



KEYNOTE ADDRESS

**YAB DATO' SERI ANWAR BIN IBRAHIM
PRIME MINISTER**

AT

NATIONAL TAX CONFERENCE 2023

1 AUGUST 2023 (TUESDAY)

KUALA LUMPUR CONVENTION CENTRE (KLCC)

Assalamualaikum Warahmatullahi Taala Wabarakatuh dan Salam Sejahtera

Nahmaduhu Wa Nusalli Ala Rasoolilah Kareem

Timbalan Ketua Setiausaha Perbendaharaan;

Keluarga Lembaga Hasil Dalam Negeri;

Jawatankuasa Penganjur; dan

Tetamu-tetamu yang saya muliakan

1. *Saya mengucapkan tahniah kepada jawatankuasa kerana menganjurkan National Tax Conference 2023. Saya difahamkan ini merupakan kali ke-23 persidangan ini dibuat dan saya ingin mengambil kesempatan untuk mengucapkan penghargaan dan terima kasih kepada keluarga Lembaga Hasil Dalam Negeri (LHDN) kerana sepanjang saya memantau tugas mereka lapan bulan yang lalu, saya berbangga dengan prestasi LHDN.*
2. Walaupun di singgung oleh YBhg. Dato' Sri Dr. Mohd Nizom Sairi bahawa harus ada pendekatan yang lebih muhibah di kalangan syarikat yang membayar cukai dan keluarga LHDN, tetapi saya tidak faham sebab LHDN ini merupakan satu badan yang tidak popular, kerana ia mengutip cukai. Macam mana hendak popular kalau kutip cukai? Sebab tu saya tidak mahu mengutip cukai. Maka saya menyuruh LHDN dan Kastam yang mengutip cukai.
3. *Walaubagaimanapun, saya ingin menegaskan bahawa memang terdapat peningkatan yang membanggakan kerana tahap kecekapan dan kesediaan mereka untuk mencari jalan baharu. Ini adalah penting kerana apabila kita membicarakan tentang reformasi dan ekonomi MADANI, terdapat keperluan dalam melakukan anjakan*

untuk memperbaiki prestasi kita. Untuk itu, sidang-sidang seperti ini yang membincangkan kaedah percukaian yang lebih canggih dan yang lebih terurus, yang terikat dengan isu tatakelola yang baik dan mengelak sebarang salah laku dan ketirisan, harus dijadikan pendekatan utama.

Ladies and Gentlemen,

4. I have alluded earlier the need to undertake major changes to ensure that our performance is drastically improved. I have referred to earlier reformers like Abd Al-Rahman Ibn Khaldun in his magnum opus, *The Muqaddimah* and the Northern Sung Dynasty reformer Wang Anshi, who made it clear remark that taxation is necessary but never to overtax, and it should never be seen as a burden to the people.
5. So I think this principle we must adapt the changes that we will have to take, including in the forthcoming budget that will be clearly formulated based on these principles. Taxation is only when necessary and it should never been seen to be as a burden to the public and the business community because it is our intention to ensure that investors, foreign or domestic, see this as

an opportunity to enter into a business enterprise that would reward them.

6. At the same time, it is to instill the sense of belonging, sense of responsibility consistent with the MADANI concept that you have ruled to the family, the society, and to the nation. There are others who have been deprived and marginalized which have not had this opportunity to be able to compete or even survive as a nation. This is clearly formulated in the MADANI economy, empowering the people or *mempertkasakan rakyat*.
7. I need to reiterate the point that LHDN has a major responsibility in this regard. You are entrusted with the task of ensuring that the government finances is not to be abused nor to be spent on luxury items and not to be taken for granted by leaders who hold office. We have seen this track record in this country in the past, where positions of power is an opportunity to amass personal wealth, enrich their family members or cronies.
8. So it is therefore pertinent that we work as a family, committed to some ideals and principles. This is, to me, clearly what we have learned and we need to learn. We

have experienced, for example, a major crisis in year 1997 to 1998. We have encountered COVID-19 and what have we learned? We suggest that now it is post normal times and we talk about paradigm shift but in our policies, we sometimes ignore the need to reform and also to make the necessary shift depart from the past.

9. I often quote Joseph Schumpeter's Gales of Creative Destruction. As William Butler Yeats (W.B. Yeats) referred to as the centre cannot hold; things fall apart. The center cannot hold economic crisis, political instability, social turmoil and poverty stricken people but we must use this opportunity and seize this opportunity to embark on changes. That includes, of course, taxation policies and tax reform.
10. Besides that, again as referred to by Joseph Schumpeter's Gales of Creative Destruction, there is destruction not of our choice, but we have to deal. It is not a complete disaster. Malaysia, for example, have to deal with RM1.53 trillion debt and 5.6% deficit, hence we have to be creative.

11. In the MADANI economy, the trust is of course to elevate the dignity and status of our nation, restructure the economy to make Malaysia a leader in asian countries and in economies. Secondly, to ensure that the enlarged wealth is then benefited equitably by the *rakyat*. It is not an impossible task, we have achieved somewhat better performance in the 90s; we have slided downwards in the last 20 years.
12. Nonetheless, we have not actually recovered but with the comprehensive and meticulous plan to address these challenges and long-term issues relating to competitiveness, we must ensure that Malaysia becomes an attractive destination for foreign investments and encourage domestic investments.
13. There are issues that must be addressed such as the rise in the cost of living of the people. Of course, not only in the past eight months, but earlier, there have been some initiatives and this administration has given a lot of attention.
14. First, to ensure that we have good governance. We must get rid of this country endemic corruption. Yes, we can collect as much as possible, right YBhg. Dato' Sri

Dr. Mohd Nizom Sairi? but if the governance issue is not resolved, too many leakages and you spend RM22 billion ringgit to help the rakyat but we have leakages all around, RM5-6 billion gone haywire. We can approve contracts, whether it is flood mitigation or *Jana Wibawa* and yet, funds have been siphoned off. Now this has to stop and it stops now. Mind you, this administration will not compromise. It does not matter, as I had said earlier, whether you are a minister, *Tun, Tan Sri*, you must respect the law or we will have to go after you.

15. Now, if you can deal with the issue of good governance, then we can deal with the issues affecting our people. What is the priority in the MADANI Budget 2023? To make sure that our schools are respectable, that our children can go and use the lavatory, which has been a problem.
16. Probably some of you may not encounter this, but your family members in the villages, in the areas the schools mainly attended by the urban poor has encountered this problem. I have visited 20 to 30 districts in the last eight months and without exception, almost every school have problems. Six lavatories, four are not functioning or eight lavatories, two are not functioning.

17. I was somewhere in Dungun, Terengganu and because the helicopter landed in the school compound, of course, the principal was there, the lady principal.

So I asked, “Cikgu, tandas bagaimana?” She said, “Okay”

I asked, “Semua okay?” She said, “tidak”

I asked, “Berapa rosak?” She said “empat”.

“Berapa boleh guna?” She said “empat”.

18. So it is therefore our duty. LHDN, you have done a wonderful job and thank you for collecting revenue but we have to make sure that this is spent wisely without leakages. So that has been the priority with of course, an additional fund to repair rural clinics. How much have we spent? RM1.4 billion just to repairs, which means that we have ignored this sector.

19. They are our children and we want to talk about quality of education, democratization of access to quality education and they are not treated fairly and equally. What is justice? John Rawls a political economic philosopher made the reference – Justice is about fairness. The system of governance that you support that we all work together must be effective.

20. I have gone to places and I can remark that this country is peaceful. Yesterday was *Hari Pahlawan*. You will never ignore the fact that one of the greatness of this nation, a multiracial country, where there are Muslims, Christians, Hindus, Buddhists and others, that this country is peaceful. Rarely do we see in a country this diverse maintaining peace and harmony. This is therefore a very fundamental issue that cannot be ignored and do not take it for granted.

21. Yesterday and last night, I expressed my profound appreciation, thanks and gratitude to our army and police force for their contribution. For all that, their remunerations has to be fair and their living conditions cannot continue in this state of affairs.

22. So we had to spend immediately, including ESSCOM. For your information, ESSCOM is located in an area where we experienced the attack by Sulu terrorists in the last few years. However, the facilities and their living conditions are atrocious. So I have to immediately spend RM40 million which is not budgeted for. That is why I have been asking YBhg. Dato' Sri Dr. Mohd Nizom Sairi to please collect more money and you have done so. Thank you very much.

23. For the living conditions of the police and the army, I have to allocated RM200 million each. Again, not budgeted before, but because what we see. I was in Lok Kawi camp in Sabah, the water supply is adequate for one third. So when you talk about uplifting the economy, to make sure that we are among the top 30 largest economies of the world this is essential. We can do it and I am convinced we can do it.
24. Moreover, we have to make sure that the principle of caring, of compassion and *rahmah* is there including the labor share of income in this country, the female labour force participation must be increased. I mean, of course they have a choice to work or not. People do ask question, what do you mean women are not working? They work at home, they take care of our children. So how do we then recognize and compensate the efforts?
25. When you talk about *rahmah*, I must of course commend our late *Allahyarham Datuk Seri Salahuddin Ayub* who did a fantastic job in pushing the agenda forward. The last two days when we celebrated consumer day, I had to allocated another RM50 million to make sure that this *Program Rahmah* goes down to help our communities. So it is a few hundred million

already. Good luck, YBhg. Dato' Sri Dr. Mohd Nizom Sairi, you have to get back the money.

26. The MADANI economy framework will serve as the foundation for several other specific policies that will be announced in the coming few months. The Economic Minister has announced the National Energy Transition roadmap and Ministers will be assigned daily to announce the follow up policy and programs for MADANI economy concept.
27. In the next few weeks, we will announce the Industrial Master Plan and following that, the midterm review of the Second Malaysia plan. In October, it will be the Second *Belanjawan MADANI*.
28. So I want to take this opportunity again to thank LHDN and also the President of Charter Tax Institute Malaysia for organizing this conference. I have seen a very elaborate and serious major topics for discussions. My only suggestion is that we take a very open and positive view of the need to undertake reform and changes, including in our taxation policies and I will be guided by you to tax or not to tax like Shakespearean.

29. I look forward to engage with LHDN to get their input, their suggestions, how to effectively undertake or adjust some of the policies or introduce new taxation measures. Accepting the fundamental principle that I have mentioned earlier, that for a country, our policy is to tax when it is absolutely necessary.
30. Number two, it should not be ever to be considered as a burden to the taxpayers. Our intention, of course, to encourage them to be more productive and contribute to the nation but as you know, for growing economy with such ambition and to contribute to the welfare of those who have been deprived and marginalized, the taxation, the tax institutions and agencies must be very efficient, very clean and very effective.

Sekali lagi saya mengucapkan terima kasih, Wassalammualaikum Warahmatullahi Wabarakatuh.

31. kepada beliau, apakah terlalu rumit dan canggih bidang kajian dan disiplin itu? Beliau kata tidak, beliau hanya memerlukan tenaga mahir, pengajar dan saintis untuk

mengetahui keperluan syarikat dan memenuhi keperluan itu dengan menetapkan supaya TVET dan *upskilling* itu betul-betul memenuhi. Kita menggunakan istilah *upskilling* tetapi *upskiling* itu sebenarnya tidak memenuhi keperluan industri di peringkat tertinggi.

Saudara-saudara,

32. Ini bukan teguran tetapi harapan supaya ada kesediaan kita memenuhi keperluan ini kerana apabila mereka menyebut dan dalam perbincangan tu, saya tidak hanya bercakap soal diplomasi biasa, tetapi saya berkata "*you tell me what is required, you tell me about the level of our discipline and profesionalism of our engineers.*" Dia kata "*excellent, in terms of discipline, commitment and of the learning curve*" Jadi saya bertanya lagi "*then tell me what is lacking? what is terribly lacking?*" normally they will be very polite tetapi saya kata "*you tell me, it cannot be okay because at the highest level of expertise you employ people from other countries and only then they suggest that we need to then give educate, emphasis And to that level of expertise to fill in the gap so that our professional engineers, and those who have been train in TVET could fulfil the requirements of this industry.*" Ini mesej yang penting bagi saya dan patut

diteliti bersama selain daripada isu pengkomersialan yang juga harus diberi keutamaan.

33. Sekali lagi saya mengucapkan terima kasih and tahniah kepada YB Tuan Chang Lih Kang, MRANTI, KSU dan semua. Saya minta maaf kerana seperti biasa saya ketepikan teks kerana ada kadang-kadang pengumuman-pengumuman penting yang harus dibuat tetapi kali ini tidak mengapa kerana YB Tuan Chang Lih Kang boleh membuat pengumuman itu. Saya memilih untuk melontarkan idea saya secara terang-terangan, apa yang saya fikir hal yang patut diberi keutamaan. Jika ada beberapa pengumuman yang sangat penting, saudara YB Tuan Chang Lih Kang fikir boleh buat pengumuman khas selepas ini.

Terima kasih.

Assalamualaikum Warahmatullahi Wabarakatuh.