

## **PKR lawmaker rips Najib's 'koyak' GST maths**

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Increases in Bantuan Rakyat 1Malaysia (BR1M) payments next year will not be sufficient to cover the expenditure incurred with the implementation of the goods and services tax (GST), Kelana Jaya MP Wong Chen insists.

While disputing Prime Minister Najib Abdul Razak's figures on the net government revenue under GST, he said the average household would spend about RM270 per person or RM1,080 per household of four on GST payments

"So his (Najib's) maths... I don't know who wrote his paper for him, but it is completely 'koyak' (wrong)," the PKR lawmaker told reporters on the sidelines of a forum in Subang Jaya last night.

Speaking at the forum earlier, Wong said the poor could look to an extra spending of between RM140 and RM700 per household of four next year on GST, while the middle class could expect to spend about RM1,050 per household.

In comparison, BR1M cash handouts are to increase by RM300 per eligible household next year, from RM650 to RM950 for households earning below RM3,000 per month, and from RM450 to RM750 for households earning between RM3,000 and RM4,000 per month.

"If you receive RM300 and if you are very, very stingy in spending on your food, you might get some money, but most of us would have to fork out another RM400.

"So that would be a burden on the poor," Wong told the audience.

In comparison, Penang state-linked think tank Penang Institute estimated the GST tax burden to be RM70 per month for an average household or RM840 per year.

CGT in place in many countries

Asked to elaborate on his calculations on the average tax burden after the forum, Wong told reporters that since the government is trying to calculate the net revenue from GST, it should not have included losses from GST exemptions and total BR1M handouts.

Instead, he said, the GST exemptions should be excluded when calculating year-to-year differences because it does not exist yet, while deductions for BR1M should only account for the extra payments next year that are meant to offset the impact of BR1M.

Therefore, the PKR trade and investment bureau chief said, the calculation should be: The GST revenue (RM23.2 billion) minus the loss from the abolition of the sales and services tax

(SST, RM13.8 billion), and increase in BR1M spending (RM1.3 billion).

The total is RM8.1 billion, or an average of RM270 per person after being averaged across a population of 30 million.

Wong pointed out that other analysts had also estimated the GST revenue to be in the billions.

In his budget speech last Friday, Najib said the net GST revenue would be RM690 million, or an average tax burden of RM23 per person a year.

His calculation, as given in his speech, was: RM23.2 billion in GST revenue, minus the loss of revenue from GST exemptions (RM3.8 billion), loss of revenue from the abolition of SST (RM13.8 billion) and total BR1M handouts (RM4.9 billion).

On another matter, Serdang MP Ong Kian Ming (left) rebutted criticisms against Pakatan Rakyat's proposal to implement a Capital Gains Tax (CGT) instead of GST.

Allaying fears that it would encourage capital flight while pension funds and sovereign wealth funds would suffer losses under CGT, Ong pointed out that CGT is already in place in many countries, including in financial capitals such as London and New York, and countries with large sovereign wealth funds like Norway.

He said that pension funds and sovereign wealth funds could be exempted from CGT, as Australia and Norway had done, while the volatility of CGT revenue can be mitigated by setting up a "rainy day fund", which California is mulling to do.

In addition, Ong said, CGT on assets that have been held over long periods of time could be set at a low or zero rate while short and medium-term investments could be taxed at higher rates to deter financial speculators and encourage genuine investors to invest in Malaysia.