

Interview with Datuk Aziyah

on 13 February 2007



MIT was fortunate to be granted an exclusive interview with Datuk Aziyah bt Bahauddin, Director General Tax Analysis Division, Ministry of Finance. Also present were the Editor of Tax Nasional Mr. Harpal Singh Dhillon, MIT's Senior Tax Manager Ms. Eow Siew Lee and MIT's Publishing Manager Ms. Ajanta Thinakaran.

What a marvelous person she is, warm, humble, simple, well informed and direct. MIT thanks Datuk Aziyah again for making the time to be interviewed by Tax Nasional, specially and exclusively for you dear members of MIT and subscribers of Tax Nasional!!!

Part 1- About yourself

(1) Our readers would love to know a bit about your family and education background. Could you please tell us a bit?

Well, I am married with two children, a girl and a boy. My husband is a retired officer from Inland Revenue Department (before it was corporatised). He is a very understanding husband and has always been supportive in the development of my career.

In so far as my education is concerned, I studied in Sekolah Kebangsaan Bukit Kuda, Klang until primary three. Then I join the Klang Methodist Girls' School for my Special Malay Class up to Form Five. I did my Form Six in Sekolah Tun Fatimah Johor Bahru. I then went to University Malaya and graduated in 1974 with a Bachelor (Hons) in Arts majoring in Economics.

Somehow fate had its way that although I was offered to do my Masters' (MSc in Taxation) it never materialized. Even then I don't think I have done too badly....

(2) Could you please give us a brief history of your career till you were appointed as Head of the Tax Analysis Division, Ministry of Finance?

I have been a part of Treasury all my working life. I started out in Tax Division in 1974, transferred to Contracts or Procurement Division for 5 years and then back to Tax in 1984 until today. Actually, I retired in October 2006 and am currently on contract till October 2007.

Part II – Your plans and vision for the tax environment in Malaysia

(3) The "Self-Assessment" policy has been implemented since 2001 for companies and 2004 for individuals. How successful do you think it has been? Has it been more effective in increasing the collection of taxes in the corporate sector and also from individuals?

"Self-Assessment" is one of the tax policies introduced by Datuk Dr. Syed Muhamad when he was the head of the Tax Division. A man of vision and change, he pressed for the implementation of "Self-Assessment". As a result, there is a perceptible shift towards taxpayers becoming more honest and conscious of how they declare their income taxes.

(4) There must be a co-relation between Revenue growth and growth in GDP. What is the ideal balance?

In general, the relationship between GDP and tax revenue is expressed in terms of tax buoyancy. Ideally, a one percent increase in GDP should result in at least a one percent increase in tax revenue. Not surprising then, given the tax leakages in the form of generous tax incentives, exemptions and deductions, the tax buoyancy is only 0.88%.

(5) How will the present reduction in global crude petroleum prices benefit the man in the street?

In a free market economy, the reduction in global crude oil prices should translate into lower petrol or diesel prices for the man on the street. However since, in Malaysia, petrol and diesel prices are controlled through an automatic pricing mechanism, where the government uses taxes and even cash subsidies to stabilise the retail prices of petroleum products, the public does not see a reduction in the prices at the pump as the reduction of crude oil has not stabilised. Crude oil prices came down between September to November but went up in December, came down again in January and February but is now on an upward trend. As you know, when the Government guaranteed that retail prices would not be increased until the end of 2006, the Government had been subsidizing retail consumers as the price of crude oil after March 2006 had increased substantially to more than USD70 especially from May to August 2006.

(6) The corporate tax rate was reduced in the 2007 Budget as an incentive. How will this affect the revenue?

The assumption is that the reduced rate will induce companies to reinvest, resulting in more economic activities and ultimately result in a higher tax collection.

(7) What are major revamps/changes you intend to bring in the next 2 years?

Well you know my one-year contract ends in October 2007. I do not envisage any major changes to the tax system as the review of the tax treatment for specific industries and addressing anomalies in the tax legislations are being undertaken by the Tax Review Panel. Thus I will focus on-

- a. improving delivery system of this Division within the expectations of the public;*
- b. reviewing the existing array of tax incentives in terms of their effectiveness and tax expenditures;*

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- c. designing new measures towards achieving the objectives of the 9th Plan and the IMP3;
- d. working closely with industries including tax consultants to improve the framing and administration of tax policies; and
- e. building up the capacities of my officers.

Although the Tax Review Panel is doing the studies, this Division is always invited to join the discussions with the industry arranged by the Panel. The officers in my Division need to understand the issues and the Panel's proposals as whatever issues arising from the agreed measures will be handled by the Division after the measures are implemented. Y. Bhg. Dato' Kamariah and myself usually discuss issues together to avoid duplications.

(8) Do you think that the Tax Review Panel should be a permanent feature?

If I say yes, it may be construed that I am lobbying to be a part of the Panel after October. Frankly, I find that the establishment of the Panel is very appropriate as the Panel can really expend the time to do in-depth studies as it is not responsible for the day-to-day functions of the Division.

(9) What do you think is an effective way for taxpayers to address their grievances on administrative matters to the authorities and the way for the authorities to respond?

I still feel that complainants should first approach the LHDN as information on the status or treatment of their tax is with them. I was made to understand that all LHDN branches now have a public relations officer to entertain public complaints. However when taxpayers are still not satisfied with the customer service at the LHDN, there is the Public Complaints Bureau. As in the Ministry, there is no specific point. Taxpayers will write to the Minister or the Division generally. On the suggestion that the Division should post a hotline, it is not a good idea as the Division will be distracted from its core functions.

(10) In your opinion, what is the role of MIT in the tax profession? How could MIT play a more proactive role to assist the Tax Analysis Division?

MIT is an association unlike MIA which is a statutory body that regulates the accounting profession. Nevertheless MIT has done quite well within its limited scope. The Division welcomes MIT's positive contributions through comments on the present tax policies and also proposals for future tax policy directions.

Part III – Personal Tit-Bits

(11) Describe the most memorable incident during your career in this division?

Well, I don't know whether it is the most memorable or the least memorable but it is certainly one I remember to this day!

It was 12.30 pm after the usual special cabinet meeting on the Budget Day. On that day the cabinet made substantial changes that warranted the speech and the appendixes to the speech to be amended. As Tax Division is responsible for the printing and distribution of the Budget speech to Parliament we were in a real panic to get the job done. Just imagine the speeches and the appendixes, more than a thousand copies, at that time were all stapled. To unstaple them, take out pages and insert new ones was really time consuming. As most of our officers and staff were already exhausted due to staying late the night before and at the same time most of the Muslim officers needed to go for their Friday prayers, we resorted to calling all the lady officers and staff of the Administration Division to help out. Up to now I always keep my fingers crossed until the Cabinet meeting is over. In fact, the Budget speech and the appendixes are now never stapled until the special cabinet meeting is over!

(12) What is your favourite past time and what do you do away from office to relieve stress?

I am always so busy that I find no time for a favourite pastime! I guess I watch some TV programmes. I like heavy dramas. I like reading Qur'an and find that prayer is the best form of relieving stress.

(13) Whom do you consider as your role model or idol?

I don't really have an idol or a role model. Having been in employment for a very long time and having served under many bosses, what I do is to avoid repeating the unfavourable behaviour which I have experienced and observed. In other words, I like to emulate all the best behaviours of my bosses in the civil service. I am trying my best. Although I may not be able to achieve all of them.

(14) How do you divide your busy schedule between career and family? How does your family respond to your busy schedule?

Actually I think I have not and still am not doing justice to my family. I spend more time in the office or doing office work than others. But my husband is not ordinary. He doesn't mind me working extra hours in the office or home. In fact, after his retirement, I do not even have to cook or do house chores at home. He prepares breakfast before I leave for office and normally packs my lunch with either fruits or bread as well as makes sure that there is food for dinner when I come home. My children too have been a source of support in accepting and understanding my extremely long working hours every day.

(15) In your career, who do you consider to be the person who has been supportive and the driving force behind your success?

My husband.