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PRESS STATEMENT

**INSTITUTE OF STRATEGIC ANALYSIS AND POLICY RESEARCH (INSAP)**

***Advocating Tax Reforms for a Prosperous Malaysia***

Kuala Lumpur, 2 October 2024—The Institute of Strategic Analysis and Policy Research (INSAP) welcomes recent comments by Datuk Koong Lin Loong, the Treasurer-General of the Associated Chinese Chambers of Commerce and Industry Malaysia (ACCCIM), calling for the government to help small, medium, and micro enterprises (MSMEs) and the general public manage the increasing costs of doing business and the cost of living in Malaysia.

On the same note, INSAP wishes to point out that we took a step further by putting a similar proposal in our memorandum to the Ministry of Finance handed to the Second Finance Minister on 18 September 2024. In our tax reform paper to the ministry, INSAP researcher Wong Yun Tinn also called for the government to increase personal relief from the existing RM9,000 to RM15,000. For the record, the last revision of personal tax relief was over 14 years ago, which is not in line with the current rising cost of living. Policymakers must implement effective measures to safeguard the B40 and M40 households from the increasing cost of living.

INSAP firmly believes there is still a buffer zone for businesses to cope with e-invoicing. Yun Tinn also recommended gradually raising the threshold from RM150,000 to RM500,000. INSAP is pleased to see alignment with other stakeholders on increasing the e-invoicing threshold. This is because over 95% of institutions are micro, small and medium enterprises MSMEs.

According to Yun Tinn, given the current challenges, Malaysia must have enough funds to stimulate the economy and build a better economic ecosystem. The reintroduction of Sales and Services Tax (SST) despite a higher rate, was only able to bring in RM35.8 billion in revenue in 2024, compared to RM63.5 billion should the goods and services tax (GST) had not been abolished. The 43% reduction in federal revenue collection could have given more room for the government to roll out more reforms and adjustments to ease the people's burden.

INSAP is pleased to note that industry representatives such as Datuk Koong Lin Loong, Mr Chin Chee Seong, SME Association of Malaysia, and Nivas Ragavan, president of Kuala Lumpur and Selangor Indian Chamber of Commerce and Industry (KLSICCI), have also supported the re-introduction the Goods and Services Tax (GST), as a fairer and more equitable tax.

INSAP's Yun Tinn said Malaysia should remain dedicated to boosting fiscal reforms that highlight the welfare of the people, mainly B40 and M40 households. He said adjustments to personal tax relief and the gradual increase of the e-invoicing threshold for MSMEs are critical moves to lessen the burden of the rising cost of living and guarantee the sustainability of businesses.

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