najib Abdul Razak to overrule his deputy Ahmad Maslan on the question of petroleum sales tax in the event of falling global oil prices.

The government must commit to reducing the RON95 price if crude oil prices fall below the current pump price.

I am in Pontian, the parliamentary constituency of Deputy Finance Minister Ahmad Maslan (left in photo), for a school event.

It is perhaps the most appropriate place for me to comment on Ahmad Maslan's statement on fuel prices.

I spoke in Parliament on Oct 27 during the debate on Budget 2015 that the finance minister must outline in Parliament the government's plan if crude oil prices continue to fall.

I noted that Budget 2014 assumed that the crude oil price is at US\$110 (RM362) per barrel and Budget 2015 assumed that it would be at US\$105 (RM345) per barrel. The current price hovers around US\$80-US\$85 (RM263-RM280) per barrel.

While declining oil prices reduce the subsidy bill, at the same time government revenue would fall.

At least 30 percent of government revenue comes from petroleum-related revenue through Petronas.

But the government must not impose a petroleum sales tax in the event that global crude oil prices fall below the current pump price to fill the revenue gap as a result of smaller petroleum-related revenue from Petronas.

Below pump price

When asked about options for the government in the event of falling global crude oil prices, Ahmad said "the government could choose to reduce the price of petrol (RON95) if the global crude oil fell to as low as RM1.72 per litre and impose a sales tax of 58sen.

For the second choice, the government could reduce the petrol price to that level (RM1.72) based on world market and not impose sales tax. However, it would not be able to collect revenue for the country's development."

Currently, the price of RON95 petrol is at RM2.30 per litre without tax.

Ahmad Maslan said that “the problem now is to get back the RM23.5 billion last year and RM21 billion this year (of subsidised amount) paid to petroleum companies to enable us to reduce the price of petrol.”

It is most unfair for the Malaysian public if a sales tax is imposed when crude oil prices fall below the current pump price.

Najib must categorically reject that option now.

The whole debate shows that the Malaysian government is living in its own world as far as economic management is concerned.

It is a joke when just days ago the finance minister, second finance minister and deputy finance minister are still thinking about a tiered subsidised petrol scheme which only benefits the crony that devised the messy scheme.

The government must now answer how to deal with an opposite trend in crude oil price in a way that is fair to ordinary Malaysians.

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