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Tengku Zafrul: Govt on track to revive economy through Budget 2022

PRESS CITATIONS | 04 NOVEMBER 2021



KUALA LUMPUR, Nov 4 -- Malaysia is on track to revive its economy in 2022 through an expansionary budget announced last Friday, said Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz today.

Speaking in an interview with Bloomberg earlier today, Tengku Zafrul said the government has planned to minimise the economic scarring brought about by the COVID-19 pandemic, bringing the economic growth to a medium-term trajectory.

"We shouldn't pull the brakes too early, we want to make sure that the economic scarring is minimised and the economic growth returns to its medium-term trajectory.

"In terms of funding the debt, we have enough liquidity in the market. Obviously, we have a diverse investors' base and we are confident that we will be able to raise the debts or bonds required domestically," he pointed out.

Under the largest ever budget worth RM332.1 billion, the government has introduced tax proposals under Budget 2022 including the prosperity tax, a review of real property gains tax, as well as imposition of service tax on delivery

services to boost its coffers.

"We did announce one particular tax, which is the prosperity tax, which is a one-off tax. It only involves a marginal increase in tax (collection) involving more than 230 large companies listed on the stock exchange, which make excess profits during the pandemic.

"It is a progressive tax of 9.0 per cent. So it is not a big amount and that is to assist the funding of our healthcare package during the COVID-19 pandemic," said Tengku Zafrul.

He also brushed aside the perception that the introduction of the prosperity tax might not be a business-friendly move, saying that the market would somewhat adjust to the announcement.

"I am not concerned about that (perception). If we look at where we are today, if you look at the strength of the currency and the economy, and as I've said, the progressive tax (will) only involve 230 listed companies.

"If you look at the businesses, we even have a RM40 billion assistance package just for the business sector and we also have a RM4.8 billion programme for jobs, guaranteeing 600,000 Malaysians jobs. We need to look at it holistically and the key focus now is on the economy and creating employment," he added.

Meanwhile, the government is very bullish on the economy in 2022, driven by strong economic performance next year, with estimated growth of between 5.5 per cent and 6.5 per cent.

The country has also to-date vaccinated 75 per cent of its total population comprising over 90 per cent of Malaysian adult population.

Tengku Zafrul said Malaysia's fiscal and monetary policy were still accommodative and the government is looking to reduce the fiscal deficit to 6.0 per cent of gross domestic product in 2022 from 6.5 per cent this year.

"There is room to play and in the budget, we have assumed the oil price to be around US\$66 per barrel and as you know (now) it is much higher than that. The new tax measures are also not incorporated in our revenue line next year," he added.

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