

THE NATIONAL TAX CONFERENCE 2015

By : YAB. DATO' SRI MOHD NAJIB BIN TUN HAJI ABDUL RAZAK, PERDANA MENTERI
MALAYSIA

Venue : Plenary Hall, Level 1, KLCC

Date : 25/08/2015

Bismillahirrahmanirrahim.

Assalamualaikum Warahmatullahi Wabarakatuh, A Very Good Morning and Salam Satu
Malaysia.

Yang Berbahagia Professor Kolonel Tan Sri Datuk Wira Dr. Mohd Shukor Hj Mahfar;

Chief Executive Officer/ Director General

Lembaga Hasil Dalam Negeri Malaysia,

Mr. Aruljothi Kanagaretnam;

President,

Chartered Tax Institute of Malaysia,

Co-organising Chairpersons,

- **Tuan Haji Adzhar Sulaiman;**

Director of the Malaysian Tax Academy,

Lembaga Hasil Dalam Negeri Malaysia; and

- **Ms. Yeo Eng Ping;**

Council Member, Chartered Tax Institute of Malaysia,

Distinguished Chairpersons, Speakers and Panelists,

Honoured Guests and Participants,

Ladies and Gentlemen,

1. I am very pleased to be here this morning to officiate the 15th National Tax Conference - NTC 2015.
2. My congratulations to Lembaga Hasil Dalam Negeri Malaysia, or LHDNM, and the Chartered Tax Institute of Malaysia, or CTIM, who have once again successfully organising this premier tax event, which has now been held annually since its inception in 2001.
3. The NTC has achieved remarkable success in attracting attendees from diverse stakeholder groups, including tax agents, accountants, financiers, captains of industry, academicians, officers of LHDN, government officials and businessmen from Malaysia and beyond. This conference has, over the years, contributed a great deal towards increasing the level of tax awareness and tax compliance in our society.
4. At the same time, it has opened up the minds of all participants to the advantages of working together to achieve their respective goals. It is therefore very apt that “Partnering Stakeholders in a Challenging Environment” has been chosen as the theme for NTC 2015.

Ladies and Gentlemen,

5. There are many challenges that face us to achieve our goal of becoming a fully developed nation. Even though we are living in an age of great technological innovation, higher income and increased opportunity, we are still at the mercy of often unpredictable global economic factors over which we have no control and the current situation being faced by us and the whole world is a point in case.
6. Expectations by our stakeholders are also higher, which raises the bar on our efforts to provide a better life for all Malaysians as well as for our future generations.
7. Since independence, the Government has constantly been working towards these objectives. Our growth models during that time have had outstanding results, allowing Malaysia to provide for the health and education of its people, almost completely eradicate poverty, build a world-class infrastructure and become a major global exporter.
8. We have achieved all these successes because we have not been afraid to evaluate our performance regularly in an open and objective manner, and to make the changes that prevailing conditions demand.
9. We have always aimed to strike the right balance between the capital economy and the people economy - which is why we decided that broad-based subsidies which are so wasteful, should be replaced with targeted subsidies, to ensure that assistance, through BR1M and other measures, would focus on those who are truly in need.
10. The nation's well-being and the welfare of the rakyat is always our foremost concern and priority. Despite these current challenges, I am confident that we are on track to achieve our goal of becoming a high income nation status by 2020.

What we must always do is be prepared for changing conditions and external shocks that are beyond our control. We must maintain our forward momentum.

Ladies and Gentlemen,

11. This May, the government tabled the Eleventh Malaysia Plan, charting the nation's course for the period 2016 to 2020. The theme of this plan is "Anchoring Growth on People".
12. In line with this, we incorporated Six Strategic Thrusts in its implementation, namely: Inclusivity; Wellbeing of the Rakyat; Human Capital; Green Growth; Infrastructure; and Innovation and Productivity. And we allocated a development expenditure ceiling of RM260 billion over the five-year plan.
13. The government's actions in our economic transformation towards a high income economy are funded by national revenue, of which, more than 50 percent comes from tax collection. So, LHDN has a key role in the maintenance of our country's financial and economic well-being.
14. In this regard, LHDN has demonstrated admirable capability in managing our tax administration. The compliance rate for individuals' income tax has increased steadily, as has the resulting revenue. The biggest beneficiary of this is, of course, the rakyat, as the revenue from tax belongs to the rakyat and allows the Government to continue improving their living standards and easing their burdens.
15. However, we still face problems of non-compliance such as money laundering and tax fraud. The evolution of technology has facilitated illicit transfers across national borders, and this, along with the sophistication and complexities of today's business models, have made the job of the taxman even more challenging.
16. To counter this, there has to be a high degree of interaction and cooperation between tax administration, tax practitioners and taxpayers. In the context of

revenue collection, this means approaching stakeholders as partners and not as difficult or reluctant customers. Ultimately, maintaining good day-to-day working relationships can yield the desired outcomes for all parties concerned.

17. We currently face a number of challenges to our national revenue. These challenges include the uncertain conditions in the global financial and real economies as well as the sharp fall in the price of petroleum and other commodities.
18. Nevertheless, I must emphasise here that the fundamentals of our economy remain strong. We recorded growth of 4.9 percent in the second quarter of 2015. We have also diversified our economy, making our financial system more resilient.
19. Our economy also continues to record trade and current account surpluses. The country's labour market conditions are stable, with unemployment at 3.1 percent as of May 2015, and inflation remains low.
20. Malaysia's financial system resilience remains intact. Domestic financial markets continue to function in an orderly manner, and financial intermediation activities continue to function efficiently to support the financial and financing needs of the domestic economy.
21. I am also very much aware of the state of our domestic economy as well as the current global economic and financial developments and sentiments. The Governor of our central bank has briefed me recently.
22. I am also frequently updated by representatives from the broad section of our economy. Last week, I met chief economists and analysts from our local and foreign financial institutions and yesterday, our business and corporate leaders. These meetings will continue in the coming weeks.

23. Our economic growth in the past years has been strong and this Government is determined that this record continues to be so. **Towards this objective, I am pleased to let you know that the Government will announce the formation of a new special economic committee. This committee's objective is to ensure Malaysia maintains the growth momentum that we have built since 2008, generating prosperity and higher quality of life for all Malaysians.**

Ladies and Gentlemen,

24. Under the exemplary leadership of its CEO, Tan Sri Datuk Wira Dr. Mohd Shukor Hj Mahfar, through the hard work and unstinting efforts of the entire workforce, LHDN has set new records in terms of tax collection over the last 4 years: from RM110 billion in 2011, to RM125 billion in 2012, RM129 billion in 2013, and RM 134 billion in 2014. This is indeed a remarkable achievement. Thank you warga kerja LHDN.

25. In view of LHDN's sterling record, I have every confidence that for the period of the Eleventh Malaysia Plan, LHDN will succeed in collecting a total target of RM871 billion. We need all of you to be steadfast in your task so that we reach that target.

26. I would also like to take this opportunity to commend CTIM on its efforts to keep its members updated through its engagement initiatives. Its role as a link and intermediary between revenue collecting agencies, tax practitioners and taxpayers has been very important in managing these partnerships - which are crucial, as CTIM is often the first point of contact between taxpayers and LHDNM.

27. I urge LHDN and CTIM to continue their successful collaboration and I am sure that, collectively, we will be able to meet the challenges facing our tax revenue stream and continue to achieve sustainable growth as we have done thus far.

Ladies and Gentlemen,

28. The organisers have once again succeeded in bringing a large group of participants and a distinguished list of chairpersons, speakers and panelists to this conference. I would like to commend them on their success, as well for all the conferences they have held over the last 15 years. My thanks again to LHDNM and CTIM for asking me to officiate today. I have no doubt that these will be a very stimulating and rewarding two days for all concerned.

On that note, I declare the National Tax Conference 2015 open.

Thank you.

Wabillahitaufig Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.

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