

Govt will 'tax only when necessary'

Anwar: It should never be a burden to the public or business community

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KUALA LUMPUR: While acknowledging that taxes are needed for the development of the nation, the Prime Minister has assured Malaysians that his administration will take a "tax only when necessary" approach when it comes to taxation policies and reforms.

"The changes that we will have to make, including in the forthcoming budget, will be based on these sound principles.

"Tax only when necessary and it should never be seen as a burden to the public and the business community," said Datuk Seri Anwar Ibrahim in his keynote address at the opening of the National Tax Conference 2023 yesterday.

He said that such an approach would encourage nation-building productivity while ensuring the welfare of the marginalised.

The nation's taxation system, he added, must also allow both local and foreign businesses to thrive, while instilling a sense of belonging and responsibility consistent with the Madani concept.



Meeting the people: Anwar mingling with the crowd during the National Tax Conference 2023 at the KL Convention Centre.
— AZHAR MAHFOF/The Star

"I look forward to engage with the Inland Revenue Board (LHDN) on their suggestions on how to effectively undertake or adjust policies or introduce new ones.

"Good governance is crucial to rid the country of endemic corruption, which has an impact on taxation revenue.

"LHDN has a major responsibility to ensure government finances remain sound and that they are not abused, spent on luxury items or taken for granted by leaders who hold office.

"We have seen this from the past, where positions of power are used to amass personal wealth or to enrich families or cronies," he added.

Anwar also said collecting taxes would be pointless if there were leakages.

"We can collect as much as possible, but if governance issues are not resolved, there will be leaks.

"You can spend RM22bil to help the rakyat, but if there are leaks of RM5bil to RM6bil, things will go haywire.

"We can approve contracts for flood mitigation, Jana Wibawa and whatever, but funds will get siphoned off," he said.

As such, he said, tax institutions must be very efficient, clear and effective.

In November last year, the Malaysian Anti-Corruption Commission said it would look into reports concerning a RM2bil flood mitigation project that was allegedly approved after the dissolution of Parliament under the previous administration.

In February, when announcing Budget 2023, Anwar said six flood mitigation projects were to be re-tendered, saving the government some RM2bil from the estimated RM15bil allocated for the projects previously.

Anwar also announced then that Jana Wibawa projects worth RM7bil awarded through direct negotiations would be scrapped.

Meanwhile, the Prime Minister said the Madani Economy framework would serve as the foundation for other upcoming policies.

"In the next few weeks, we will announce the new Industry Masterplan, and following that, the mid-term review of the 12th Malaysia Plan," said Anwar.

"The second Madani budget will be unveiled in October."

He said ministers would have to make daily announcements on their follow-up policies and progress of the Madani concept under their respective portfolios.