

## **More time needed for Malaysia to implement GST**

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Malaysia may be able to properly implement a Goods and Services Tax (GST) system only after 2014, as economists agreed that going slow was more realistic than a plan to expedite the new tax as some had expected.

Malaysia's Second Finance Minister Ahmad Husni Hanadzlah downplayed the GST issue last Thursday, saying that no GST was planned for the "short term".

NONEThe matter was initially raised by Performance Management & Delivery Unit (Pemandu) head Idris Jala (left), who drew some brickbats when he said at a post-GE13 forum that Malaysia would be able to rake in an additional income of up to RM27 billion if the proposed GST is implemented at seven percent, similar to what has been done in neighbouring Singapore.

In response, Bukit Mertajam MP Steven Sim wrote that the new tax would burden 90 percent of Malaysians. He pleaded for the government to focus its efforts on curbing corruption and financial leaks instead. DAP's Sim went on to state that this resulted in a RM28 billion loss per year, as reported by the auditor-general in 2008.

Economists at bank-backed research houses said that they had not expected the GST debate to kick into effect so soon, especially after a politically divisive 13th general election.

"My expectation was that it couldn't be implemented so fast," Manokaran Mottain, an economist at Alliance Research said.

"They have to wait for the next budget to announce it and we are looking at 2014, at the earliest."

Ahmad Husni echoed this view when he said that the government is still engaging with politicians, the private sector and the general public, before arriving at a decision.

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