

**Gov't to blame for price hikes after GST, says Rafizi**  
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PKR has accused the government of misleading the public that prices will not rise after the goods and services tax (GST) is introduced in 2015, despite it being planned for nearly a decade.

Pandan MP Rafizi Ramli said today that based on the GST draft law first tabled in Parliament in 2009, there were no measures put in place to prevent price hikes.

He, therefore, challenged Deputy Finance Minister Ahmad Maslan's (left) recent statement that prices hikes, if any, would be moderated by producers of goods and services getting GST rebates on their input sources.

"Ahmad Maslan's view is shallow and impractical, maybe because he has never been involved in business," Rafizi told reporters at PKR headquarters in Petaling Jaya today.

"After GST, the experience of other countries have shown that prices will rise universally.

"There is nothing in the law that says that just because you have been refunded in input tax, you have to reduce prices. That means that the BN government is counting on retailers' 'goodwill' to cut prices."

The PKR director of strategy said this made no business sense and is comparable to the government's bid to reduce car prices in Malaysia, without cutting excise taxes.

"That (reducing car prices) has not happened, too," Rafizi said.

Last month, Ahmad Maslan said that GST could reduce the black market economic activities making up as much as a quarter of Malaysia's economy, that currently went unchecked and therefore untaxed. He said that compared to other countries, Malaysia's GST move was also seven years late.

'Time to implement GST is all wrong'

Rafizi maintained PKR's position that GST was a laudable tax mechanism as it was broad-based and takes away the government's reliance on income taxes, but the time to implement it was all wrong.

"We can't actually say GST is bad as a mechanism to collect tax... it has been implemented in many countries and it has been proven to be effective in collecting taxes.

"However, whether or not GST is fair and suitable given the current economic conditions of the country and rakyat... that is where we take a different view," Rafizi, who is also PKR's director of strategy, said.

To meet the conditions for introducing GST, the people's wages must be high enough so that many people already pay income tax. And then GST would be just a matter of government switching over collection methods.

"In Malaysia, it is very different where only 11 percent of our workers pay tax," Rafizi said, adding that GST is therefore an additional tax burden for almost 90 percent of the rakyat.

He claimed that the BN government, particularly Maslan, has purposefully misled the public by trying to sell the GST as a policy that has a neutral effect on prices.

"We have to fight this misconception," he said. "There will be an increase in the cost of doing business and to maintain profits, they will only be left with the choice of either sacking people or increasing prices," Rafizi said.

He said when this happens, the people must not heap anger onto profiteering businesses alone.