

PKR: Just what is the proposed GST rate?

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Idris Jala, the minister in the Prime Minister's Department, has been asked to state the exact Goods and Services Tax (GST) tax rate, given the confusion that has been created.

PKR's Kelana Jaya MP Wong Chen said that, in a parliamentary debate last year, the government had said the proposed rate would be four percent.

However, Idris had hinted during a forum last Friday that the government might look at a seven percent rate, following the Singapore model.

NONE "If they really want to follow the Singapore model, they should start with three percent, because Singapore started with three percent," Wong (right) told a press conference today.

He also criticised the government for not taking measures to curb corruption and overspending, and said BN has "no right" to talk about GST until it completes tackling more fundamental issues.

"The current fiscal crisis can be averted by eliminating mega projects of dubious benefit and excessive costs, and by tackling corruption seriously," Wong said.

"Unless, and until it demonstrates that it can cut down on profligate spending and effectively fight corruption, the BN government has no right to introduce GST," he further added.

Wong said that though PKR understands the rationale behind the government's plan to widen the tax base, it also notes that the current tax base is not because of tax evasion, but due to poor household incomes.

"The current problem of a weak tax base is about low pay and income insecurity.

"(Therefore,) Promising corporate and income tax cuts to offset GST will only help the rich," he stressed.

'Collect debt from tycoons first'

In another statement, PAS Youth chief Nasrudin Hassan warned that if the GST rate

is fixed at seven percent, consumers will ultimately pay a collective tax of up to 28 percent.

“End-consumers will pay a GST rate as much as 28 percent as producers, wholesalers and retailers will also want to offset the seven percent tax that they incur,” he said.

NONE Instead, Nasrudin (right) said the government should focus on collecting outstanding corporate debt from giant corporations.

“The Finance Ministry had confirmed that the BN government failed to collect corporate debt of RM53.1 billion from YTL group, RM34.3 billion from tycoon Syed Mokhtar Al Bukhary’s group, RM19 billion from UEM Khazanah, RM16.4 billion from Genting, RM8.8 billion from Berjaya group and RM11.5 billion from Axiata Khazanah.

“If these debts are collected, the government will get more than RM27 billion in a year and will not need to burden the low-income rakyat through GST,” he said.

Idris had projected that a seven percent GST rate would see the country generating a revenue of RM27 billion.

He added that the government should not give large corporations the same treatment like it did with former Malaysia Airlines chairperson Tajuddin Ramli by waiving his RM589 million debt.

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