

**GST must include tax overhaul, MCA tells Najib**  
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The implementation of the Goods and Services Tax (GST) must come with an overhaul of the entire income tax system to limit the burden of the poor, said MCA.

MCA's deputy chairperson of strategic planning and research committee Lua Choon Han in a statement called on Prime Minister Najib Abdul Razak to implement a "holistic tax reform blueprint".

This includes reducing corporate and personal income taxes, plus tax incentives for the small and medium-sized enterprises (SME).

This way, the government does not just burden the people with GST but also spur income growth and spending, said Lua.

"It is also imperative that the government also looks into a method to increase the general income of households because according to the Ministry of Finance, 80 percent of Malaysian households or 5.2 million families receive BR1M (Bantuan Rakyat1Malaysia).

"This indicates a high number of households are in the lower income bracket," Lua said in a press statement.

Lua said since the GST is about making Malaysia's economy competitive, then it should also follow Singapore's example.

"A simple comparison with Singapore would show that the island state's GST is only one percent higher than Malaysia's proposed six percent GST rate.

"Yet Singapore's personal and corporate tax rate is 20 percent and 17 percent respectively - a difference of 6 - 8 percent lower rate than Malaysia's and this will influence Malaysia's global attractiveness and competitiveness," he said.

Citing further comparisons with other countries, the World Bank Doing Business Report ranks Malaysia at 36 with total tax rate of 36.3 percent in profit, behind South Korea (25), New Zealand (23), Brunei Darussalam (20), United Kingdom (14), Singapore (5), and Hong Kong (5), he said.

Lua's suggested tax reforms include:

At least 3% reduction in corporate and personal income tax

Expansion of the tax range and tax bracket where the highest bracket should be widened, which will relief the burden of middle income groups especially in urban areas.

Furthermore, a person who earns RM100,000 per annum should not be taxed at the same high rate of 26 percent with a person who earns RM500,000 per annum.

A new mechanism or tax system to spur the growth of SMEs (including home-based businesses) that at present contribute 32.7 percent of the country's GDP.

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