

**Pakatan to slash car taxes after polls win, says Rafizi**  
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**By Clara Chooi**

PETALING JAYA, July 24 — Pakatan Rakyat (PR) will offer a complete revamp of the National Automotive Policy (NAP), including slashing hefty excise duties and reducing the triple-tax burden imposed on cars here, should it come to power in the next general election.

The offer to voters will effectively boost the disposable incomes of Malaysians and reduce household debts, PKR strategy director Rafizi Ramli said today.

The PKR leader told a press conference here that the plan, to be slotted into PR's election manifesto for the coming 13th general election, will be used as a major campaign issue for the federal opposition as it fights for federal power.

"Malaysians know that the prices of cars in Malaysia are extremely high as a result of the Umno-Barisan Nasional (BN) automotive policy, which was designed to protect the interests of their cronies at the expense of the people," Rafizi said.

"We want a complete revamp of the NAP... phase out taxes, let prices be competitive and reflect the actual cost of the car... this will have a significant impact on our disposable incomes," he added.

Citing statistics from the Household Income and Basic Amenities Survey Report 2009, Rafizi noted a worrying trend showing that an individual earning about RM3,000 a month could spend up to 50 per cent of his income to maintain a car.

He noted that the study had shown that 53 per cent of Malaysians record household incomes of RM3,000 and below while 71.9 per cent own or use cars.

"And hire purchase debts contribute the second highest to the total household debt... a total of RM134.2 billion as at the end of May 2012," he said.

This was a RM16 billion or 14 per cent increase in just 18 months compared to the RM118 billion as at November 2010, he added.

Rafizi explained that the triple-tax burden imposed on cars — excise and import duties and sales tax — could hike the price of a car by at least 70 per cent for lower capacity cars or over 100 per cent for those with higher capacity.

As an example, he said, a 1,500cc Perodua car could cost up to RM40,000 although its actual cost was merely RM23,500 because of the 60 per cent excise duty and 10 per cent sales tax imposed on the vehicle.

"This means you would be paying an additional RM16,500 for taxes alone on the car," he said.

He said that boosting an individual's disposable income by simply revamping the NAP would be simpler than finding ways to increase income.

"It is easier to reduce the outlay," he said.

Rafizi noted that the NAP was already due for review this year, saying: "Let the competition begin between BN and PR on which coalition will offer the best automotive policy."

Stressing that PR's plan to slash car taxes was not a populist move, he said the federal opposition would be equally happy if BN moved to counter its plan by revamping the policy on its own.

"Why not? We want the prices slashed. I need a new car too, anyway," he said, smiling.

Agreeing, PKR communications director Nik Nazmi Nik Ahmad said PR would not be afraid to press for its policies, adding: "We will not be apologetic about it".

Rafizi admitted, however, that slashing excise duties would also cut government income by some RM8 billion but he pointed out that revenue could be earned through other means without imposing additional financial burdens on taxpayers.

"Collecting taxes on car prices is not sustainable. Because then car loans would balloon and the household debt as a percentage to the GDP (Gross Domestic Product) will hike... and this is not sustainable because it will have an effect on the resilience and stability of the banking sector.

"We have discussed our plan at length in PKR and it has also reached the final stages in the PR leadership. We want to hear the same from BN," he added.

Beginning next week, Rafizi said PR will be sitting with various interest groups and conduct a roadshow on its plan to liberalise Malaysia's automotive sector before formalising it in the pact's election manifesto for the coming polls.

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