

With GST, the poor will pay more tax
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Changeagent: Make no mistake about the 6% GST (Goods and Services Tax) - it is not designed to ease the financial burden on the public. Rather, it is introduced to generate an additional RM30 billion of tax revenue to:

- 1) Reduce the current account deficit which now sits between the 4% and 4.5% range.
- 2) Prevent the country's sovereign rating from being downgraded in the immediate term.

International ratings agency Fitch had just recently downgraded its outlook for Malaysia from "neutral" to "negative".

Foreign investors holding up to 40% of government bonds have issued an ultimatum to Malaysia to reduce its budget deficit to below 4% of GDP or risk an exodus of funds. This would have undesirable effects on the economy as well as cause the ringgit to plunge.

Anyone who suggests that the public will not be burdened by the GST is either an ignorant fool or a very bad liar.

FellowMalaysian: Any new taxes, whether its 6% or otherwise, if applied over a broad spectrum of goods and services as in the case of GST, will deplete the buying power of consumers and the general public.

Finance Minister II Husni Hanadzlah's claim that GST is in fact a progressive tax due to essential goods being exempted from it is therefore a fallacy and stands to be refuted by the opposition parties.

It is also difficult to comprehend how a person earning RM2,000 need only to pay RM15.06 as GST. Such figures do not come across as cogent and in order to convince the people his point of argument, the basis and details of how he arrived at the figures must be revealed for further scrutiny.

SteveOh: What has GST got to do with a consumer's income? GST is a consumption tax and regardless of one's income, one has to pay a flat rate of 6%.

Critics say this is unfair since the poor will pay the same as the rich. Be sure the rate will increase. Income tax reductions that accompany the introduction of GST will benefit the rich who will pay less income tax.

The European countries with fiscal failure all had high GST rates. While GST is meant to decrease the black economy, it will instead result in more fraudulent activity with dishonest businesses collecting GST and pocketing them.

With relatively few paying income tax in Malaysia, it is an incentive for the government to do a tax grab through the GST. It is a convenient blank cheque for the government. To bypass it, do more shopping online.

Onyourtoes: Hello second finance minister, when you made statement, you must make sure you know what you are talking about.

Look, how do you work out a person earning RM2,000 only has to pay RM15.06 in GST? In the first place, GST is not even income-based but expenditure-based. So how the hell it is related to income?

Second, you did say RM15.06 is 2.6% of this person's expenditure. Working backward and assuming every cent he spends is levied with GST, the amount of expenditure would be about RM579 (just in case you do not know how to work this out and your officers in the Treasury also can't figure this out: it is $15.06/0.026$).

But how do you know each of those earning RM2,000 would be spending only RM579 a month? Minister, I suggest you use your head a bit. Those advising you are not exactly very clever people.

Gazxsw120472: Someone in the *Malaysiakini* forum said that "GST is paid at one level because it only gets sold once". This may not be entirely accurate as it's compounding if you run a business.

A plastic container sold to a nasi lemak seller will have GST included. When the nasi lemak seller sells a packet of nasi lemak using this plastic container, you as a consumer will pay GST on the cost of all the nasi lemak ingredients, labour, transport, etc, plus the nasi lemak container.

This means that the GST is a tax over another tax. The government in this case benefits from taxing a nasi lemak consumer twice.

Mushiro: GST does not depend on how much you earn but on how much you spend. The more you spend the more GST you pay.

So even a poor person must pay more than RM60 in GST for every RM1,000 spent. Items exempted from GST include rice, sugar, salt, dhal, cooking oil, budu, cencalok and basic essentials.

Others ranging from shoes, shirts, dresses, milo, mee, and all necessities, including medicines, will incur GST.

James1067: Indeed, GST is not paid according to your income but purchases made. A motorcycle part if it comes under GST will be expensive by the time it reaches the consumer.

This is just one item which is used as a necessary mode of transport for an average or lower income individual. There are many more items and you can be assured that they will have to fork out more than RM15.

Clever Voter: The problem is not pricing. We should pay attention to productivity gains and disparity of incomes. If you address these, a 10% GST will not even be a problem. Politicians are in denial - wrong investments in human capital and wastage are major contributors.

Apa Nama: Ahmad Husni, whatever tax is a burden to public.

Even though GST is among the lowest as you claimed, that did not justify its introduction in the very first place for a government like here, which is well known in mismanagement of public fund over the years whether it's comes from income tax, corporate tax, oil money, license fees, etc.

Dr Zero: GST is a means of collecting tax upfront based on consumption. It aims to collect tax

from those who are not currently paying personal taxes as well and in that sense it is a good principle. It is a huge revenue for the government.

But you've not demonstrated to the rakyat that you are good stewards of the money you receive as tax revenue. The more you have, the more it will be mismanaged.

James TClow: The GST may be a necessary evil and for the betterment of the nation economically but the rakyat are that afraid a big chunk of the GST may find its way into the pockets of corrupt politicians.

Quigonbond: Our salary isn't world class thanks to a failed education system and a failed democracy that produces unthinking people without good technical skills and knowledge.

Our cars and houses are super expensive to our own people precisely because other nations with more purchasing power have people coming in to grab properties in Malaysia. There are other taxes.

The low rate of GST, looked at in isolation, is telling a lie about overall inflation and diminishing purchasing power. Only BN will call this progressive.

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