



Centre for Public Policy Studies (CPPS)
Asian Strategy & Leadership Institute (ASLI)
1718 Jalan Ledang, Off Jalan Duta,
50480 Kuala Lumpur

Tel• 03-2093 5393
Mobile• 012-2131979
Fax• 03-2093 3078
Email• yeenseen@asli.com.my
URL• www.cpps.org.my

MEDIA RELEASE

25 October 2013

CPPS's Response to Budget 2014

The Centre for Public Policy Studies (CPPS) lauds the introduction of the Goods and Services Tax (GST) at initial rate of 6% which is due to take effect on 1 April 2015. This announcement sends the signal that Prime Minister Datuk Seri Najib Tun Razak, who is also Finance Minister, is determined to arrest the issue of budget deficit and promoting long-term fiscal sustainability.

But, apart from increasing the Real Property Gains Tax (RPGT), there is little mention on how the government plans to plug the budget gap for the year 2014, considering that the GST will only take effect in 2015. Further subsidy rationalisation may be needed to generate savings for the government and reduce smuggling activities. Well-targeted subsidies are also needed to direct the benefits only to the deserving groups.

While BR1M is a short-term measure to help the lower income group to cope with the increasing cost of living, an extended period of BR1M may result in over-dependent of government assistance in the longer run.

The key to sustainable income growth lies with an increase in productivity over the long-term. Reduction in income tax rate motivates individuals and corporations to invest in productivity-enhancing activities. Budget allocation to women and preschools is also commendable as it encourages more women to join the workforce. Nevertheless, more needs to be done to inculcate the right mindset amongst many families that women getting into the workforce will bring more income and improve standard of living.

To conclude, the CPPS considers Budget 2014 as a balanced and functioning budget, but calls for more monitoring on the wastage in public spending.

- End -

For enquiries, please contact : Miss Ng Yeen Seen, Director, CPPS