

Anwar: HVGT policies in final stage

We will ensure tax doesn't hurt low income group, says PM

KUALA LUMPUR: Several policies pertaining to the High Value Goods Tax (HVGT) are being finalised to ensure the tax does not impact the low income group when it is implemented, says Datuk Seri Anwar Ibrahim.

The Prime Minister said among the issues, which have yet to be decided, are the types of products to be taxed and the thresholds.

"The luxury tax, which is now known as the HVGT, will be determined according to the type and category of items and the threshold values.

"At the moment, the (finance) ministry is at the final stage of deciding several policies related to HVGT," he said in a written Parliamentary response to Roslan Hashim, the Kulim Bandar Baru MP.

Roslan had inquired about the details of HVGT and whether an

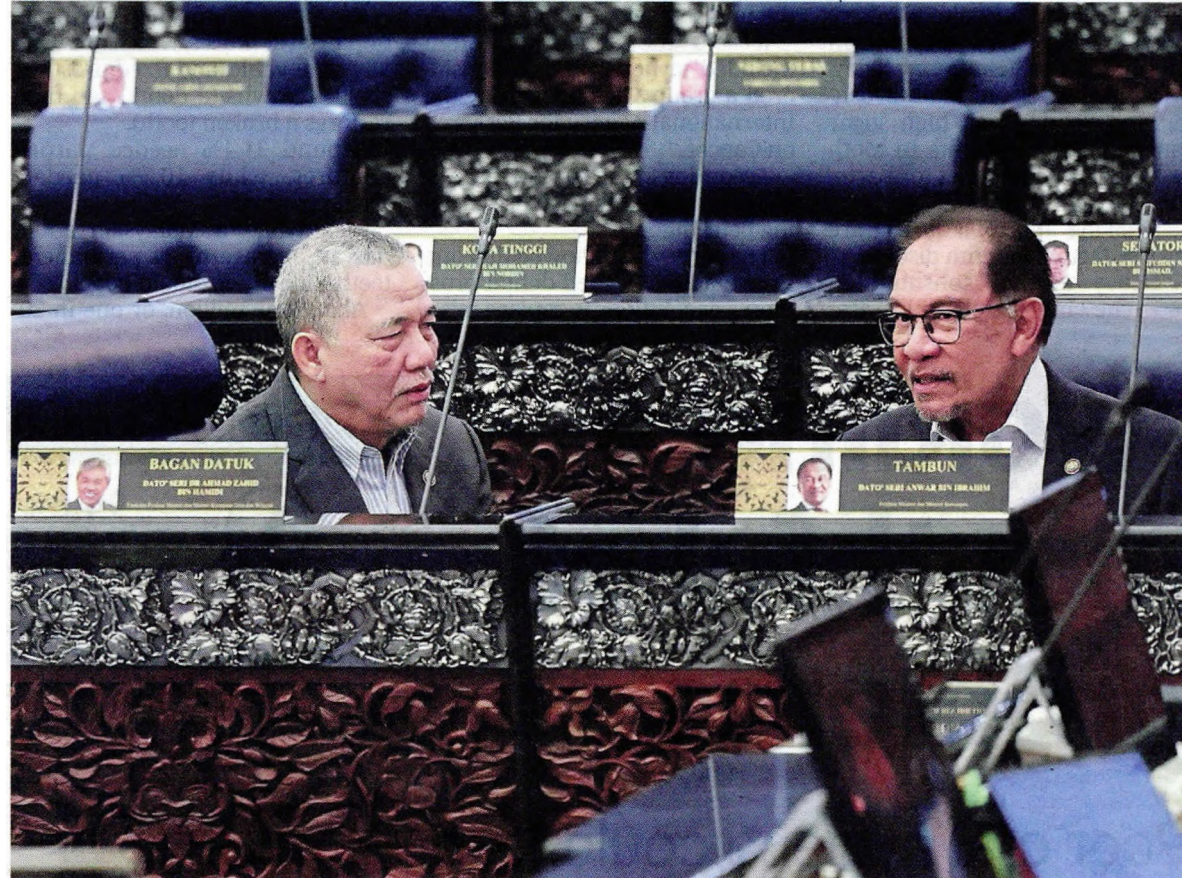
imposition for jewellery at RM10,000 increments would affect the middle and low income groups.

In another written response, Anwar - who is also the Finance Minister - acknowledged that the impact of the devaluation of ringgit was higher against imported goods, including food such as meat and dairy products, seafood, vegetables and fruits.

"The government is aware that the B40 households are more vulnerable to the depreciation of ringgit as they spend more on food items, which comprises 35.4% of the total expenditure.

"This situation has made the group more sensitive towards the exchange value of the currency due to higher import values.

"However, the global commodity prices have slightly stabilised (and this) helps mitigate the



In discussion: Anwar having a conversation with Deputy Prime Minister Datuk Seri Fadillah Yusof while attending the Dewan Rakyat meeting at the Parliament. - Bernama

effects of devaluation of ringgit against inflation," he said, in answering a question from Julau MP Datuk Larry Sng, who wished to know the effect of devaluation of ringgit towards the economic performance.

Anwar said Malaysia, as an exporting country, would generate translation gains leveraging on the

depreciation of the currency.

"However, the government is aware that the depreciation of ringgit will affect the cost of doing business while lowering disposable income and savings for households," he added.

Anwar added the Payung Rahmah initiative would be able to assist the vulnerable groups

and the government would continue to control prices and provide subsidies to basic necessities such as food and fuel.

"To increase the sustainable income of households, the government is committed to generating more high-skilled jobs as well as supporting high productive employment," he added.