

Playing Robin Hood 'may cause class wars'

NMP Eugene Tan says redistribution programmes should be minimised

By LEONARD LIM

PLAYING Robin Hood too much to tackle inequality may lead to a hardening of class distinctions, Nominated MP Eugene Tan warned the Government yesterday.

"A class war between the haves and the have-nots is debilitating," he added in his speech during the Budget debate.

His speech was in contrast to those from MPs who called for a more progressive income tax structure in the wake of "wealth" taxes on luxury cars and property announced in last week's Budget.

Assistant Professor Tan hoped that such redistribution programmes would be minimised, and asked Deputy Prime Minister and Finance Minister Tharman Shanmugaratnam to elaborate on the development of this progressive tax system.

"In the context of today's political climate, does the increasing progressivity of our tax system al-

so signal the rise of redistribution as a means of managing the inequalities in our society?" he asked, questioning if these moves were "appeasement tendencies". Noting that income transfers have risen over the years, he cautioned such moves could unintentionally give rise to a crutch mentality.

He suggested making non-income support a central feature of the social support system instead.

Mr Ong Teng Koon (Semawang GRC) also warned against making the tax structure more progressive as it might cause some to leave the country.

"The marginal increase in taxes from a higher rate might not be more than the marginal decrease from an exodus. We might end up with a smaller tax pie instead. And in the process, also succeed in decreasing the incentive to work," he said.

These warnings came as Ms Denise Phua (Moulmein-Kallang GRC) added her voice to the call for increasing income tax rates on wealthiest Singaporeans.

"The value that those of us who do well must also do good is worth anchoring and applying throughout Singapore," she said.

The highest income tax rate for a taxable income of over \$320,000 now is 20 per cent, below that for top earners in Australia and the United States.

Under Ms Phua's "Do Good Tax" proposal, those earning more than \$500,000 and up to \$1 million will contribute 1 per cent more in income tax. Every additional \$500,000 beyond that will attract another 1 per cent tax, up to a maximum of 25 per cent.

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