

Najib: GST likely after general election
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Prime Minister Najib Abdul Razak today said that the government is looking at implementing the goods and services tax, "probably after the next general election".

Speaking after a dinner event at the Forbes Global CEO Conference in Kuala Lumpur today, Najib (right) said that the Internal Revenue Board has already been asked to put the systems in place, but it is still an issue of timing.

"We have made an announcement in principle that we will introduce GST and instructed the Internal Revenue Board to set up the system to enable us to implement this. The question is timing.

"I believe if you introduce any system, no matter how well prepared, it will contain glitches and weaknesses in implementation.

"When the time is right, in the near future, probably after the next general election we will introduce the GST," he said.

However, when asked by Forbes Magazine founder Steve Forbes when he will call the general election, Najib said he was "still looking around" for the right date.

"You mentioned during dinner that it is all about timing, so I have to look around for when's the best time. Maybe some of you can tell me when is the best time," he quipped.

According to Najib, the government is holding back on implementing the GST as the people need to be more sensitised to the idea.

"We need to explain to the people. There is broad acceptance, and growing acceptance that (GST) is the way forward," he said of the tax which has been met with thorny opposition.

He added that with only about 1.2 million workers paying income tax, Malaysia's tax base is very narrow and could lead the nation to a debt crisis.

More subsidy cuts to come

On a related matter, the premier added that Malaysia is committed to "gradual reduction of subsidies" but is wary of its effect in light of the rising cost of living.

In particular, Najib who is also BN chairperson, said that further burdening the rakyat could have severe impact on ruling regimes.

"In countries like Israel, 300,000 took to the streets and the underlying tensions that led to the Arab Spring was caused by unemployment and rise of cost of living.

"In Malaysia inflation is 3.2 percent but we are very conscious of the fact that rising cost of living is the responsibility of the government to deal with...otherwise there will be backlash," he said.

The PM also told the international audience of global business leaders that the government is looking at a different way to implement affirmative action, moving away from quotas to "creation of opportunities".

"What we found is that (creation of quotas) was not popular with the market and not helping the bumiputera...so we are trying to shift that to affirmative action that is more based on merit...That's the general philosophy (which has) better traction on the non-bumiputera," he said.

Earlier, Najib thanked Forbes for his glowing review of his government and policies, quipping that he should hire the media mogul to run his election campaign.

Forbes had yesterday given the premier a thumbs up, saying that he has delivered on his promise to reform the Malaysian economy.

New currency for Asean?

Adds Bernama: On whether it was time for Asean to look into a new currency, Najib said Asean countries were still open to the idea over the longer term, but the approach must be in a steady manner to avoid disruption in the currency and financial market.

"I do accept the fact that in the short and medium term, the US dollar will continue to be the major international currency and Euro will also be an important international currency. I don't see that picture changing in the short and medium term.

"But in the long term, it (the idea of new currency for Asean) is still open. But let us approach it in a steady manner so that we do not disrupt the currency and financial market," Najib said.

He pointed out that Malaysia was one of the first countries to use local currency to conduct business and trade with China.