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**3rd MALAYSIA
TAX POLICY FORUM**

"Reinforcing Malaysia's Ultimate Pecuniary Resilience"

01st August 2022
EVERLY HOTEL, PUTRAJAYA

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3rd MALAYSIA TAX POLICY FORUM (MTPF) 2022

MTPF
MALAYSIA TAX POLICY FORUM

Opening Keynote
Datuk Mohd Nizom Bin Sairi
Chief Executive Officer, Inland Revenue Board of Malaysia (LHDN)

LHDN
MALAYSIA

Corporate Partner:

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3rd MALAYSIA TAX POLICY FORUM 2022-REPORT
"Reinforcing Malaysia's Ultimate Pecuniary Resilience"
1 AUGUST 2022 | THE EVERLY, PUTRAJAYA

• **VVIP Attendees:**

YB. Datuk Mohd Nizom Bin Sairi
Dato' Mohamad Fazin Mahmud
Dato' Sri Shamsun Baharin bin Mohd Jamil

• **Moderators:**

Dato' Seri Azman Ujang
Yahya Mat Hassan
Chew Hoong Ling
Kamarul Bahrin Bin Haron

• **Panelists:**

Kevin Wu
Dr. Francesco Cannas
Dr. Yong Mun Ching
Mohamed Zakariya Bin Othman
Amarjeet Singh
Renganathan Kannan
Abu Tariq Bin Jamaluddin
Mohd Fariz Bin Mohd Faruk
Prof. Dato' Dr. Jayles Yeoh
Karen Cheah Yee Lynn

ABOUT 3RD MALAYSIA TAX POLICY FORUM

Taxes are essential for the government to function properly. It is also vital for the virtue of public services and infrastructure required for citizens' well-being. Some nations have tax rates as high as 40 percent, but since it is shared and their welfare services are so comprehensive, people tend to spend less of their disposable money on public needs. While taxes in some nations are insufficient to encourage expenditure and promote economic growth.

Malaysia, since the Goods and Services Tax (GST) was replaced with the Sales and Services Tax (SST) in 2018, the restricted tax-based system has posed concerns to the public. As Malaysia enters a post-pandemic recovery phase, Budget 2022 seeks to expedite the recovery processes by enhancing economic recovery, rebuilding national resilience, and catalyzing reforms.

It all started when the COVID-19 outbreak significantly weakened state finances and necessitated rethinking taxes and policies. Containment measures, greater government spending, and fewer tax collections have increased budget deficits and government debt, reaching its highest levels in decades as a proportion of GDP.

Notably, the Malaysian government's main source of income is taxation. The government should address the obstacles efficiently in order to devise a strategy to restore national revenue. Hence, the 3rd Malaysia Tax Policy Forum is a platform for accumulating all best practices and innovative ideas on the issue of taxation from around the world and seeks to address these lingering questions and crucial decision measures that will help Malaysia to relocate forward as a financially strong nation shortly.

ABOUT ISI

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Our dialogues, research and networking platforms, are designed to drive economic growth in the region. We aim to,

1. build platforms for regional dialogue and networking opportunities that allow businesses, industry captains and governments to come together to drive economic growth of the region;
2. provide timely research to keep our members and governments informed and updated on global trade and political issues that may have an impact on their operations;
3. match businesses to the right investors- to ensure that the companies are paired with the right strategic investment partner

VISION AND MISSION

International Strategy Institute (ISI) aims to be the leading regional connector and networking platform for governments and businesses across Asia and the Pacific.

Through our networking events, conferences, and rigorously research publications, we hope to promote a robust Asian business environment that is strategic, inclusive, innovative and sustainable.

WELCOMING SPEECH

Mr. Cheah Chyuan Yong

Chairman, International Strategy Institute (ISI)

Taxes are important for national revenue because it provides the government with funds for economic growth and simultaneously offers its citizens public goods. In 2018, Malaysia replaced its taxes system from the Goods and Services Tax (GST) to the Sales and Services Tax (SST). According to Malaysian Rating Corporation Bhd (MRCB), the direct tax did not increase to pre-GST levels following the reversal because the indirect tax base declined.

Moreover, the 2022 Budget intends to speed up reforms, restore national resilience, and accelerate economic recovery for post-pandemic recovery. Due to Malaysia's unstable financial state, the government must boost its efforts to develop more robust and reliable sources of revenue by utilizing the resources optimistically to produce a stable economy. At the same time, the government is planning to help low-income households through the 2022 Budget by increasing direct cash transfers and engaging with a larger demographic. As a result, it provides job creation, promotes capital spending, and maintains fiscal sustainability.

For the long-term sustainability of overall public expenditure, the existing tax and transfer system would gradually require Malaysia to create more revenue to cover the additional costs and keep moving. This is to ensure Malaysia's economy will continue to expand in tandem and effectively. Therefore, the 3rd Malaysia Tax Policy Forum strives to gather preferable methods and practices on taxes across the nation so that Malaysia may evolve swiftly into a financially healthy country.

OPENING KEYNOTE ADDRESS

Datuk Mohd Nizom Bin Sairi

Chief Executive Officer, Inland Revenue Board of Malaysia (LHDN)

COVID-19 was a vivid reminder of financial uncertainty as millions of people were suffering from drastic income drops. The geopolitical conflicts further hampered the supply chains, increased commodity prices, slowed the global economy, and negatively impacted livelihoods. The World Bank's most recent Global Economic Prospects Report predicted that global economic growth would decline from 5.7 percent in 2021 to 2.9 percent in 2022, a substantial decline from 4.1 percent forecasted in January this year.

In contrast, the Bank Negara Malaysia (BNM) forecasted that Malaysia's Gross Domestic Product (GDP) would rise by 5.3 to 6.3 percent in March of this year due to robust and growing domestic demand. Indeed, the government set a target of RM127.3 billion for direct tax collection in the 2022 Budget, and the amount collected in April 2022 was RM45.6 billion, which was higher than expected.

The main goal of this forum is to improve tax literacy among taxpayers to accomplish the goals, which include creating a sustainable tax environment in line with the country's aspiration to encourage sustainable growth. Additionally, the Minister of Finance, Yang Berhormat Senator Tengku Datuk Seri Utama Zafrul Tengku Aziz, stated that it is crucial to maintain socioeconomic progress through the adoption of excellent tax compliance and governance. Thus, he plans to introduce the Fiscal Responsibility Act during the next parliamentary session by virtue of Malaysia's tax-based system and enhance tax administration and compliance.

Additionally, HASiL launched the HASiL Tax Corporate Governance Framework (TCGF) and Guidelines on 11th April 2022, benefitting businesses and taxpayers as a part of HASiL's initiative to implement an equitable and efficient cooperative tax compliance approach in Malaysia. Firstly, it standardises and integrates tax strategies, policies, and processes within the organisation. Secondly, it provides a sense of assurance and comfort among stakeholders, including regulators. This will allow organisations to obtain better certainty over their tax affairs. Thirdly, promote an early solution to tax issues when the tax risks are identified via internal controls.

Again, HASiL is responsible for ensuring the development of the national agenda and Keluarga Malaysia's well-being as its top priority. For example, overseeing the financial aid components of the government stimulus packages, extending the deadlines for filing tax returns, revising tax estimates and deferral payments, implementing debt repayment plans, suspending debt recovery for a certain period, and processing refunds more quickly.

Last but not least, HASiL has introduced MyTax, a secure and personalised portal for viewing and managing your tax transactions. It also has other functions such as e-Filing, paying taxes via ByrHASiL, and updating profiles through e-Kemaskini. Moreover, people can access various tax-related information and guidance, as well as a personal dashboard and inbox that tell about the latest tax situation and monthly tax deductions. Not to forget, the 2022 Budget unveiled tax measures like Tax Compliance Certificate (TCC) to curb revenue leakages or harmful practices related to cross-border tax evasion and double non-taxation. It will come into force on 1st January 2023 as a pre-condition to participate in the government procurement and Tax Identification Number (TIN).

Finally, according to the OECD, 136 countries have currently agreed to a comprehensive reform of the international tax system that will mandate a 15 percent minimum tax rate on some multinational enterprises (MNEs) starting in 2023 and reallocate more than 125 billion dollars in profits from about 100 of the largest and most profitable MNEs in the world to all countries, ensuring that these companies pay a fair share of tax wherever they operate and make profits. Pillar One will enable equal distribution of revenues by moving certain taxing power from an MNE's home nation to market jurisdictions where it conducts business and makes profits, whether or not the corporation has a physical presence there. Pillar Two proposes a global minimum corporation tax rate of 15 percent, which is expected to rise due to the increased minimum tax rate.

SESSION 1: TAXATION - ARE GST TAX EFFICIENT COMPARED TO SST?

Kevin Wu

Founder and Partner, Kevin Wu & Associates

SST is a single-stage tax system whereas GST is a broad tax-based system introduced in 2015 and is commonly used in Asia and worldwide. For example, the value-added tax (VAT) in the United Kingdom. Some citizens are satisfied with the repeal of GST, but some are not. Generally, citizens do not want a multi-tiered tax system that increases the cost of living, especially during a pandemic. If the new government were to devise a new tax policy system that causes the cost of living to soar swiftly, then it is unnecessary since it simultaneously increases the price of goods and services. Eventually, it will hinder economic recovery and harm the public.

Tax revenue is crucial for national income and funds the government to run efficiently to fulfill people's needs. Either GST or SST systems, both are important for the well-being of citizens. To increase revenue, the government should ensure the system functions effectively. The system needs to be fair so that consumers will not experience the cost of common goods rise by ten to twenty percent. Therefore, the government will strike the ideal balance between taxation policies and how well the existing tax system works.

Reportedly, the government is proposing a new variant of the tax system based on SST adaptation. As long as the system is fair, the government can collect taxes to invest in the required infrastructure and be held accountable for the tax. Indeed, consumers will not mind paying more taxes if the government can offer huge benefits.

Dr. Francesco Cannas

Senior Lecturer, Monash University Malaysia

First and foremost, a tax system must be applicable to everyone. Considering business-related matters and funds for the ruling government to administer, a country requires an efficient tax system. Thus, finding a sort of equilibrium and balance that satisfies each taxpayer is crucial.

The entire Malaysian tax system has undergone numerous reforms since 2015. It illustrates how unstable Malaysia's fiscal condition is. However, consider that international investors are very concerned about stability and certainty. Ergo, it is best to stabilise or find a system that is regarded as final and flexible enough to adapt to any circumstances. Even during the most critical ones, like the COVID pandemic. For example, the war in Ukraine is most likely to change the equilibrium of the energy suppliers. As in the case of Malaysia, a big part of its economy comes from oil. If

Europe completely cuts oil purchases from Russia, will Russia orient its sales toward Asia? It is something that needs to be taken into consideration. The tax system should look as a whole.

As a citizen who came from a country where the VAT is already decades old, GST does not prefer to be absolute. Several big issues exist, such as fraud exposure via deduction mechanisms in GST or VAT practices. Businesses that purchase many goods but are unable to retain or sell them will trigger GST effects. This is because they need to refund, manage the refunds, and eventually earn nothing. This can be portrayed in the case of Europe, where the rate is high, and the refund process is time-consuming.

Dr. Yong Mun Ching
Assistant Professor, Faculty of Accountancy and Management, Universiti Tunku Abdul Rahman (UTAR)

The academic world has brought a different perspective on this topic. It is very important to understand the perspective of the composition of the federal government revenue over time, as many people think that GST will solve all issues. However, all the critical budget deficits have occurred in the country for the past 50 years. From 2007 until 2022, there had been a focus on personal income tax as well as corporate tax due to the shift of government towards taxing more from corporate as well as from personal taxpayers.

The indirect tax, the percentage is very low, and generally less than 20 percent in the respective years. In contrast, the total tax revenue increased by over 28 percent during GST was implemented. Unfortunately, the total tax revenue has declined since the government implemented SST 2.0, ranging from 18 to 19 percent.

Based on research, tax neutrality is a concept whereby fairness is the key since everyone pays an equal portion of the tax. SST has many cascading effect attacks that can be passed onto various value chains, and the cost is invisible. Hence, transparency is the issue. Towards the end of the GST implementation, the government has already increased the speed of refunds, which clearly helps Malaysian businesses transition to the new system.

Malaysia is not the sole country repealing the GST since Granada, Malta, Vietnam, Ghana, and Belize have repealed too. Later, they reintroduced the GST India tax system. The same goes for Malaysia, where the situation is almost similar to Malta, whereby the politicians promised to repeal the system if they were elected as the ruling government. In short, GST is much fairer and more transparent because everyone has to pay taxes for what they consume.

Summary in Q&A Session

Question: As a supplier, is that the ultimate consumer-like buying goods for domestic use, would they be paying much higher prices? Because even from stage to stage, the prices are increasing, and they have no chance of getting a refund or the price they pay.

Answer: Everyone has the perception that GST causes prices to increase. Practically, GST is paid by the end consumer. GST may not necessarily lead to higher prices because suppliers and retailers still want to conduct business and continue receiving customer purchases. So perhaps margins will be cut somewhere in the supply chain. Therefore, all of this is theoretical and relies on the sector.

Question: The first question is, if the government decides to implement the GST, does the rate need to increase or not because we have 6 percent for now? The second question is, should we have a different rate between the goods subject to daily life? The example of food is different rate, and for the item, we consider not as we use in normal life.

Answer: Currently, Malaysia imposes a 6 percent GST rate, considered one of the lowest worldwide. This includes the cost of compliance in terms of the administration of the tax rate. Therefore, if the government wants to implement taxes below 3 percent is still acceptable since there might be a lot of pressure on the price of goods. After that, the government may slowly increase the rate as the Singaporean government did. However, it shall be noted that the more rates imposed, the more complicated it will be and the more vulnerable it is to corporate abuses. Thus, it is preferable to adopt a flat rate or specific exemption like the Malaysian government has implemented on around 12,000 products regarded as essential goods and services.

SESSION 2: MALAYSIA THE WAY FORWARD - TAX REFORM

Mohamed Zakariya Bin Othman

General Manager, Head of Big Data Management, TFX Islamic

Tax and people are inseparable. Nevertheless, fintech and supply chain financing is important in this modern era. Both have a great impact on the financial sector nowadays. Especially fintech is broadly used and can be considered comprehensive with its financial services. However, some parts of fintech are not technology. As a result, it contributes to the main obstacle in fulfilling the reformation of the whole tax process.

Furthermore, macro trends illustrate tax reforms and their operational side. There, you can understand the flow of the tax. According to G20, there should be a minimal or minimum amount of tax imposition. Besides that, some people perceived tax as the changing nature of work. For instance, you must be a country resident to be subjected to taxation. Yet, this does not apply in Malaysia since it is about the gig economy, not changing the nature of work.

On the other hand, technology helps and enables the IT industry to discuss the application of artificial intelligence. This refers to digitization, real-time digital compliance, and natural compliance. Although the tax tag was regarded as a nucleus on the block, tax and fintech are all locked in that. Notwithstanding, the public is still required to pay taxes as a sense of duty and responsibility as loyal citizens and to improve resources for the next generation. Hence, fintech needs more attention in embedding, as it already incorporates financial elements into daily activities regarding financing.

Amarjeet Singh

Managing Partner, ASEAN Tax Ernst & Young Tax Consultants Sdn. Bhd. Malaysia

The country's top priority issues during the recovery process are the economy's long-term viability and adequate financial condition. It is not necessarily about tax increases. It is crucial to guarantee enough tax revenue to pay for our country's operational expenses and development costs.

In addition, the basic rule of taxation is a person has to be presence in a country to be subjected, but things have changed. For example, Netflix does not require a presence to get access to the people in Malaysia who subscribe to Netflix. In order to ensure that each jurisdiction receives its fair portion of the tax, the regulations must be changed. It is a substantial adjustment that will propel tax reform.

Investors depend on the tax administration and the Ministry of Finance for rule clarity and predictability as well as for the authorities' willingness to support them in their chosen tax positions. It will be taken into consideration when deciding where to invest and where to locate. It is worth to study on Mexico and how they doubled their tax revenue in the space of six years after introducing e-invoicing. Every obstacle presents an opportunity, and this is Malaysia's chance to improve where we are.

Renganathan Kannan

Tax Controversy Partner, Thenesh Renga & Associates, Tratax

A sound tax framework and structure are important, and this reformation is ongoing. The constant process is not a five-year or three-year plan but an ongoing process. It should be beneficial for the country and the community. People consider a system is very effective if it can sustain an advanced economy and expand businesses. In today's era, it should encompass and support the business people and promote an efficient, equitable taxation system to enhance the tax base. Additionally, early tax education is vital, such as teaching youngsters what is subject to taxation. It can be a syllabus where children are able to do some interactive engagements with schools. It would be impactful.

Transparency helps to understand the actual connection and target because of effective communication. With transparency in the tax system, people know the real ongoing situation, the types of taxes, or the penalties imposed upon them every three or four months. Indeed, transparency indicates two-way communication and active engagement, which provides the public with data. Under Section 153, the Inland Revenue Board (IRB) monitored the tax agents. It is a duty bound upon them to observe the tax agents and the people by virtue of the existing Act. More than 1,200 potential tax agents have undergone the training with IRB, and around 200 licenses have been granted across the country. Again, IRB should not entertain the brokers and uphold Section 153 strictly.

Summary in Q&A Session

Question: What are the challenges for the authority to collect tax regarding IR 4.0 and the challenges for the taxpayer? How do I apply this technology to ensure it is served from end to end?

Answer: I think we have to introduce some interesting tax relief in contact with their life. If possible, make it a syllabus to be taught in school because it is very impactful to shape the next generation. Indeed, it could produce good company in the future.

We have a Tax Policy Group in Malaysia, which has made Malaysia ahead of certain countries. Most of the time, Malaysia was ranked at the top of the list regarding tax administration. In fact, the existing tax system is advanced, where people do self-assessments therein. Much more effective and time-saving. Thus, Malaysia has to move and grow healthily in parallel with modernisation. Remember that every challenge comes with an opportunity to become a better nation.

Pertaining to the development of Malaysia, the government is currently pushing the nations and every sector towards the Industrial Revolution 4.0 where much of the system is controlled by technology with the advancement in AI technology. Therefore, to fulfill the national aspiration, everyone should work on this matter together and play each role accordingly. For example, the banking sector will look at the financial system. Hence, to ensure this is achievable, everyone must work in a group and move forward.

SPECIAL LUNCHEON ADDRESS

Puan Rosita Binti Dim

Deputy Director General of Customs Malaysia International Taxation Branch

Represented Dato' Haji Zazuli Bin Johan

Director General of Customs Malaysia

GST unifies the tax system and brings accountability and regulation to organised sectors. However, SST also contains all desirable qualities, which enables Malaysia to continue to accept and apply the modified SST 1.0 versions.

The Royal Malaysian Customs Department has suggested a few modifications to enhance certain areas, particularly the registration and refunding processes. They also pointed to improve Malaysia's risk management system, which could minimise or lessen the burdensome administrative issue.

So, tax administrations evolved from a simple to a more sophisticated model in most countries through time. Adopting the value-added tax or Goods and Services Tax allows the government to improve its tax management by introducing a more modern and competent tax system. The Royal Malaysian Customs Department is moving toward e-government, e-invoicing, or digitalization. However, it requires considerable progress if they want to reintroduce GST.

SESSION 3: CORPORATE TAX AND FISCAL POLICIES AFTER THE COVID-19 PANDEMIC

Abu Tariq Bin Jamaluddin

Deputy CEO (Compliance), Inland Revenue Board of Malaysia (LHDN)

Most of the time, especially during the emergence of an outbreak or pandemic, countries normally experience an economic downturn. Yet, in light of the epidemic, people acknowledged the significance of technological advancement and digitization. Despite the severe mobility constraints that were in place at the time, businesses that utilised digital components were nevertheless able to prosper and survive.

The economy has changed, and the sector has grown more intricate. However, it is noteworthy that digitisation may cause several issues related to tax administration and policy, where money can be removed from those areas. As the underlying economy, value creation and real activities occur.

Mohd Fariz Bin Mohd Faruk

Executive Director, Business Tax, Tax Audit & Investigation, Deloitte Tax Services Sdn. Bhd.

Malaysia's tax collection rate is currently equivalent to approximately 11.4 percent of the country's GDP. Thus, the government still has room to raise tax collection. Regarding the percentage of corporate income tax, Singapore recorded about 17 percent, Thailand around 20 percent, and Malaysia within 24 percent. Therefore, Malaysia is noticeably higher compared to other countries. However, the issue is how to boost Malaysia's income tax in order to gain more profit.

To encourage taxpayers to come forward and pay their taxes, the Ministry of Finance and the Inland Revenue Board have taken some actions. Due to pandemic's pressure for technological innovation in businesses, more people are entering the sharing, informal, or even gig economy. People nowadays tend to involve in online enterprises instead of regular work. If the government does not inform or entice this new group to pay taxes, Malaysia will lose a sizable portion of tax revenue.

It is also essential to mitigate the government's burden and raise more funds for national development. In the case of a shadow economy like those engaged in worthwhile projects that offer huge returns income like home bakery, it is quite difficult for tax officials to detect it. Another example is those who are engaging in illegal activities. These individuals or organisations frequently underpay their taxes.

Summary in Q&A Session

Question: without further increasing the tax from 24 percent income tax, how would the government be able to cover up all these expenses? And if increasing the 24 percent for them will hamper investment and development? What are the other sources for the government to raise revenue to replenish all this deficit expanded? And how many years do you estimate? The government needs to do so to put our finance government finances on the right track.

Answer: Government fiscal position during a pandemic is at stake. The key to ensure effective management is compliance. An illustration would be a tax identification number that increases the tax base and number of taxpayers. In addition, the government now requires a tax compliance certificate before a company can be granted a government contract. It means the business must ensure its taxes are in order and paid within the allotted time. The goal of this tax compliance is to promote taxpayers' voluntary compliance. Furthermore, this approach is recognised for its ability to engage with taxpayers, identify challenges, and avoid conflict with them. Two pillars are subject to compliance. The right to tax is first, followed by arrangement.

A new tax is also a good idea, but the Ministry of Finance must overlook it. In fact, we need to reduce our reliance on income taxes, reevaluate our approach to consumption taxes, and implement tax reforms. Encourage the public to work with the government since there are businesses that participate in illicit activity. Moreover, it is critical to lessen the government's burden to increase the tax revenue available for national development. The Malaysian shadow economy makes up around 25.3 percent of the country's overall GDP.

SESSION 4: SHOULD POLITICAL FUNDING BE LEGALIZED?

Prof. Dato' Dr. Jayles Yeoh
President & CEO, AIMSMET

Political donations can taint the electoral process, even though they can occasionally result in scandals, favouritism, law infringement, corruption, and the use of illegitimate cash.

Furthermore, Malaysia has not made much headway in resolving the problems that arise in the agricultural, education, and other sectors. Therefore, with this kind of leadership, society cannot address and recognise the political concerns that would negatively impact their quality of life. However, Malaysia has a bright future. Prior to the oath, politicians must be advised and urged to take a course to learn more about how to be competent leaders and politicians responsible for administering the country.

Karen Cheah Yee Lynn
President, Malaysian Bar Council

Since there is no clear legal definition of a donation, the term is loosely used. In reality, money enters both business and individual accounts, while political parties may not always receive funding. It indicates that money is always moving in various ways and could be used in immoral or illegal practices.

Preventing money laundering is the main goal. A predicate offence is a crime that involves the use of money to cover up a more serious offence. Some of the most significant cases are currently being heard in court. Even though they might not always be detained or accused of wrongdoing, most of them are legitimately facing accusations under the Anti-Money Laundering Act.

In 2018, after the 14th General Election, the Institutional Reform Committee Commission (IRC) submitted 80 papers, including papers on political financing and anti-hoping laws. Eventually, the anti-hoping law gained more attention than the political financing law, which may drive corruption to occur repeatedly. The parliament member shall look at this matter seriously since the donation term is used loosely. The main point here is political will is important because it determines whether a law is passed or not.

Whether a foreign company or a foreign government, the Malaysian Bar Council is adamantly opposed to any foreign funds. It is supported by all parties, including political parties within the APPG. The Malaysian Bar Council claims that no foreign funding was allowed when they created and produced a political fundraising bill.

Summary in Q&A Session

Question: As a woman and human beings, we were born to be doing things that we are very much comfortable with. If we have a proper education and a platform with transparency, I think we all will want to do the best for our nation. Would you agree, everyone? So education is the way.

Answer: Everything we do in Malaysia must be paired with a proper legislative framework. Thus, we need a bill. Luckily, the bill has been presented as a private member's bill in parliament, and we are looking forward to a special cabinet meeting about that.

Last but not least, Malaysia in the upcoming years will rise. Particularly with the transparency and efforts to achieve the goals. It is undeniably difficult to go through this situation, especially for women, yet education is the key.

To become a better nation, it does not need everyone to take up arms and change the country because sometimes it only requires ideal thinking, which drives the whole country to the right path. This is just a process starting with this forum that could open some minds to a transformation.

CLOSING ADDRESS

YBhg. Prof Adjung Dato' Seri Diraja Dr. Zambry Abdul Kadir
Former Menteri Besar of Perak

Represented Dato' Seri Dr. Ahmad Zahid Bin Hamidi
President, United Malays National Organisation (UMNO) & Chairman, Barisan Nasional (BN)

From YBhg. Prof Adjung Dato' Seri Diraja Dr. Zambry Abdul Kadir:

It is critical to examine the term politics, which has been used since Aristotle's time. The term "politics" needs to be changed because it has been used in a very derogatory manner for a long time. It alters people's perceptions of those who participate in or enter politics. The person would then be instantaneously painted with a variety of undesirable attributes.

Malaysia has a structure in this country where it has a political system. It all depends on what kind of political system Malaysia has. Democracy is frequently cited as the ideal form of government and governance. Thus, it is likely that people will now begin to discuss democracy and its issues.

From YBhg. Dato' Seri Dr. Ahmad Zahid Bin Hamidi:

Putrajaya will keep carrying out the Tax Reform Committee's recommendations for tax reform, emphasising steps to widen the tax base. This includes examining broad-based incentive relief and deductions in the 2023 pre-budget statement. According to the Minister of Finance, taxpayer registration, greater tax staff training, and cross-border commerce registration enhancement would help to strengthen the tax administration further. The strategy also boosts taxpayers' legal certainty and maintains audits and investigations.

The Malaysian tax system has made some improvements in recent years. Though it might not be quick and comprehensive, it is considered ideal. Over the years, most of the adjustments to tax provisions revealed during the budget were minor adjustments that did not always have a significant impact. However, it is now time for the government to create a systematic strategy to change the Malaysian tax system, which is the desired outcome backed by the majority of taxpayers, including foreign direct investors, who seek certainty and stability.

In order to recover from the COVID-19 pandemic, Malaysia needs a strong tax structure that allows all sectors, such as the public, to voice. Malaysia should adapt to changes like other countries recovering from the outbreak. Political money can be beneficial and detrimental at the same time. It depends on how it is managed. However, it is responsible for restoring political stability. Nevertheless, it requires a big step forward for parliamentary reform since it forces them to stop practicing it and ensures that accountability and transparency prevail.

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