

PM: Govt faces tough call, but tax reform unavoidable

By MARTIN CARVALHO
mart3@thestar.com.my

KUALA LUMPUR: Although the government faces a “dilemma”, the implementation of tax reforms is a necessity, says Datuk Seri Anwar Ibrahim.

The Prime Minister said such reforms were needed to accommodate the cost due to new emerging challenges facing the nation.

“I said that it is a dilemma and to paraphrase Hamlet: ‘To tax or not to tax’.

“Yet, you have to expand the revenue base to ensure public services, education and healthcare reforms.

“The new challenges such as artificial intelligence (AI) technology and digitisation, all demand funds and disbursements of more funds.

“But no one wants to pay, including the very rich,” he said when launching the Digital Asset Sandbox and the Sasana Symposium 2025 here yesterday.

Anwar, who is also the Finance Minister, said that tax reforms are necessary as it would expand the revenue base to improve on enforcement efforts while addressing leakages without burdening the poor.

In a statement on June 9, the Finance Ministry announced that the reviewed and expanded Sales and Service Tax (SST) rates would come into effect next month.

The measure is aimed at strengthening the country’s fiscal position by increasing

revenue and broadening the tax base, the ministry said.

The announcement has since received pushback from several quarters, calling for the expanded SST implementation to be postponed.

They said the new SST could worsen living costs and place further strain on small businesses amid fragile economic conditions.

On a separate matter, Anwar said that a joint ministerial committee was recently formed to look into reforms in the national healthcare system to ensure affordable and accessible private healthcare for the people.

“For many Malaysians, private healthcare is becoming increasingly inaccessible due to escalating medical costs and inflation. This is not just an alarming concern but also a question of the national well-being,” he said.

The committee, comprising representatives from Bank Negara, Finance Ministry and Health Ministry, will look at long-term concrete solutions, he added.

“We are not looking for minor adjustments or minor paradigm shifts.

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We must be prepared to undertake a fundamental shift towards a value-based private healthcare system that prioritises outcomes, transparency and fairness.

“Key reforms include clearer pricing, stronger digital healthcare and expanded access to affordable options such as universal base medical insurance products,” he said.

According to Anwar, the joint committee would deliver on the reforms, unlike previous unsuccessful attempts.

He said the government must go beyond symbolic changes to carry out reforms to ensure affordable and accessible private healthcare.

On subsidy rationalisation, Anwar said that it is not a luxury but a national necessity although an unpopular move.

“We do not have a choice yet the problem lies when on one side, you have these impatient demands to undertake massive reforms,” he said.

“On the other hand, there are the ultras, neo-conservatives and desperate politicians who would apportion entire blame and go against any attempts to undertake reforms.”

Anwar said such a negative narrative was prevalent on social media and more effort must be made to explain the need for the subsidy rationalisation exercise.

“Many of the corporate players are completely oblivious to these things, and that is our challenge,” he said.

“While it has to be done, it also has to be explained and well articulated to get the people to understand and appreciate.”

On Monday, Anwar said that the RON95 petrol subsidy rationalisation would go ahead as planned.

Meanwhile, in an X posting, Anwar said Shell will increase its investment in Malaysia by more than RM9bil over the next two to three years, which is expected to create high-skilled jobs.

Anwar said the plan was conveyed by Shell’s Global chief executive officer Wael Sawan during a meeting yesterday.

“This investment reflects international investors’ confidence in our sound economic policies and clear leadership. Malaysia will continue to chart a prosperous and competitive future,” he said.

Anwar added that aside from being a prominent player in the global energy industry, Shell has long been a key investment partner and part of Malaysia’s economic journey.

Earlier, Sawan was quoted as saying that demand for liquefied natural gas in South-East Asia – particularly in Malaysia, Brunei, the Philippines, and Thailand – is expected to grow steadily from now until 2035.

