

Now is the best time to implement GST, says PM
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With the dramatic fall in fuel prices, now is the best time to implement the Goods and Services Tax (GST), said Prime Minister Najib Razak.

This comes after several quarters demanded the government to postpone the implementation of GST after Malaysia suffered from one of the worst floods in several decades.

“One of the reasons is the decrease of fuel prices - RON97, RON95 and diesel. When we take into account of the decrease, it means consumers in Malaysia will have more disposable income.

“This can help them in terms of purchasing power. They can now buy (products) with higher value,” said Najib who is also finance minister in an interview with TV3 last night.

On top of that, the government has also projected that inflation, spurred by the fall in pump prices, will fall this year.

“In fact, inflation will be declined. We estimate the inflation to be at 2.5% to 3.5%.

“So, when we speak on the implementation of GST on 1st of April, as a whole, this is the best time actually, when inflation rate is lower and the country needs extra revenue,” Najib stated.

In the wake of falling fuel prices, the government will need other ways to boost government’s income and one of the solutions is GST, he said.

Najib also pointed out that while there are more than 160 countries with GST, only one out of 12 people pay income tax in Malaysia.

This means Malaysia’s tax base is too narrow, he argued, adding that this has affected government’s revenue.

“Perhaps the nation’s deficit would increase, perhaps we would need to raise debt for expenditure.

“But if our revenue increases, our economy will be stronger, and we will be more ready when we face a situation that is beyond our expectation,” he told TV3.

Reducing dependency on oil

In view of the recent floods, DAP supremo Lim Kit Siang had urged the PM to defer the

implementation of GST to reduce the burden on some 250,000 flood victims.

Even before the floods last month, leaders from both divides including Umno Gua Musang MP Tengku Razaleigh Hamzah (left) had called on the government to put off the GST.

In the TV3 interview, Najib said although oil and gas sector is still Malaysia's strategic sector, our dependency on it has decreased.

This is due to the introduction of a number of policies under the Economic Transformation Programme (ETP) and National Key Result Areas (NKRA), he said.

"In terms of national revenue, oil (revenue) contributed approximately 40%, but in 2012, it went down to 26%," he said.

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