

6% prepaid tax: 'Gov't unfairly shifting blame'
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The government should have known that the telecommunications companies would pass the six percent service charge to consumers, when the it announced the service tax hike on Jan 1.

Saying this is a press statement today, PKR director of strategy Rafizi Ramli pointed out that by claiming ignorance, the government is actually washing its hands off its own doing.

""It has become his trademark that every time his own policy ignites strong opposition from the public, (Prime Minister Najib Abdul Razak) will wash his hands and blame others instead.

"The service tax contributes directly to the government coffers and not a single sen is retained by any companies, which only acts as a tax collector," he said, adding that prepaid mobile usage contributes about RM750 million to the state coffers.

While saying that it is "obscene" for telecommunication companies to make consumers pay, Rafizi said the government cannot be selective in its taxation policies by making only such companies swallow the service tax.

"If (Najib) expects the six percent service tax to be absorbed by the telecommunication companies, he should expect that all other daily household services, including Astro, KFC and restaurants, to also absorb the six percent service tax.

"While he is at it (on his populist drive), he might as well cancel the six percent service tax altogether since his insistence that companies absorb the service tax renders the service tax useless," he said.

'Do it as CSR'

Separately, Deputy Minister of Agriculture Chua Tee Yong in a tweet said telecommunications companies should pick up the tab as part of their corporate social responsibility.

"Digi made RM568 mil in the first quarter of 2011, Celcom RM 1.4 billion and Maxis RM 1.09 billion.

"As part of CSR, since all are profitable, they should not burden prepaid users," he said.

The move has received opposition from both sides of the political divide, who argue that it will hit low-income earners the hardest.

Yesterday, the PM, who is also Finance Minister said that the telecommunication companies had not consulted the government before announcing that it will make consumers pay the six percent service tax.

He said that the companies, who announced the decision on Thursday, should review the move as it adds burden to the rakyat in increasingly lean times.