

Gov't may include sales tax in October budget

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By Reuters

Malaysia's government may include a 4 percent goods and services tax (GST) in its upcoming October budget to tackle a fiscal deficit that has widened to RM14.9 billion (US\$4.5 billion), a local newspaper said today.

The Malaysian Reserve newspaper quoted the Finance Ministry's secretary general, Mohd Irwan Serigar Abdullah, saying several economic reforms to bolster the country's fiscal position were being discussed.

"I am not ruling out (GST), it is in the pipeline. But let us wait for the budget. It is a whole package for everybody," Mohd Irwan was quoted as saying.

He added that the fiscal policy committee is exploring several measures including rationalising subsidies and curbing government spending.

"These are some measures that are in the pipeline. The prime minister will announce them in the coming days or in the budget," he was quoted as saying.

The implementation of GST could help the country broaden its tax base and reduce the government's reliance on dividends from state oil company Petronas or Petroliam Nasional Bhd.

Malaysia runs relatively high government debt of 53 percent of gross domestic product and one of Asia's highest household debt levels.

Ratings agency Fitch cut its outlook on Malaysia's A-minus sovereign debt to negative from stable in July, citing a lack of reform to tackle rising debt.

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