

**IMPROVING GOVERNANCE A PRIORITY FOR MALAYSIA, TAXATION  
SECONDARY — PM ANWAR  
DATO' SERI ANWAR BIN IBRAHIM  
NEWS  
18 OCTOBER 2023**

PUTRAJAYA, Oct 18 — Malaysia's first priority must be to improve the issue of governance while taxation is the secondary issue in any reasonable public and economic policy initiatives, Prime Minister Datuk Seri Anwar Ibrahim said.

He said the issue of governance is crucial to ensure that there are no unnecessary leakages, absconding of public wealth and corruption.

"We can then assess the necessity of taxation as it is something that is essential only if it is deemed to be critical," he said in his speech at the Symposium-The Path Towards Greater Prosperity for Malaysia organised by Universiti Malaya (UM) at Putrajaya International Convention Centre here today.

He said discussions on Value-Added Tax (VAT) and Goods and Services Tax (GST) are relevant but one should not forget the fact that this country has inherited a major problem of governance, endemic corruption and the figures of deficit which the country has to grapple with.

"It was not because the economy has lost its capacity to grow or the fundamentals are weak but the way we govern and tolerate this.

"When I said we, (it) is not confined to politicians but academicians, scholars and corporate leaders, who in many ways complicit to the excesses of the crime," Anwar, who is also Finance Minister, said.

He said the policies embarked on the fundamental are to ensure good governance and also political stability before considering how much tax is required to propel and sustain the economy.

Anwar said the issue of governance must take precedence before talking about whether the government showed enough concern and care.

“I wouldn’t deny the fact that Malaysia has got exceptional business. All governments in the past do give major contributions to the welfare of the people.

“Our people, to an extent, the rural poor, rural half-land, you can see in comparison to most developing economies their rural infrastructure is relatively much better but the leakages are horrendous,” he said.

Anwar said among the policies to be implemented to address leakages include targeted subsidies where the government decided to stop subsidising the rich without affecting 90 per cent of the population.

He said although the fundamental is governance, the clarity of policies namely the New Industrial Master Plan (NIMP) 2030, National Energy Transition Roadmap (NETR) and Mid-Term Review (MTR) of the 12th Malaysia Plan (12MP) as well as political stability were also important to ensure the government could embark on radical policies and reform economy.

On the tax of sugary products including sweet drinks, he said whatever accrued from the tax would not go to the Treasury but would be allocated purely for medical to treat diabetes and treatment for sugar-related diseases.

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Source: <https://www.pmo.gov.my/2023/10/improving-governance-a-priority-for-malaysia-taxation-secondary-pm-anwar/>