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 President

# President's Message

On 31 July 2016, the MMA Special General Meeting passed a specific resolution to relinquish all right title and interest in respect of the "Malaysian Medical Indemnity" name (MMI name) in favour of AON and to also withdraw MMA's application with the Registrar of Trade Marks Malaysia. This was in order to comply with a settlement agreement between MMA, AON, and JLT which would result in the withdrawal of all court actions and arbitrations by AON against MMA and JLT. At the vote, the resolution was adopted unanimously. A valuable lesson learnt indeed!

## LHDN Matters

We had received a letter from LHDN dated 4 July 2016 in response to our reminder letter to them dated 7 June 2016 which referred to the MMA meeting with LHDN on the 12 February 2016. The 12 February 2016 meeting was followed up with our proposals in a letter dated 29 February 2016.

The 4 July 2016 letter on "Penyelesaian Kes Audit Doktor Pakar" essentially ruled that we have to bring our income under Section 4(a) ACP 1967 as personal income and to enable LHDN to enforce it they are using Section 140(1) ACP 1967 (tax avoidance) and subsection 113(2) ACP 1967 which relates to incorrect

returns. The general amnesty on incorrect income tax declaration will be in place until 15 December 2016 as announced in the Re Calibration Budget 2016. The time barred period was from 2010 to 2015.

On 20th July 2016, Dr Sng Kim Hock, President of the Association of Specialists in Private Medical Practice Malaysia (ASPMP) in an email blast to 3,222 private specialists said "MMA President has told me that MMA cannot take up the matter further, passing the baton to us – ASPMP". He also asked specialists to join his association for a RM1,000 fee and come to their AGM on 22 July 2016. I immediately asked him to retract his statement and apologise to MMA and me.

On 22 July 2016, I went to Pantai Bangsar to attend the ASPMP AGM, unfortunately I was late and met about 20 people (1/3) who were still there after the AGM. Dr Sng Kim Hock apologised and agreed to let MMA lead in this.

This 4 July 2016 letter was discussed at the 2nd MMA Council meeting dated 31 July 2016 and the Council decided to go to the LHDN meeting on 4 August 2016 as arranged by Dr Sng Kim Hock, President of the Association of Specialists in Private Medical Practice, Malaysia.



*Dr John Chew shaking hands with Datuk Mohd Nizom bin Sairi (Deputy CEO, LHDN)*



(L-R) Dr Arasu, Dr Chew, YB Datuk Johari, Dr Koh

On 4 August 2016, MMA team (Dr Ravindran Naidu, Dr Koh Kar Chai, Dr Thirunavukarasu Rajoo, Dr Vasu Pillai and myself) with Mr Saravana Kumar, Dr Yoong Yee Kong, Dr Sng Kim Hock, and Dr Kok Choong Seng of ASPMP attended the meeting with LHDN. The meeting was cordial with explanations of the rulings and agreement to work on the guidelines.

### **Letter To YB Senator Datuk Dr Sim Kiu Hian**

In July 2016, MMA Sarawak requested YB Senator Datuk Dr Sim Kiu Hian to ask for his kind office to intervene on this tax matter for the specialists' doctors. He graciously wrote to the Prime Minister with the letter dated 18 July 2016. I believe through him and Ms Annie Chua (Advisor at the Ministry of Finance), fellow Sarawakians, MMA has received a call from Menteri Kewangan II Office on Friday, 5 August 2016 for a private meeting on 10 August 2016 at 4pm.

### **Minister of Finance II YB Datuk Johari Abdul Ghani**

On 10 August 2016, MMA Honorary General Secretary, Dr Koh Kar Chai and PPS Honorary Secretary, Dr Thirunavukarasu Rajoo and myself met with the

Second Finance Minister YB Datuk Johari Abdul Ghani (see picture).

Our top concern to many of our members would be the development on the taxation treatment of specialist doctors' income. This issue has tarnished our reputation.

YB Datuk Johari quickly grasped the issue at hand and said he would help us. He also agreed that for a fair government to work, we need the majority to comply and not spend a lot of resources to catch four or five culprits.

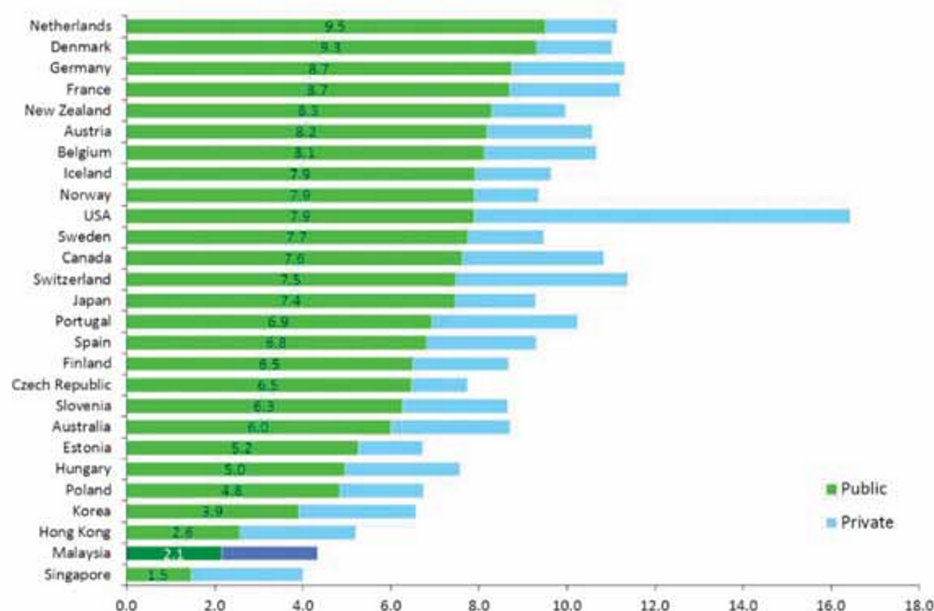
As of today, we have made significant progress in the efforts to resolve the taxation issues with amicable solutions. I have been provided with in-principle direction from the Ministry of Finance for the taxation treatment to commence from 1 January 2017 where the business arrangements will be clearly established when the specialist doctors contract with the private hospitals. For both accounting and taxation

requirements, where the contract between the doctors and the hospitals are signed in the individual name and capacity of the doctor, then the income will be booked and taxed under the doctor as a business sole proprietor. If the contract is between the doctors operating through their Sdn Bhd companies and the hospitals, then this group of doctors will be required to prepare their accounts and tax returns as for the Sdn Bhd.

Following the directive provided by the Ministry of Finance, I have been asked to contact the administration of LHDN to work out the details for the taxation procedures. As of last night (18 August 2016), I have confirmed directly with the Director – General of LHDN to meet with him on 5 September 2016. In our earlier letter to the LHDN, we have asked for a working group that include the representatives from LHDN, Customs, Institute of Accountants and Association of Companies Secretaries so that all the relevant parties can work through the procedures for doctors looking to wind down the Sdn Bhd companies to operate as sole proprietors going forward.

In recognising that much has progressed to enable MMA to develop working contacts directly with our

## Financing of current health expenditures (~2009)



Source: HCD Project analysis of HIES data for Malaysia 2004/05 & 2009/10, van Doorslaer, E., et al. 2007 & Anuranga, C et al. 2012 for others in early 2000s.

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Ministry of Finance and the LHDN, I would like to express our appreciation to YB Senator Datuk Dr Sim Kui Hian who responded to request for assistance to our Sarawak MMA and, through YB Senator Datuk Dr Sim, the assistance from Ms Annie Chua who is the Advisor at the Ministry of Finance.

Related to the tax issue is the unpleasant article published by Free Malaysia Today (FMT) on 15 August 2016. Dr Sng, President of ASPMP had responded immediately to the FMT's article. I have expressed the position of MMA on 17 August 2016. Our lawyer has informed me that it is our right to defend the reputation and the professional values of our profession. It is also particularly important for the young generation of medical practitioners that we defend our professional values.

MMA will partner and support the government with our taxes. We are working hard for our nation, both by looking after the sick and educating our doctors on tax matters. Therefore, we look forward to an early resolution.

### Appeal Letter to YB Datuk Seri Dr S Subramaniam

Dr Alan Teh helped to coordinate the collection of

signatures to our Minister of Health, Dato Seri Dr S. Subramaniam through his DOBBS on 3 August 2016. The portal was jammed for the first five days and we collected 1,122 signatures as of today. This is a new initiative to quickly gather support and had indeed given some power back to the doctors who felt so helpless.

### Private & Public Healthcare Financing

During the meeting with YB Datuk Johari Abdul Ghani on 10 August 2016, I have highlighted other issues such as diabetes, hypertension, smoking and health financing where the next step is for MMA to prepare a paper outlining the proposals to the Ministry of Finance. I also raised up with him the anomaly of health expenditure in Malaysia and USA, two countries in the world where the split between government spending and private is 50:50, certainly not among the countries with the best health systems.

Following our short meeting with Menteri Kewangan II Datuk Johari, I think MMA has to be engaged at this level in any discussion on Healthcare Financing for Malaysia.

My contention is private healthcare is a very hungry animal, the demand always outstripping the supply





*Allied Against Dengue (AAD) campaign, Sib*

(also known as want). The private providers will feed this animal and eventually will become unaffordable. The best countries for healthcare delivery, France and Scandinavian countries are where the Governments spend more for health. YB Datuk Johari said health expenditure consumed over 23% of the total government expenditure, and he suggested his officials to work with MMA to study this further. He said we cannot compare ourselves to developed countries.

This debate about private and public healthcare funding should deserve further studies in Malaysia as reports of Insurance Companies are withdrawing from Obamacare Health Insurance Exchange because of heavy losses. ([money.cnn.com/2016/08/17/news/economy/obamacare-insurers/](http://money.cnn.com/2016/08/17/news/economy/obamacare-insurers/))

Private Healthcare has been epitomised by the US Healthcare system while the NHS is funded by the British government. While both are not perfect and have needed tweaking now and then, the key is the frequent adjustments required for any human endeavour to succeed. US-based health economists have emphasised the greater use of competitive market mechanisms to solve perceived problems. Government investment in healthcare is frowned upon. Employer supported healthcare insurance is the norm in US. Only Veteran services and Social welfare are provided by the Government. The NHS though funded by the government has undergone some changes with services being privatised. NHS has also been evaluating health outcome and utilities through NICE. Distributive and equity in healthcare delivery is seemed to be more important in NHS.

Healthcare is not just another market. It is a necessity, going without has survival, or life and death consequences. The Out of Pocket expenditure is high in Malaysia and catastrophic illnesses often lead to bankruptcy. Many Malaysians are still dependent on

their doctors to provide the necessary information to go through the complicated and difficult maze of healthcare. Therefore we need more dialogues, among ourselves and with all sectors including our Minister of Finance.

### August Madness

As you are all aware, in the month of August, two important cases involving doctors are lodged in the Courts of Malaysia. It is only fair that we do not speculate on these cases. The details of which are subjected to the judicial process. The cases will be brought for mention on 20 September and 17 October 2016.

### Dengue Campaign

Our dengue campaign in Sib on 6 August 2016 was timely and achieved the awareness and education that is much needed to the area. This collaboration, Allied Against Dengue (AAD) is with MOH, GSK, Malaysian Pharmaceutical Association and Guardian Health and Beauty, and will culminate in Malaysia Dengue Day on 24 September 2016 at Johor Bharu Desaru.

### Appreciation

A big "Thank You" again to the Sarawak Team, MMA Sarawak, YB Senator Datuk Dr Sim Kui Hian, Ms Annie Chua, Special Advisor to the Finance Ministry. Also to our Seremban doctors colleagues, our lawyer Mr Saravana of Lee, Hishammuddin, Allen & Gledhill, our Exco members for their support, Dr Arasu, PPS Honorary Secretary, Ms Rissa and team for tireless working to get the meetings and letters prepared on time.

I also would like to thank my friend and lawyer Mr Daryl Goon for stepping up beyond the call of duty as MPS lawyer to support me.