

TARGETED MODEL

# 'TAX REFORM IS NECESSARY'

This will ensure nation's sustainable growth, says Anwar

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Anwar also highlighted tax reform as another "unpopular but necessary" agenda to widen Malaysia's narrow revenue base.

He said while demands for public spending was rising, driven by health-care, education and digital transformation, there remained resistance to increasing or broadening taxes, even among the wealthy.

"To paraphrase Hamlet, to tax or not to tax. Now, you have to expand the revenue base. We want to ensure quality education and improved healthcare, and address new challenges, such as emerging technologies and digitalisation. All of these will require increased funding and greater resource allocation.

"But nobody wants to pay, including the very rich. That is our challenge. Therefore, tax reform is a necessity to expand the revenue base, improve enforcement and address leakages without burdening the poor," Anwar said.

Finance Minister II Datuk Seri Amir Hamzah Azizan said that as Malaysia moved towards a low-carbon econo-

my, the rationalisation of RON95 fuel subsidy would serve as a critical step toward implementing a carbon tax in 2026.

Speaking at the Energy Asia 2025 conference here yesterday, Amir Hamzah said the carbon tax was aimed at encouraging industries to adopt more sustainable practices.

However, he said that for it to be effective, existing market distortions, especially blanket fuel subsidies, must first be addressed.

"There are distortions within Malaysia's system because we have provided blanket subsidies, which is a big issue.

"We saw good behavioural change (following the diesel subsidy rationalisation last year). Malaysia was no longer the cheap destination for people to source subsidised fuel for smuggling.

"We also changed the way diesel is supplied to industries to prevent people from taking fuel meant for the public and using it for commercial

operations," he said.

Amir Hamzah was speaking as a panellist during a session titled "Delivering Malaysia's Energy Transition".

He said the carbon tax concept acted as a deterrent and an inducement mechanism to encourage industries to adopt lower-emission practices.

"The concept of carbon tax is an inducement mechanism that forces industries to transition along the way, moving away from high-emission segments and into greener elements."

Prime Minister Datuk Seri Anwar Ibrahim speaking at the Sasana Symposium 2025 conference in Kuala Lumpur yesterday. NSTP  
PIC BY ASYRAF HAMZAH



ing investments from global tech giants such as Infineon Technologies AG, Nvidia Corp, Google LLC and Advanced Micro Devices Inc.

"To support this growth, we must strengthen our talent pipeline. This includes technical and vocational training, digital upskilling and labour market reforms," he said, adding that collaboration across government agencies and the private sector was vital to developing a future-ready workforce.

As Malaysia faced rising global headwinds and navigated geopolitical uncertainty, Anwar said structural reform was essential, not just for headlines, but to unlock long-term economic potential, reduce inequality and build buffers against external shocks.

At the Sasana Symposium 2025 conference, he launched the Digital Asset Innovation Hub, which he described as a key step in future-proofing Malaysia's financial ecosystem.

The hub will enable innovators to test use cases like programmable payments, stablecoins and supply chain financing in a controlled regulatory environment.

"This collaboration between regulators and industry players ensures that policy evolves with innovation. We are not just adopting technology for its own sake but building systems rooted in trust and transparency," he said.

He added that Malaysia's efforts in digitalisation, tax reform, and talent development must be seen as a whole-of-nation shift toward economic resilience under the Madani economic framework.