

Will GST be imposed on petrol and diesel, too?

MalaysiaKini.com

Jun 4, 2014

Putrajaya has constantly parroted the list of things that will be exempted from the goods and services tax (GST) in defending the new policy, but two critical items missing from this list are petrol and diesel.

This has prompted PKR director of strategy Rafizi Ramli (left) to urge the government to come clean on whether the two commodities, which are closely-linked to the cost of living, will be spared from the tax which will come into force on April 1, 2015.

"I urge (Prime Minister) Najib Abdul Razak to confirm as soon as possible whether the GST will be imposed on petrol and diesel," he said.

Rafizi said the government's refusal to come clean was giving an impression that a petrol and diesel price hike will set in once the GST is imposed on the two commodities.

This comes as the government confirmed it was planning to revise the current petrol and diesel subsidy system, which Rafizi speculated may be linked to the GST and could possibly be rolled out together.

Rafizi also warned that the government may increase the price of petrol and diesel without actually making an announcement by hiding the GST charges in the consumer's receipts.

'GST could be hidden charge'

For example, he said, once the GST is imposed, a consumer who is now paying RM50 for petrol may only get RM47.17 worth of petrol.

The remaining RM2.83 will in fact be GST charges but consumers may not notice they are forking out more for petrol, since they are still paying RM50 as before.

This allows the government to continue displaying the price per litre of petrol at RM2.10, even though the real price, with the hidden GST charge, is RM2.23 per litre.

"This means consumers will be getting less petrol or diesel for the the same price, even though no announcement of a petrol price hike is made by the government," he said.

As such, Rafizi said, other than coming clean on GST on petrol and diesel, the government must also reveal the details of its planned new subsidy system for the two commodities.

"I believe if the revised system disqualifies a certain segment of the rakyat from receiving petrol and diesel subsidies on top of the GST being imposed, the impact on the rakyat will be great," Rafizi added.

Petrol and diesel are absent from the zero-rated supplies list and the exemption supplies list of the Royal Customs and Excise Department.

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd
Source: <http://www.malaysiakini.com/news/264694>